Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at June 30, 2021 together with auditor's review report

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Yapı ve Kredi Bankası A.Ş.;

Introduction

We have reviewed the consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2021 and the related 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly in all material respects the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at 30 June 2021 and its financial performance and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Halûk Yalçın, SMMM
Partner

Istanbul, 30 July 2021

Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three

THE CONSOLIDATED INTERIM FINANCIAL REPORT OF YAPI VE KREDI BANKASI A.Ş. AS OF JUNE 30, 2021

Address	**:** Yapı Kredi Plaza D-Blok Levent, 34330, İstanbul
Telephone number	**:** 0212 339 70 00
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The consolidated financial report for the six months which is prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as regulated by the Banking Regulation and Supervision Agency includes the following sections.

- **GENERAL INFORMATION ABOUT THE PARENT BANK**
- **CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK**
- **EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD**
- **INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**
- **EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**
- **INDEPENDENT AUDITOR'S REVIEW REPORT**
- **INTERIM ACTIVITY REPORT**

Investments in subsidiaries, associates and joint ventures, whose financial statements have been consolidated in these consolidated financial statements are as follows.

Subsidiaries	Associates
1. Yapı Kredi Finansal Kiralama A.O.	1. Banque de Commerce et de Placements S.A.
2. Yapı Kredi Faktoring A.Ş.	2. Allianz Yaşam ve Emeklilik A.Ş.
3. Yapı Kredi Yatırım Menkul Değerler A.Ş.	
4. Yapı Kredi Portföy Yönetimi A.Ş.	
5. Yapı Kredi Holding B.V.	
6. Yapı Kredi Bank Nederland N.V.	
7. Stichting Custody Services YKB	
8. Yapı Kredi Bank Azerbaijan CJSC	
9. Yapı Kredi Bank Malta Ltd.	

Although Yapı Kredi Diversified Payment Rights Finance Company (the Structured Entity) is not a subsidiary of the Bank, it has been included in the consolidation since the Bank has 100% control.

The accompanying consolidated financial statements for the six month period, related disclosures and footnotes which have been limitedly reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidances, and in compliance with the financial records of the Bank, and unless stated otherwise, presented in **thousands of Turkish Lira** (TL).

Y. Ali KOÇ **Chairman of the Board of Directors**	**Gökhan ERÜN** **Executive Director and CEO**	**Demir KARAASLAN** **Chief Financial Officer**

B. Seda İKİZLER **Financial Reporting and Accounting Executive Vice President**	**Dr. Ahmet ÇİMENOĞLU** **Chairman of the Audit Committee**	**Mehmet TIRNAKLI** **Member of the Audit Committee**	**Nevin İPEK** **Member of the Audit Committee**

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

Name-Surname / Title	**:** Umut HALLAÇ / International Reporting & Consolidation Manager
Telephone Number	**:** 0212 339 98 87
Fax Number	**:** 0212 339 61 05

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section One

General Information

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

Yapı ve Kredi Bankası A.Ş. ("the Bank", "Yapı Kredi" or "the Parent Bank"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

2. Explanation about the Parent Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling Group of the Bank:

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of June 30, 2021, 30,03% of the shares of the Bank are publicly traded (December 31, 2020 - 30,03%). 40,95% of the shares out of the remaining 69,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 9,02% is owned by Koç Group and 20,00% is owned by UniCredit ("UCG").

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UCG over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from BIST and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS shares in the Parent Bank increased to 81,80%. KFS shares increased to 81,90% with the capital increase by TL 4,1 billion in 2018.

As of November 30, 2019, Koç Group and UCG have reached a deal to exchange their shares in the Parent Bank and KFS.

Accordingly, all the shares of KFS, which is currently a joint venture, are transferred to Koç Group. Besides, after the shares are transferred, KFS holds 40,95%, UCG holds 31,93% directly and Koç Group holds a total of 49.99% directly and indirectly of the Parent Bank shares and became controlling shareholder.

In addition, as of February 6, 2020, UniCredit also announced the placement of an 11,93% shares in Parent Bank to institutional investors. The transaction has been completed on February 13, 2020. As a result UCG holds directly 20,00% of the Parent Bank shares.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries is still under the control of group were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

3. Explanations regarding the board of directors, members of the audit committee, Chief Executive Officer and executive vice presidents, and their areas of responsibility and shares if any:

As of June 30, 2021 the Parent Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Y. Ali KOÇ	Chairman
Levent ÇAKIROĞLU	Vice Chairman
Gökhan ERÜN	Executive Director and CEO
A. Ümit TAFTALI	Member
Ahmet ÇİMENOĞLU	Independent Member
Ahmet Fadıl ASHABOĞLU	Member
Mehmet TIRNAKLI	Independent Member
Melih POYRAZ	Member
Nevin İPEK	Independent Member
Niccolò UBERTALLI	Member
Virma SÖKMEN	Independent Member
Wolfgang SCHILK	Member

Audit Committee Members:

Name	Responsibility
Ahmet ÇİMENOĞLU	Chairman
Mehmet TIRNAKLI	Member
Nevin İPEK	Member

General Manager:

Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

Assistant General Managers[1]:

Name	Responsibility
Abdullah GEÇER	Internal Audit
Akif Cahit ERDOĞAN	Information Technologies and Operation Management
Cemal Aybars SANAL	Legal Activities Management
Demir KARAASLAN	Financial Planning and Administration Management
Hakan ALP	Human Resources and Organization Management
Mehmet Erkan ÖZDEMİR	Compliance, Internal Control and Risk Management / Consumer Relations Coordination Officer
Saruhan YÜCEL	Treasury Management
Serkan ÜLGEN	Retail Banking Management
Yakup DOĞAN	Alternative Distribution Channels

(1) Erhan Adalı, Assistant General Manager responsible for Corporate, Commercial and SME Banking and Nurgün Eyüboğlu, Assistant General Manager responsible for Credits have been resigned from their positions as of June 1, 2021.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Information on the individual and corporate shareholders having control shares of the Parent Bank:

Name/Commercial title	Share amounts (nominal)	Share Percentage (%)	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Group	762.197.343,00	9,02	762.197.343,00	-
UniCredit	1.689.410.260,00	20,00	1.689.410.260,00	-

Koç Finansal Hizmetler A.Ş. is owned by Koç Group and Temel Ticaret ve Yatırım A.Ş..

5. Summary information on the Parent Bank's activities and service types:

The Parent Bank's activities summarized in the section 3 of the articles of association are as follows:

The Parent Bank's purpose and subject matter in accordance with the Banking Law, regulations and existing laws include:

- The execution of all banking activities,
- The execution of all economic and financial activities which are allowed by the regulation,
- The execution of the representation, attorney and agency activities related to the subjects written above,
- The purchase and sale of share certificates, bonds and all the capital market instruments, in accordance with Capital Market Law and regulations.

In case of necessity for performing activities which are useful and required but that are not specified in the articles of association, a Board of Directors' proposal is to be presented to the General Assembly. With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

As of June 30, 2021, the Parent Bank has 834 branches operating in Turkey and 1 branch in overseas (December 31, 2020 - 834 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2021, the Parent Bank has 15.930 employees (December 31, 2020 - 16.037 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of June 30, 2021 the Group has 16.771 employees (December 31, 2020 - 16.871 employees).

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

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, the associate of the Bank is consolidated through "Equity Method" in the accompanying consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş., on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., Yapı Kredi Teknoloji A.Ş. and Enternasyonal Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué on Preparation of Consolidated Financial Statements since these entities are not financial institutions.

All other subsidiaries are fully consolidated.

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

None.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section two - Consolidated financial statements

1. Consolidated balance sheet (Statement of Financial Position)

				Current Period (30.06.2021)			Prior Period (31.12.2020)	
	ASSETS	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**39.876.024**	**87.221.676**	**127.097.700**	**40.188.276**	**67.055.054**	**107.243.330**
1.1	**Cash and Cash Equivalents**	**1.1**	**10.387.995**	**82.308.969**	**92.696.964**	**15.922.081**	**59.773.824**	**75.695.905**
1.1.1	Cash and Balances with Central Bank		10.313.827	61.904.339	**72.218.166**	10.500.301	47.182.253	57.682.554
1.1.2	Banks	1.4	90.017	20.591.765	20.681.782	3.753.221	12.732.753	16.485.974
1.1.3	Money Markets	1.4.3	-	-	-	1.700.842	-	1.700.842
1.1.4	Provisions for Expected Losses (-)		15.849	187.135	202.984	32.283	141.182	173.465
1.2	**Financial assets where fair value change is reflected to income statement**	**1.2**	**343.332**	**337.294**	**680.626**	**345.122**	**331.643**	**676.765**
1.2.1	Government debt securities		62.755	144.809	207.564	106.399	170.315	276.714
1.2.2	Share certificates		266.191	-	266.191	238.703	-	238.703
1.2.3	Other financial assets		14.386	192.485	206.871	20	161.328	161.348
1.3	**Financial assets where fair value change is reflected to other comprehensive income statement**	**1.5,1.6**	**22.692.513**	**3.056.266**	**25.748.779**	**19.844.401**	**5.256.159**	**25.100.560**
1.3.1	Government debt securities		22.523.612	2.360.444	24.884.056	19.689.965	3.302.506	22.992.471
1.3.2	Share certificates		84.348	4.685	89.033	84.336	3.942	88.278
1.3.3	Other financial assets		84.553	691.137	775.690	70.100	1.949.711	2.019.811
1.4	**Derivative Financial Assets**	**1.3**	**6.452.184**	**1.519.147**	**7.971.331**	**4.076.672**	**1.693.428**	**5.770.100**
1.4.1	Derivative financial assets where fair value change is reflected to income statement		5.186.040	1.517.961	6.704.001	3.530.014	1.693.428	5.223.442
1.4.2	Derivative financial assets where fair value change is reflected to other comprehensive income statement		1.266.144	1.186	1.267.330	546.658	-	546.658
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**236.260.171**	**157.495.711**	**393.755.882**	**206.258.377**	**139.122.693**	**345.381.070**
2.1	**Loans**	**1.7**	**207.127.576**	**128.416.045**	**335.543.621**	**186.069.018**	**114.800.880**	**300.869.898**
2.2	**Receivables From Leasing Transactions (Net)**	**1.12**	**4.115.075**	**7.993.341**	**12.108.416**	**3.597.171**	**7.374.687**	**10.971.858**
2.3	**Factoring Receivables**		**4.003.773**	**1.306.344**	**5.310.117**	**4.288.548**	**1.081.451**	**5.369.999**
2.4	**Financial Assets Measured at Amortised Cost**	**1.8**	**39.363.479**	**26.821.156**	**66.184.635**	**30.901.217**	**22.127.007**	**53.028.224**
2.4.1	Government debt securities		39.032.675	24.678.744	63.711.419	30.570.413	20.390.612	50.961.025
2.4.2	Other financial assets		330.804	2.142.412	2.473.216	330.804	1.736.395	2.067.199
2.5	**Provisions for Expected Losses (-)**		**18.349.732**	**7.041.175**	**25.390.907**	**18.597.577**	**6.261.332**	**24.858.909**
III.	**ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**1.15**	**1.374.704**	**15.792**	**1.390.496**	**711.573**	**12.634**	**724.207**
3.1	Held for Sale Purposes		1.374.704	15.792	1.390.496	711.573	12.634	724.207
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**378.098**	**1.370.082**	**1.748.180**	**401.504**	**1.203.097**	**1.604.601**
4.1	**Investments in Associates (net)**	**1.9**	**370.798**	**1.370.082**	**1.740.880**	**371.330**	**1.203.097**	**1.574.427**
4.1.1	Consolidated based on Equity Method		359.012	1.370.082	1.729.094	359.544	1.203.097	1.562.641
4.1.2	Unconsolidated		11.786	-	11.786	11.786	-	11.786
4.2	**Subsidiaries (Net)**	**1.10**	**7.300**	**-**	**7.300**	**7.300**	**-**	**7.300**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		7.300	-	7.300	7.300	-	7.300
4.3	**Joint Ventures (Net)**	**1.11**	**-**	**-**	**-**	**22.874**	**-**	**22.874**
4.3.1	Consolidated based on Equity Method		-	-	-	22.874	-	22.874
4.3.2	Unconsolidated		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**4.572.962**	**60.039**	**4.633.001**	**4.514.773**	**39.606**	**4.554.379**
VI.	**INTANGIBLE ASSETS [Net]**		**1.991.640**	**48.104**	**2.039.744**	**1.963.354**	**40.172**	**2.003.526**
6.1	Goodwill		979.493	-	979.493	979.493	-	979.493
6.2	Other		1.012.147	48.104	1.060.251	983.861	40.172	1.024.033
VII.	**INVESTMENT PROPERTY (Net)**	**1.13**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSETS**		**1.218**	**1.526**	**2.744**	**3.212**	**1.649**	**4.861**
IX.	**DEFERRED TAX ASSETS**	**1.14**	**2.919.614**	**-**	**2.919.614**	**3.702.058**	**-**	**3.702.058**
X.	**OTHER ASSETS**	**1.16**	**7.864.865**	**14.402.818**	**22.267.683**	**5.701.379**	**15.570.268**	**21.271.647**
	TOTAL ASSETS		**295.239.296**	**260.615.748**	**555.855.044**	**263.444.506**	**223.045.173**	**486.489.679**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1. Consolidated balance sheet (Statement of Financial Position)

			Current Period (30/06/2021)			Prior Period (31/12/2020)		
	LIABILITIES	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**2.1**	**121.571.964**	**177.008.621**	**298.580.585**	**108.173.940**	**156.236.328**	**264.410.268**
II.	**BORROWINGS**	**2.3.1**	**4.875.058**	**50.161.748**	**55.036.806**	**4.078.528**	**42.346.165**	**46.424.693**
III.	**MONEY MARKETS**		**36.878.168**	**2.913.261**	**39.791.429**	**27.546.206**	**2.814.458**	**30.360.664**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**2.3.3**	**7.965.001**	**21.419.309**	**29.384.310**	**5.906.063**	**18.722.298**	**24.628.361**
4.1	Bills		6.700.691	-	6.700.691	4.295.582	-	4.295.582
4.2	Asset backed Securities		-	3.382.094	3.382.094	-	3.511.774	3.511.774
4.3	Bonds		1.264.310	18.037.215	19.301.525	1.610.481	15.210.524	16.821.005
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES FAIR VALUE THROUGH PROFIT AND LOSS**	**2.3.4**	**743.282**	**13.440.679**	**14.183.961**	**806.619**	**11.749.170**	**12.555.789**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**2.2**	**4.905.440**	**2.911.231**	**7.816.671**	**7.551.423**	**3.041.756**	**10.593.179**
7.1	Derivative Liabilities at Fair Value Through Profit and Loss		4.779.841	2.063.585	6.843.426	5.969.935	2.000.316	7.970.251
7.2	Derivative Liabilities at Fair Value Through Other Comprehensive Profit		125.599	847.646	973.245	1.581.488	1.041.440	2.622.928
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**2.5**	**1.082.391**	**38.205**	**1.120.596**	**1.073.794**	**16.626**	**1.090.420**
X.	**PROVISIONS**	**2.6**	**4.348.388**	**645.988**	**4.994.376**	**4.078.213**	**464.314**	**4.542.527**
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Provisions for Employee Rights	2.6.1	953.337	4.250	957.587	830.720	2.915	833.635
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions	2.6.3	3.395.051	641.738	4.036.789	3.247.493	461.399	3.708.892
XI.	**CURRENT TAX LIABILITIES**	**2.7**	**784.445**	**4.857**	**789.302**	**1.951.276**	**5.006**	**1.956.282**
XII.	**DEFERRED TAX LIABILITIES**		-	**14.558**	**14.558**	**18.480**	**11.472**	**29.952**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT**	**2.9**	**878.427**	**25.915.497**	**26.793.924**	**838.459**	**21.816.595**	**22.655.054**
14.1	Loans		-	7.477.716	7.477.716	-	6.305.871	6.305.871
14.2	Other Facilities		878.427	18.437.781	19.316.208	838.459	15.510.724	16.349.183
XV.	**OTHER LIABILITIES**	**2.4**	**21.432.683**	**3.500.106**	**24.932.789**	**17.465.562**	**2.208.562**	**19.674.124**
XVI.	**SHAREHOLDERS' EQUITY**	**2.10**	**53.267.413**	**(851.676)**	**52.415.737**	**48.519.246**	**(950.880)**	**47.568.366**
16.1	Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2	Capital Reserves		2.145.565	-	2.145.565	1.997.149	-	1.997.149
16.2.1	Share premium		556.937	-	556.937	556.937	-	556.937
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1.588.628	-	1.588.628	1.440.212	-	1.440.212
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		1.468.099	8.236	1.476.335	1.521.513	7.315	1.528.828
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		3.374.274	(818.505)	2.555.769	1.758.141	(916.788)	841.353
16.5	Profit Reserves		32.506.215	(41.407)	32.464.808	28.075.113	(41.407)	28.033.706
16.5.1	Legal Reserves		1.544.526	-	1.544.526	1.282.785	-	1.282.785
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		30.954.950	(41.407)	30.913.543	26.785.511	(41.407)	26.744.104
16.5.4	Other Profit Reserves		6.739	-	6.739	6.817	-	6.817
16.6	Profit or loss		5.325.318	-	5.325.318	6.719.472	-	6.719.472
16.6.1	Prior years' profits or losses		1.639.954	-	1.639.954	1.639.954	-	1.639.954
16.6.2	Current period net profit or loss		3.685.364	-	3.685.364	5.079.518	-	5.079.518
16.7	Minority interest		891	-	891	807	-	807
	TOTAL LIABILITIES		**258.732.660**	**297.122.384**	**555.855.044**	**228.007.809**	**258.481.870**	**486.489.679**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Consolidated off-balance sheet commitments

					Current Period (30/06/2021)			**Prior Period (31/12/2020)**
		Note (Section Five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**Off-balance sheet commitments (I+II+III)**		**290.264.758**	**462.398.029**	**752.662.787**	**261.534.384**	**401.606.068**	**663.140.452**
I.	**Guarantees and warranties**	**3.1.2.1**	**36.353.899**	**86.553.112**	**122.907.011**	**32.512.146**	**68.363.259**	**100.875.405**
1.1.	Letters of guarantee	3.1.2.2	35.738.555	59.072.277	94.810.832	31.993.113	49.321.654	81.314.767
1.1.1.	Guarantees subject to state tender law		536.878	723.450	1.260.328	545.671	641.351	1.187.022
1.1.2.	Guarantees given for foreign trade operations		5.858.178	58.044.339	63.902.517	5.328.968	48.420.099	53.749.067
1.1.3.	Other letters of guarantee		29.343.499	304.488	29.647.987	26.118.474	260.204	26.378.678
1.2.	Bank acceptances		-	283.805	283.805	-	238.025	238.025
1.2.1.	Import letter of acceptance		-	283.805	283.805	-	238.025	238.025
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		163.101	15.885.802	16.048.903	37.184	9.303.137	9.340.321
1.3.1.	Documentary letters of credit		163.101	15.885.285	16.048.386	37.184	9.302.688	9.339.872
1.3.2.	Other letters of credit		-	517	517	-	449	449
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	3.105	3.105	-	-	-
1.8.	Other guarantees		452.243	5.454.830	5.907.073	481.849	4.613.529	5.095.378
1.9.	Other warranties		-	5.853.293	5.853.293	-	4.886.914	4.886.914
II.	**Commitments**		**101.880.878**	**42.951.993**	**144.832.871**	**81.424.789**	**33.279.511**	**114.704.300**
2.1.	Irrevocable commitments	3.1.1	100.060.703	22.934.525	122.995.228	79.209.005	13.218.499	92.427.504
2.1.1.	Asset purchase and sale commitments		11.256.497	20.497.849	31.754.346	2.905.074	11.632.591	14.537.665
2.1.2.	Deposit purchase and sales commitments		-	1.554.675	1.554.675	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		21.362.110	565.066	21.927.176	17.187.740	788.342	17.976.082
2.1.5.	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Commitments for cheques		4.218.526	-	4.218.526	3.437.866	-	3.437.866
2.1.8.	Tax and fund liabilities from export commitments		4.518	-	4.518	6.476	-	6.476
2.1.9.	Commitments for credit card limits		53.081.834	-	53.081.834	48.016.964	-	48.016.964
2.1.10.	Commitments for credit cards and banking services promotions		54.014	-	54.014	51.868	-	51.868
2.1.11.	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		10.083.204	316.935	10.400.139	7.603.017	797.566	8.400.583
2.2.	Revocable commitments		1.820.175	20.017.468	21.837.643	2.215.784	20.061.012	22.276.796
2.2.1.	Revocable loan granting commitments		1.820.175	19.891.878	21.712.053	2.215.784	19.944.462	22.160.246
2.2.2.	Other revocable commitments		-	125.590	125.590	-	116.550	116.550
III.	**Derivative financial instruments**		**152.029.981**	**332.892.924**	**484.922.905**	**147.597.449**	**299.963.298**	**447.560.747**
3.1	Derivative financial instruments for hedging purposes		40.719.428	52.933.538	93.652.966	43.621.565	52.431.773	96.053.338
3.1.1	Transactions for fair value hedge		279.428	2.322.623	2.602.051	318.865	4.427.669	4.746.534
3.1.2	Transactions for cash flow hedge		40.440.000	50.610.915	91.050.915	43.302.700	48.004.104	91.306.804
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		111.310.553	279.959.386	391.269.939	103.975.884	247.531.525	351.507.409
3.2.1	Forward foreign currency buy/sell transactions		8.519.784	12.996.464	21.516.248	6.892.761	9.227.149	16.119.910
3.2.1.1	Forward foreign currency transactions-buy		5.852.151	5.114.063	10.966.214	4.454.063	3.835.866	8.289.929
3.2.1.2	Forward foreign currency transactions-sell		2.667.633	7.882.401	10.550.034	2.438.698	5.391.283	7.829.981
3.2.2	Swap transactions related to foreign currency and interest rates		93.428.869	217.978.936	311.407.805	89.808.942	191.444.737	281.253.679
3.2.2.1	Foreign currency swap-buy		7.245.722	78.655.858	85.901.580	6.493.097	61.048.315	67.541.412
3.2.2.2	Foreign currency swap-sell		53.372.247	33.159.508	86.531.755	46.465.945	24.297.424	70.763.369
3.2.2.3	Interest rate swap-buy		16.405.450	53.081.785	69.487.235	18.424.950	53.049.499	71.474.449
3.2.2.4	Interest rate swap-sell		16.405.450	53.081.785	69.487.235	18.424.950	53.049.499	71.474.449
3.2.3	Foreign currency, interest rate and securities options		1.813.236	12.063.654	13.876.890	1.575.674	12.640.133	14.215.807
3.2.3.1	Foreign currency options-buy		384.178	3.913.951	4.298.129	531.763	4.198.665	4.730.428
3.2.3.2	Foreign currency options-sell		829.058	3.546.675	4.375.733	324.741	4.555.975	4.880.716
3.2.3.3	Interest rate options-buy		300.000	3.096.647	3.396.647	300.000	3.372.515	3.672.515
3.2.3.4	Interest rate options-sell		300.000	1.506.381	1.806.381	419.170	512.978	932.148
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		111.959	110.156	222.115	212.403	201.864	414.267
3.2.4.1	Foreign currency futures-buy		111.959	-	111.959	-	201.864	201.864
3.2.4.2	Foreign currency futures-sell		-	110.156	110.156	212.403	-	212.403
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		7.436.705	36.810.176	44.246.881	5.486.104	34.017.642	39.503.746
B.	**Custody and pledges received (IV+V+VI)**		**585.367.749**	**208.689.237**	**794.056.986**	**541.247.833**	**179.885.824**	**721.133.657**
IV.	**Items held in custody**		**79.695.515**	**19.498.627**	**99.194.142**	**73.585.527**	**14.137.671**	**87.723.198**
4.1.	Customer fund and portfolio balances		30.146.293	2.784.945	32.931.238	33.024.406	825.231	33.849.637
4.2.	Investment securities held in custody		15.148.079	16.077.740	31.225.819	15.649.302	12.802.992	28.452.294
4.3.	Checks received for collection		26.025.674	50.767	26.076.441	19.137.763	29.949	19.167.712
4.4.	Commercial notes received for collection		8.317.325	447.668	8.764.993	5.715.912	360.665	6.076.577
4.5.	Other assets received for collection		-	109.912	109.912	-	95.112	95.112
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	27.595	85.739	58.144	23.722	81.866
4.8.	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**478.491.752**	**169.352.409**	**647.844.161**	**437.496.682**	**147.188.920**	**584.685.602**
5.1.	Marketable securities		815.071	966	816.037	824.223	814	825.037
5.2.	Guarantee notes		552.442	387.389	939.831	585.521	365.529	951.050
5.3.	Commodity		5.912	-	5.912	6.297	-	6.297
5.4.	Warrants		-	-	-	-	-	-
5.5.	Properties		151.929.348	32.103.644	184.032.992	144.638.689	33.225.285	177.863.974
5.6.	Other pledged items		325.188.979	136.844.730	462.033.709	291.441.952	113.584.029	405.025.981
5.7.	Pledged items-depository		-	15.680	15.680	-	13.263	13.263
VI.	**Accepted independent guarantees and warranties**		**27.180.482**	**19.838.201**	**47.018.683**	**30.165.624**	**18.559.233**	**48.724.857**
	Total off-balance sheet commitments (A+B)		**875.632.507**	**671.087.266**	**1.546.719.773**	**802.782.217**	**581.491.892**	**1.384.274.109**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Consolidated income statement

	Income and expense items	Note (Section Five)	Current Period (01/01/2021 - 30/06/2021)	Prior Period (01/01/2020 - 30/06/2020)
I.	**INTEREST INCOME**	**4.1**	**22.640.535**	**16.223.871**
1.1	Interest on Loans	4.1.1	16.327.974	12.447.861
1.2	Interest received from reserve deposits		320.741	13.244
1.3	Interest Received from Banks	4.1.2	231.843	366.573
1.4	Interest Received from Money Market Transactions		16.238	74.480
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	4.919.330	2.709.506
1.5.1	Financial Assets at Fair Value Through Profit and Loss		10.908	5.494
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		1.624.252	1.348.814
1.5.3	Financial assets measured at amortised cost		3.284.170	1.355.198
1.6	Financial Lease Income		481.824	415.850
1.7	Other Interest Income		342.585	196.357
II.	**INTEREST EXPENSE (-)**	**4.2**	**13.697.967**	**7.861.939**
2.1	Interest on Deposits	4.2.5	7.221.930	4.359.011
2.2	Interest on Funds Borrowed	4.2.1	1.033.467	982.991
2.3	Interest expense on money market transactions	4.2.4	2.922.491	225.122
2.4	Interest on Securities Issued	4.2.3	2.415.168	1.977.300
2.5	Interest on Lease Payables		80.256	84.107
2.6	Other Interest Expense		24.655	233.408
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**8.942.568**	**8.361.932**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENCE**		**3.632.233**	**2.766.726**
4.1	Fees and Commissions Received		4.766.495	3.381.403
4.1.1	Non-cash Loans		570.028	486.652
4.1.2	Other	4.12	4.196.467	2.894.751
4.2	Fees and Commissions Paid		1.134.262	614.677
4.2.1	Non-cash Loans		9.224	10.089
4.2.2	Other		1.125.038	604.588
V	**DIVIDEND INCOME**		**14.930**	**15.600**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.3**	**(1.089.123)**	**417.459**
6.1	Trading Gains/Losses on Securities		99.256	306.018
6.2	Derivative Financial Transactions Gains/Losses	4.4	4.073.276	2.285.860
6.3	Foreign Exchange Gains/Losses		(5.261.655)	(2.174.419)
VII.	**OTHER OPERATING INCOME**		**1.170.787**	**764.211**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**12.671.395**	**12.325.928**
IX.	**PROVISION FOR EXPECTED LOSSES (-)**	**4.5**	**3.197.093**	**4.718.218**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**127.134**	**412.841**
XI.	**PERSONNEL EXPENSES (-)**	**4.8**	**2.016.233**	**1.832.000**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.7**	**2.718.748**	**2.265.331**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**4.612.187**	**3.097.538**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**63.562**	**41.914**
XVI.	**NET MONETARY POSITION GAIN/LOSS)**		-	-
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)**	**4.8**	**4.675.749**	**3.139.452**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.9**	**990.254**	**678.595**
18.1	Current Tax Provision		390.313	1.597.855
18.2	Expense effect of deferred tax (+)		599.941	-
18.3	Income effect of deferred tax (-)		-	919.260
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**3.685.495**	**2.460.857**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)**		-	-
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**4.10**	**3.685.495**	**2.460.857**
25.1	Group`s profit/loss		3.685.364	2.460.774
25.2	Minority shares		131	83
	Earnings/(loss) per share (full TL)		0,0044	0,0029

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Consolidated income statement

	Income and expense items	Note (Section Five)	Current Period (01/04/2021-30/06/2021)	Prior Period (01/04/2020-30/06/2020)
I.	**INTEREST INCOME**	**4.1**	**12.338.044**	**8.085.488**
1.1	Interest on Loans	4.1.1	8.684.344	6.176.889
1.2	Interest received from reserve deposits		199.638	-
1.3	Interest Received from Banks	4.1.2	120.552	159.973
1.4	Interest Received from Money Market Transactions		5.731	34.085
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	2.916.410	1.413.813
1.5.1	Financial Assets at Fair Value Through Profit and Loss		5.571	4.256
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		919.805	684.991
1.5.3	Financial assets measured at amortised cost		1.991.034	724.566
1.6	Financial Lease Income		246.562	215.658
1.7	Other Interest Income		164.807	85.070
II.	**INTEREST EXPENSE (-)**	**4.2**	**7.342.277**	**3.933.209**
2.1	Interest on Deposits	4.2.4	3.850.989	2.131.884
2.2	Interest on Funds Borrowed	4.2.1	556.686	480.182
2.3	Interest expense on money market transactions		1.664.656	148.090
2.4	Interest on Securities Issued	4.2.3	1.225.942	1.007.013
2.5	Interest on Lease Payables		35.604	40.561
2.6	Other Interest Expense		8.400	125.479
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**4.995.767**	**4.152.279**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENCE**		**1.781.965**	**1.245.641**
4.1	Fees and Commissions Received		2.411.997	1.535.588
4.1.1	Non-cash Loans		288.568	235.693
4.1.2	Other	4.12	2.123.429	1.299.895
4.2	Fees and Commissions Paid		630.032	289.947
4.2.1	Non-cash Loans		4.710	4.153
4.2.2	Other		625.322	285.794
V.	**DIVIDEND INCOME**		**10.837**	**14.661**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.3**	**(989.964)**	**157.806**
6.1	Trading Gains/Losses on Securities		85.660	142.367
6.2	Derivative Financial Transactions Gains/Losses	4.4	1.120.834	1.644.926
6.3	Foreign Exchange Gains/Losses		(2.196.458)	(1.629.487)
VII.	**OTHER OPERATING INCOME**		**468.021**	**288.138**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**6.266.626**	**5.858.525**
IX.	**PROVISION FOR EXPECTED LOSSES (-)**	**4.5**	**999.265**	**2.117.749**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**5.896**	**26.049**
XI.	**PERSONNEL EXPENSES (-)**	**4.8**	**1.028.848**	**912.353**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.7**	**1.406.677**	**1.122.970**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**2.825.940**	**1.679.404**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**33.783**	**22.145**
XVI.	**NET MONETARY POSITION GAIN/LOSS)**		-	-
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)**	**4.8**	**2.859.723**	**1.701.549**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.9**	**627.041**	**370.179**
18.1	Current Tax Provision		254.216	1.261.549
18.2	Expense effect of deferred tax (+)		372.825	-
18.3	Income effect of deferred tax (-)		-	891.370
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**2.232.682**	**1.331.370**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)**		-	-
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**4.10**	**2.232.682**	**1.331.370**
25.1	Group`s profit/loss		2.232.635	1.331.331
25.2	Minority shares		47	39
	Earnings/(loss) per share (full TL)		0,0026	0,0016

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Consolidated statement of income and expense items accounted under shareholders' equity

		Current Period (30/06/2021)	Prior Period (30/06/2020)
I.	**PROFIT (LOSS)**	**3.685.495**	**2.460.857**
II.	**OTHER COMPREHENSIVE INCOME**	**1.661.923**	**468.030**
2.1	**Other comprehensive income that will not be reclassified to profit or loss**	**(52.493)**	**(61.180)**
2.1.1.	Gains (losses) on Revaluation of Property, Plant and Equipment	-	389
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(51.546)	(61.275)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(12.313)	(15.369)
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	11.366	15.075
2.2.	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**1.714.416**	**529.210**
2.2.1.	Exchange Differences on Translation	890.519	698.130
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(251.689)	572.136
2.2.3.	Income (loss) Related with Cash Flow Hedges	1.900.146	(304.942)
2.2.4.	Income (loss) Related with Hedges of Net Investments in Foreign Operations	(648.213)	(483.759)
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(176.347)	47.645
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**5.347.418**	**2.928.887**

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of June 30, 2021
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Consolidated statement of changes in shareholders' equity

Current Period (30/06/2021)					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Balance at the beginning of the period	**8.447.051**	**556.937**	**-**	**1.440.212**	**1.875.000**	**(387.243)**	**41.071**	**3.943.493**	**187.668**	**(3.289.808)**	**28.033.706**	**1.639.954**	**5.079.518**	**47.567.559**	**807**	**47.568.366**
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	**8.447.051**	**556.937**	**-**	**1.440.212**	**1.875.000**	**(387.243)**	**41.071**	**3.943.493**	**187.668**	**(3.289.808)**	**28.033.706**	**1.639.954**	**5.079.518**	**47.567.559**	**807**	**47.568.366**
IV. Total comprehensive income (loss)	-	-	-	-	**1.056**	**(41.236)**	**(12.313)**	**890.519**	**(201.389)**	**1.025.286**	-	-	**3.685.364**	**5.347.287**	**131**	**5.347.418**
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	**78**	-	-	-	-	-	-	**(78)**	-	-	-	-	-
XI. Profit distribution	-	-	-	**148.338**	-	-	-	-	-	-	**4.431.180**	-	**(5.079.518)**	**(500.000)**	**(47)**	**(500.047)**
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(500.000)	(500.000)	(47)	(500.047)
11.2. Transfers to legal reserves	-	-	-	148.338	-	-	-	-	-	-	4.431.180	-	(4.579.518)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+…..+X+XI)	**8.447.051**	**556.937**	**-**	**1.588.628**	**1.876.056**	**(428.479)**	**28.758**	**4.834.012**	**(13.721)**	**(2.264.522)**	**32.464.808**	**1.639.954**	**3.685.364**	**52.414.846**	**891**	**52.415.737**

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges and net investment hedges.

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of June 30, 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Consolidated statement of changes in shareholders' equity

Prior Period (30/06/2020)					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Balance at the beginning of the period	**8.447.051**	**556.937**	**-**	**1.431.359**	**1.879.428**	**(277.219)**	**40.603**	**2.462.495**	**(173.611)**	**(2.878.300)**	**24.462.136**	**1.639.954**	**3.600.060**	**41.190.893**	**687**	**41.191.580**
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	**8.447.051**	**556.937**	**-**	**1.431.359**	**1.879.428**	**(277.219)**	**40.603**	**2.462.495**	**(173.611)**	**(2.878.300)**	**24.462.136**	**1.639.954**	**3.600.060**	**41.190.893**	**687**	**41.191.580**
IV. Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(1.397)**	**(47.795)**	**(11.988)**	**698.130**	**446.266**	**(615.186)**	**-**	**-**	**2.460.774**	**2.928.804**	**83**	**2.928.887**
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	**-**	**-**	**-**	**6.008**	**-**	**-**	**-**	**-**	**-**	**-**	**(322)**	**-**	**-**	**5.686**	**-**	**5.686**
XI. Profit distribution	**-**	**-**	**-**	**2.551**	**-**	**-**	**-**	**-**	**-**	**-**	**3.597.509**	**-**	**(3.600.060)**	**-**	**(45)**	**(45)**
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45)	(45)
11.2. Transfers to legal reserves	-	-	-	2.551	-	-	-	-	-	-	3.597.509	-	(3.600.060)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+…..+X+XI)	**8.447.051**	**556.937**	**-**	**1.439.918**	**1.878.031**	**(325.014)**	**28.615**	**3.160.625**	**272.655**	**(3.493.486)**	**28.059.323**	**1.639.954**	**2.460.774**	**44.125.383**	**725**	**44.126.108**

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges and net investment hedges.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6. Consolidated statement of cash flows

		Notes (Section Five)	Current Period (30/06/2021)	Prior Period (30/06/2020)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**1.359.268**	**11.120.801**
1.1.1	Interest received		18.368.242	15.375.828
1.1.2	Interest paid		(13.046.725)	(7.841.534)
1.1.3	Dividend received		14.930	15.600
1.1.4	Fees and commissions received		4.766.495	3.381.403
1.1.5	Other income		(4.316.667)	3.331.120
1.1.6	Collections from previously written-off loans and other receivables		1.233.698	949.581
1.1.7	Cash Payments to personnel and service suppliers		(4.569.832)	(3.974.368)
1.1.8	Taxes paid		(1.725.642)	(872.616)
1.1.9	Other		634.769	755.787
1.2	**Changes in operating assets and liabilities subject to banking operations**		**7.215.912**	**(21.896.885)**
1.2.1	Net (increase) decrease in Financial Assets at Fair Value through Profit or Loss		(26.294)	(162.400)
1.2.2	Net (increase) decrease in due from banks		(10.342.012)	(13.558.443)
1.2.3	Net (increase) decrease in loans		(40.194.402)	(28.520.475)
1.2.4	Net (increase) decrease in other assets		(497.744)	(5.345.373)
1.2.5	Net increase (decrease) in bank deposits		(1.372.692)	(254.251)
1.2.6	Net increase (decrease) in other deposits		35.287.131	18.519.875
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss		2.218.127	(29.549)
1.2.8	Net increase (decrease) in funds borrowed		18.867.860	6.609.882
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		3.275.938	843.849
I.	**Net cash provided from banking operations**		**8.575.180**	**(10.776.084)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(5.715.728)**	**(15.127.331)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		-	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		18.270	-
2.3	Cash paid for the purchase of tangible and intangible asset		(335.026)	(277.454)
2.4	Cash obtained from the sale of tangible and intangible asset		205.993	82.911
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(3.649.827)	(12.921.043)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		5.256.238	9.665.129
2.7	Cash paid for the purchase of financial assets at amortised cost		(7.749.092)	(14.099.726)
2.8	Cash obtained from sale of financial assets at amortised cost		537.716	2.422.852
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flows from financing activities**		**3.670.179**	**(1.211.530)**
3.1	Cash obtained from funds borrowed and securities issued		17.128.014	19.303.799
3.2	Cash outflow from funds borrowed and securities issued		(12.729.428)	(20.313.496)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(500.047)	(45)
3.5	Payments for lease liabilities		(228.360)	(201.788)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**7.572.539**	**6.066.676**
V.	**Net increase/decrease in cash and cash equivalents**		**14.102.170**	**(21.048.269)**
VI.	**Cash and cash equivalents at beginning of the period**		**51.583.220**	**66.218.297**
VII.	**Cash and cash equivalents at end of the period**		**65.685.390**	**45.170.028**

Section Three - Accounting policies

1. Explanations on basis of presentation:

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC") and Turkish Tax Legislation.

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards ("TAS") 34 - Interim Financial Reporting" and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

The accompanying consolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis (restated for the changes in the general purchasing power of TL until December 31, 2004), except for financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial assets/liabilities, buildings and art objects and paintings in tangible assets. Besides, the carrying values of assets carried at amortized cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

The accounting policies and valuation principles employed for the preparation of consolidated financial statements are in compliance with TFRS requires the use of certain accounting estimates by the Group management to exercise its judgment on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The preparation and fair presentation of the financial statement and used principles of valuation in accordance with "Accounting and Reporting Legislation" published in the regulation, communique, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

The accounting principles are in accordance with the principles used in preparing yearly financial statements as of December 31, 2020.

The social and economic measures have been taken to reduce the negativity of COVID -19 epidemic, which was spread globally in the first half of 2020, in our country as in other countries where the epidemic is effective and measures with partial changes continue to be implemented.

The Group has reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on the impairment of financial assets.

Interest rate benchmark reform London Interbank Offered Rate (LIBOR) is the most widely referenced benchmark interest rate across the globe for derivatives, bonds, loans and other floating rate instruments; however, there is a regulator-led push to transition the market from LIBOR and certain other benchmark rates to alternative risk-free, or nearly risk-free, rates that are based on actual overnight transactions at the end of 2021. Derivatives, floating rate notes, loans and other financial contracts whose terms extend beyond the relevant discontinuation date, and that refer to certain benchmark rates (including LIBOR) as the reference rate, will be impacted.

In Turkey, Turkish Lira Overnight Reference Rate ("TLREF") is created in order to meet the need of Turkish Lira short-term reference rate that can be used as an underlying or a benchmark in financial products, debt instruments and different types of financial contracts.

International Accounting Standards Board ("IASB") published the Phase 1, Amendments to TAS 39, TFRS 9 and TFRS 7 in September 2019 and Phase 2, Amendments to IFRS 9, TAS 39, IFRS 7 and IFRS 16 in August 2020. The Phase 1, Amendments and The Phase 2, Amendments provide some specific reliefs on hedge accounting transactions and address issues that arise upon replacing the existing interest rate benchmark with the alternative interest rates and introduces additional disclosure requirements. There is no hedge relation discontinued due to this reform.

Interest rate contracts are used in hedge transactions to manage exposure to interest rate risk of assets and liabilities. The hedging instruments designated to manage these risks reference IBOR in multiple jurisdictions and will be affected by the reform as the markets transition to alternative risk free or nearly risk-free rates by 2021 and beyond.

The Phase 2 Amendments provide two key reliefs:

- Modifications made as a direct result of the reform on an economically equivalent basis are reflected prospectively in the effective interest rate rather than as an immediate gain or loss.
- If qualifying criteria are met, hedging relationships that are directly impacted by the reform would be able to continue hedge accounting upon transition to alternative interest rates.

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The general strategy of the Group in using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. The Group can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is monitored within limits determined levels by the Board of Directors under the context of Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans.

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Other accumulated comprehensive income that will be reclassified in profit or loss " in equity.

In order to eliminate the inconsistency in the recognition, the Group, might classify its financial liabilities as the financial liabilities classified at fair value through profit/loss upon the initial recognition.

3. Information on consolidation principles:

3.1. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and "TFRS 10-Consolidated Financial Statements"

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.1.1. Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank's returns.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) June 30, 2021	Direct and indirect rates June 30, 2021
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99.99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Malta(1)	St.Julian's /Malta	Banking	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company (2)	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) As of October 25, 2019, it has been decided by Bank's Board of Directors to liquidate Bank's indirect subsidiary Yapı Kredi Bank Malta Ltd, of which 100% of its shares owned through Yapı Kredi Holding B.V. The liquidation process is expected to be completed within 18 months following the approval of legal authorities in Malta. The liquidation of Yapı Kredi Bank Malta is not expected to make a significant impact on Bank's activities and financial statements.

(2) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Parent

3.1.2. Consolidation principles of associates:

The associates are entities in which the Parent Bank participates in their capital and has significant influence on them, although the Parent Bank has no capital or management control, is established in domestic and abroad. The related associates are consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % June 30, 2021	Direct and indirect rates % June 30, 2021
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	Insurance	20,00	20,00

3.1.3. Consolidation principles of joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is real estate investment trust ("REIT") and operates according to special legislation with permission and license and is established in Turkey. The related joint venture is consolidated with equity method in accordance with materiality principle as of December 31, 2020.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

With the Parent Bank's Board of Directors resolution dated February 24, 2021, the Parent Bank signed a share transfer agreement with Koray Gayrimenkul ve Yatırım A.Ş. for the shares of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. and the sale transaction was completed on May 17, 2021.

3.1.4. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

3.1.5. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "TAS 27 - Individual Financial Statements" in the consolidated financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

4. Explanations on forward and options contracts and derivative instruments:

The Group's derivative transactions mostly include foreign currency money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

At the transaction date, the Group documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Group regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transactions is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or the recognition of the hedged item.

The Parent Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate and currency swaps. The effective portion of the fair value changes of the hedging instruments are recorded in in "Other accumulated comprehensive income that will be reclassified in profit or loss" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized (considering the original maturity of the hedging instrument).

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "TFRS 9 - Financial Instruments" and are therefore treated as "Derivative financial assets at fair value through profit or loss".

"Derivative financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Derivative financial assets at fair value through profit or loss" and if the fair value difference is negative, it is disclosed under "Derivative financial liabilities at fair value through profit or loss". Fair value changes are recorded under "Derivative Financial Transactions Gains / (Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Parameters used for the valuation of the option portfolio of the Parent Bank are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to "TFRS – 9 Financial Instruments"; in case, (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another.

As of June 30, 2021, the Parent Bank's credit derivatives portfolio included total return swaps.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or asset pool. Depending on whether the reference assets are included in the balance sheet of the issuer or the owner of the assets, these transactions can be accounted by the party assuming the credit risk as insurance or as an embedded derivative. As per the Bank's management evaluation, the embedded derivatives included in the credit linked notes are separated from the host contracts in accordance with "TFRS 9 - Financial Instruments" and recorded and evaluated as credit default swaps. The bond itself (host contract) is valued in accordance with the valuation principles of the category it is classified.

Total return swaps are contracts, in which the seller commits to pay the contract value for all cash flows of the reference assets of the seller and the changes of the market values of these reference assets to the buyer during the contract maturity and bear all the decreases in the market value of the these reference assets. The Bank uses the total return swaps to generate long term funding.

Market risks of these products are monitored using the Parent Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, those currency exchange transactions realized at value date in the initial phase of currency swaps are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

A Credit Valuation Adjustment (CVA) is applied to the Bank's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank's over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with Turkish Financial Reporting Standards, "TFRS – 9 Financial Instruments", comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

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, the Bank makes an adjustment to the transactions or quoted prices and reflects this adjustment to the fair value measurement. In this context, the Bank determines the point within the range that is most representative of fair value under current market conditions.

5. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method periodically.

Retrospective rediscount calculation and foreign exchange evaluation is performed for non performing loans, and accrued interest and rediscounts as of transfer to non performing loan accounts are accounted under loan accrual/rediscount accounts as per Uniform Chart of Accounts ('UCA'). The Bank ceases accruing interest after non-performing loan classification. In place of that, interest amount representing the time value of future collections is recognized under interest income instead of provision expense.

6. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15.

7. Explanations on financial assets:

As of January 1, 2018, the Group has applied TFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost.

According to TFRS 9 classification of financial assets is based on two criterias; business model under which the financial asset is being managed and contractual cash flows representing solely payments of principal and interest of the financial asset. This evaluation incorporates whether there is any clause that may change timing or amount of contractual cash flows of the financial asset.

Classification of financial assets reflects the business model of how the Group manages the assets in order to generate cash flows. Bank's business model may be to collect solely the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

The Parent Bank owns Consumer Price Indexed (CPI) Government Bonds which are classiffied under "Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio. Related securities are valued using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months.

Assessment of the business model

The Group determines the business model 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 a single instrument basis approach for classification and should be determined on a higher level of aggregation.

During the assessment of the business model for management of financial assets, all relevant evidences at the assessment date have been taken into consideration. Such relevant evidence includes below:

- How the performance of the portfolio is evaluated and reported to the Group's management;
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets with duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

If cash flows are realised in a way that is different from the expectations on the date of the assessment of 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 all relevant information that was available at the time of business model assessment were. 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:

- Business model whose objective is to hold assets in order to collect contractual cash flows

Financial assets that are held within 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. That is, the Group manages the assets held within the portfolio to collect those particular contractual cash flows.

Although the objective of Group's business model may be to hold financial assets in order to collect contractual cash flows, the Group does not need to hold all of those instruments until the maturity. Thus Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future.

The business model may be to hold assets to collect contractual cash flows even if the Group sells financial assets when there is an increase in the assets' credit risk. The Group considers reasonable and supportable information, including forward looking information in order to determine whether there has been an increase in the assets' credit risk. Regardless of their frequency and value, sales due to an increase in the assets' credit risk are not inconsistent with a business model whose objective is to hold financial assets to collect contractual cash flows because the credit quality of financial assets is relevant to the Group's ability to collect contractual cash flows

- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's management has made a decision on both collecting contractual cash flows and selling financial assets are necessary for achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to manage liquidity needs on daily basis, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities funding those assets. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

- 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

A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

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.

7.1. Financial assets at fair value through profit or loss:

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

The principles regarding the accounting of derivative financial instruments are explained in detail in Note 4 of this section.

7.2. Financial assets measured at amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. These financial assets are initially recognized at total of acquisition and transaction cost. After their initial recognition they are carried at "Amortized cost" using the "Effective interest method".

7.3. Loans:

Loans are financial assets raised through lending without having the intention to trade in the short term. Loans are non derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on active market. Loans are recognized initially at cost including transaction costs (which reflect fair values) and subsequently carried at the amortized cost using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

Retail, commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the Uniform Chart of Accounts ('UCA'). Foreign currency indexed loans are initially measured at local currency accounts with the foreign exchange rate prevailing at date of the initial recognition and re-valued with the relevant foreign currency rates prevailing at the date of the financial statements. Increase or decrease in the value of the principal amount of the loan due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates prevailing at the repayment dates and the valuation differences are accounted for in foreign exchange gain/loss accounts.

The Parent Bank provides provision for expected credit losses based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 29750 dated June 22, 2016 and in line with "TFRS 9 - Financial Instruments". In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

Due to the impact of COVID-19 outbreak, the BRSA took the following decisions that was effective from March 17, 2020:

- The 90-day delay period that was envisaged for the classification of non-performing loans will be applied 180 days until September 30, 2021 for Stage 1 and 2 loans.
- The 30-day delay period that was envisaged for the classification of loans in stage 2 will be applied as 90 days until September 30, 2021 for Stage 1 loans.
- Continuing to allocate provisions according to their own risk models in the calculation of expected credit loss within the scope of IFRS 9 for loans, which are classified as Stage 2 despite a delay of more than 90 days and classified as Stage 1 despite a delay of more than 30 days.

As of June 30, 2021, the Group has classified loans in accordance with the changes mentioned above and reflected them in its financial statements. In this context; the Group has evaluated many reasonable and supportable qualitative and quantitative data by taking into account the negative impact of COVID-19 in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

The Group has taken into account the possible difficulties in the cash flows or payments of customers due to uncertainties regarding the COVID 19 epidemic process within the scope of IFRS 9 while calculating the expected credit loss for the loans classified according to their stages in the scope above. Based on this, the Group has been allocating more provision for the loans which are classified as Stage 2 despite a delay of more than 90 days and classified as Stage 1 despite a delay of more than 30 days, in their stages according to credit risk models.

On the other hand, the Group follow closely the processes related to the epidemic and continues its activities in this period with sensitivity in line with the needs of its individual and commercial customers, by postponing the debts due, restructuring with a grace period and allocating existing / additional limits. In this context the credit risk of customers which requests postponing is reflected to the estimates used in the calculation of expected credit loss by using expert judgement also taking into consideration historical data, current conditions and future expectations.

Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "other operating income". Policy about write-off is disclosed in detail in explanations and notes related to consolidated assets of Section Five.

7.4. Financial assets at fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Financial assets at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be observed reliably, the financial assets at fair value through other comprehensive income are carried at fair values determined by using alternative models. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from financial assets at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

Interest income on financial assets at fair value through other comprehensive income are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of financial assets at fair value through other comprehensive income before the maturity, the difference between the profit, which is the difference between the cost and sales price of the financial assets, and the interest income accrual are accounted under "Profit/losses from capital market transactions".

7.5. Equity instruments of fair value through other comprehensive income:

At initial recognition, Group can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an equity instrument within the scope of TFRS 9. Such election is made on an instrument basis.

Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit/loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation.

8. Explanations on impairment of financial assets:

The Parent Bank assesses the expected credit losses ("ECL") related with its debt instrument assets carried at amortised cost and at fair value through other comprehensive income, with the exposure arising from loan commitments and financial guarantee contracts on a forward-looking basis. The Parent Bank recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the expected credit loss allowance:

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and at fair value through other comprehensive income is an area that requires the use of advanced models and significant assumptions about future economic conditions and credit behaviour.

These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition. Impairment shall be recognized on outstanding amounts in each category, as follows:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to this stage. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount.

Life-time expected credit loss is calculated on an individual or collective basis for the financial assets in stage 2 and stage 3.

General provisions represent ECLs for the first stage and the second stage, specific provisions represent ECLs for the third stage.

The Parent Bank has developed specific models for calculating the expected loss; such models are based on the parameters of PD, LGD and EAD and on the effective interest rate. In particular:

- The PD (Probability of Default), represents the probability of occurrence of an event of default of the credit exposure, in a defined time lag;
- The LGD (Loss Given Default), represents the percentage of the estimated loss, and thus the expected rate of recovery, at the date of occurrence of the default event of the credit exposure;
- The EAD (Exposure at Default), represents the measure of the exposure at the time of the event of default of the credit exposure;
- The Effective interest rate is the discount rate that expresses of the time value of money.

Such parameters are calculated starting from the corresponding parameters used for IRB preparation purposes, with specific adjustments in order to ensure consistency between accounting and regulatory treatment despite different regulatory requirements.

The main adjustments aimed at:

- Removal of prudency principal required for IRB preparation phase;
- Introducing "point-in-time" adjustments to replace "through-the-cycle" adjustments required for IRB preparation phase (TFRS-9 parameters developed over these parameters.);
- With reference to lifetime PD, through-the-cycle PD curves obtained by adjusting observed cumulated default rates were calibrated in order to reflect point-in-time on portfolio default rates.

Recovery rate incorporated into through-the-cycle LGD was adjusted in order to remove prudency principle and to reflect the most updated trend of recovery rates discounted at effective interest rate or at its best approximation.

The lifetime EAD has been obtained by converting the 1 year regulatory or managerial model to life-time, removing margin of prudency and including the expected discounted cash flow.

The Stage Allocation model is a key aspect of the new accounting model required to calculate expected credit losses which is aimed at transferring credit exposures from Stage 1 to Stage 2.

With reference to the quantitative component of the model for stage allocation, the Parent Bank has adopted a statistical approach based on a quantiles regression whose objective is to define a threshold in terms of maximum variation acceptable between the PD at the time of origination and the PD assessed at the reporting date.

The Stage Allocation model was based on a combination of relative and absolute elements. The main elements were:

- Comparison, for each transaction, between the PD measured at the time of recognition and PD as at the reporting date, both calculated according to internal models, through thresholds set in a way considering all key variables of each transaction that can affect the Bank's expectation of PD changes over time;
- Absolute elements such as the backstops required by law;
- Additional internal evidence

Significant increase in credit risk

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made;

Quantitative Assessment:

As a result of quantitative assessment, related financial asset is classified as stage 2 (Significant Increase in Credit Risk) when any of the following criterias are satisfied.

As of reporting date:

- Lifetime expected credit losses shall be recognized on a transaction base, when more than 30 days past due status is reached. The Bank can abandon this estimation when it has reasonable and supportable information about customers contractual repayments.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on unindemnified non cash loans are evaluated as significant increase in credit risk.

Qualitative Assessment:

The probability of significant increase in credit risk under qualitative assessment is based on the comparison of probability of default of a loan in the origination and as of reporting date.

The Group uses distribution regression on segment basis in order to calculate the thresholds used in defining the significant increase in credit risk.

Financial instruments defined as low risk for TFRS 9 are;

- Receivables from Central Bank of the Republic of Turkey;
- Loans with counterparty of Treasury of the Republic of Turkey
- The issued securities or guaranteed marketable securities from central banks of the countries where Group's subsidiaries, associates are resident;
- Bank placements;
- Other money market transactions;
- Transactions of Group's associates and subsidiaries

Forward Looking Information:

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation.

For the calculation of expected credit loss, Bank uses macroeconomic estimation method which is developed during creation of various scenarios. Macroeconomic variables prevailing during these estimates are Gross Domestic Product (GDP), Unemployment Rate, Foreign Trade Balance and Housing Price Index.

When expected credit losses are estimated in accordance with the forward looking macroeconomic information, the Bank evaluates 3 scenarios (base, pessimistic and optimistic) with various weights based. Each of these scenarios are in relation with different probability of default risk. Within the scope of the effects of COVID-19 on Expected Credit Loss calculations, the Bank has reviewed the macroeconomic model used in the process as of December 31, 2020, increased 30 basis points the weight of the pessimistic scenario by reducing the weight of the optimistic scenario with the same amount and used the data considered to reflect the current situation in the best way.

On the other hand, as of December 31, 2020, researches have been carried out on the sectors affected by COVID-19, the effects that belonged to the period which COVID-19 was the most effective, were segregated on a sectoral basis and analyzed whether in which direction the Borsa Istanbul Index data differed from the cumulative index data and this differentiation is reflected in the probability of default values on a sectoral basis.

The Parent Bank revised its macroeconomic expectations due the effects of the COVID-19 pandemic and reflected the calculations made to its financial statements considering the probability of default values and the possible changes in the exposure at default. In this context, the Bank has measured the effect of the change in macroeconomic data used in the calculation of expected credit loss such as gross domestic product, unemployment rate and foreign trade deficit, on the non performing loans under different scenarios and reflected the increase coefficient, which was considered to be the most accurate, to its provision calculations by projecting it on the loan parameters within the range of NPL ratio obtained throughout the calculations. The Parent Bank reflected the possible effects of the COVID-19 and estimation of cash flows with reasonable and supportable information used in calculating the expected loan loss provision for the loans subject to individual assessment. This preferred approach will be revised in the coming reporting periods, considering the impact of the outbreak, the credit portfolio and changes in future expectations.

9. Explanations on offsetting financial assets:

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

10. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Money market funds" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from money markets" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Group has no securities lending transactions.

11. Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets:

According to the "TFRS-5 Non-current Assets Held for Sale and Discontinued Operations" a tangible asset (or a group of assets to be disposed) classified as "Asset held for resale" 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 resale" 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.

A discontinued operation is a part of the Group's business classified as sold or held for sale. The operating results of the discontinued operations are disclosed separately in the income statement.

12. Explanations on goodwill and other intangible assets:

12.1. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. The goodwill resulting from the merger and calculated in line with TFRS 3, was recorded in the unconsolidated financial statements of the Bank.

In line with "TFRS – 3 Business Combinations", the goodwill is not subject to amortization but is tested annually or more frequently for impairment losses, if any, in line with "TAS – 36 Impairment on Assets". For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units that is expected to benefit from the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment once a year. If there are any indications that the unit is impaired, the impairment test is performed more frequently. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Since there is no evidence of impairment on the goodwill amount as a result of the impairment test, previous period fair value has been used.

12.2. Other intangible assets:

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for impairment.

The Group evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Group estimates a recoverable amount in accordance with the "TAS 36-Impairment of Assets".The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset.

13. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement in accordance with "TAS 16-Property, Plant and Equipment". Subsequently, properties and equipments, except art objects, paintings and buildings, are carried at cost less accumulated depreciation and provision for impairment.

The Group adopted fair value accounting method for its buildings since March 31, 2015 in tangible assets in accordance with "TAS 16- Property, Plant and Equipment".

The depreciation rate for buildings is 2-4%; for movables and movables acquired under financial leasing depreciation is calculated over estimated useful life by using the straight-line method.

The depreciation charge for items remaining in property and equipment for less than a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

In accordance with "TAS 36-Impairment of Assets", where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for impairment is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales proceeds.

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

14. Explanations on leasing transactions:

The Group performs leasing transactions in the capacity of the lessee and lessor.

14.1. Accounting of leasing operations according to lessor:

The Group has adopted "TFRS 16 - Leases" as of January 1, 2019. The Group has applied the simplified transition approach and elected not to restate comparative figures.

In accordance with "TFRS 16 - Leases", the Group calculates "right-of-use" amount using the present value of the lease payments of fixed asset at the beginning of the leasing period and recognizes under "property and equipment". Unpaid leasing payments are calculated at their net present value and recognized under "lease payables" in liabilities. Lease payments are discounted using related borrowing rates.

Fixed assets that are subject to leasing is amortised on the basis of leasing period. Interest expense related to lease payables is classified under "interest on lease payables" under "interest expense" and exchange rate changes are classified under "foreign exchange gains/losses". Leasing payments are deducted from lease payables.

14.2. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in the consolidated financial statements. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

14.2.1. Provision for doubtful lease receivables

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Group has set this provision in accordance with the TFRS 9 rules.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of

amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

15. Explanations on provisions, contingent assets and liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognised for loans and other receivables, are accounted in accordance with "TAS 37- Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognised in the period of occurrence in accordance with the "Matching principle". A provision is recognised when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made, or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in 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 period in which the change occurs.

16. Explanations on obligations related to employee rights:

16.1. Employee termination benefits

Obligations related to severance pay and vacation rights are accounted for in accordance with "TAS 19- Employee Rights" and are classified under "Reserve for employee rights" account in the balance sheet.Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for severance pay represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised "TAS 19- Employee Rights" standard.

16.2. Pension rights

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23th paragraph 1 of the Banking Act published in the Official Gazette No 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

The article of the Law related to the transfer was cancelled (pursuant to the application by the President on November 2, 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated March 22, 2007) published in the Official Gazette No. 26479 dated March 31, 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26731. With the publication of the reasoning of the decision, the

Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015. The Council of Ministers was authorized to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 and numbered 29335. The president was authorized to determine the transfer date of pension funds in accordance with the last amendment by the Law No. 30473 published in the Official Gazette dated July 9, 2018.

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Parent Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

Short term benefits of employee:

Within the scope of "TAS 19- Employee Rights", the Group measures the expected costs of accumulated paid leaves as expected payments it will make due to unused leave rights as at the end of the reporting date.

17. Explanations on taxation:

17.1. Current tax:

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. The corporate tax rate is still applied as 20% in the first provisional tax declaration for the corporate income belonging to the taxation periods of 2021 but as of second provisional tax declaration the rate of 25% will be applied.

Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied. Additional tax is not payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the capital gains derived from immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date and the accrued tax is paid same day. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period 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.

Tax rates that are used in tax calculations before the exemptions by foreign subsidiaries by taking current tax regulations in their countries into consideration as of June 30, 2021 are as follows:

Netherlands	25,00%
Azerbaijan	20,00%
Malta	35,00%

17.2. Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "TAS 12-Income Taxes" and in accordance with BRSA's explanations and circulars and the tax legislation. The Group calculates deferred tax on deductible temporary differences, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate is used as of the balance sheet date by estimating when the temporary differences will be taxable / deductible in accordance with the current tax legislation.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with "TAS 12-Income Taxes". The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

17.3. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007/26704, explains the application related issues on this topic effective from January 1, 2007, also taking into account the regulations in Article 41 of the Income Tax Law.

"Arm's length principle", which is the basis for the transfer pricing rule, is the pricing system to be followed for purchase or sale activities between related parties for any product or service transactions as if the transaction is realized with any other third party. 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 discussed in the relevant 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.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

18. Additional explanations on borrowings:

The financial liabilities classified at fair value through profit/loss, trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortized cost" including costs of transactions using the "effective interest method".

The Group classifies some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition. For the related liabilities until the maturity, the Bank presents interest expenses paid and the difference between amortized cost and acquisition cost in the interest expense, the difference between the fair value of the financial liabilities and amortized cost presents under the trading gain/(loss) in the income statement.

The Group utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued.

Also, Group obtains funds by issuing bonds and bills.

19. Explanations on issuance of share certificates:

When shares are issued above their nominal value, the excess over the nominal value is accounted under shareholders' equity as "Share premium".

20. Explanations on avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "off-balance sheet commitments".

21. Explanations on government grants:

None (December 31, 2020 - TL 78).

22. Profit reserves and profit distribution:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Legal reserves consist of first and second reserves as foreseen in the TCC. The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

No dividend payments of the Parent Bank were announced after the balance sheet date.

23. Earnings per share:

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

	Current Period	**Prior Period**
Net Income/(loss) to be appropriated to ordinary shareholders	3.685.364	2.460.774
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	**0,0044**	**0,0029**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. 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.

No bonus shares were issued during 2021 (2020 - no bonus shares were issued).

24. 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/affiliated 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. of Section Five.

25. Explanations on operating segments:

Information about operating segments which are determined in line with "TFRS 8- Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note 10 of Section Four.

26. Explanations on other matters:

None.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section four - Information related to financial position of the Group

1. Explanations on consolidated own funds:

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" and "Regulation Regarding Banks' Shareholders' Equity".

The consolidated capital adequacy ratio of the Group is 17,05% (December 31, 2020 - 17,25%) and the Parent Bank is 18,09% (December 31, 2020- 18,23%)

1.1. Information related to capital adequacy ratio:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	34.038.657	29.459.139
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	7.259.721	6.193.055
Profit	5.325.318	6.719.472
Net profit of the period	3.685.364	5.079.518
Profit of the previous years	1.639.954	1.639.954
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	14.779	14.779
Minority interest	891	807
Common Equity Tier 1 capital before regulatory adjustments	**55.643.354**	**51.391.240**
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	69.973	86.371
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	3.227.617	2.700.221
Improvement costs for operating leasing	101.674	113.341
Goodwill (net of related tax liability)	979.493	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	960.813	931.053
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	447.573	-
Shortfall of provisions to expected losses	-	-
Securitisation gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks' Shareholders' Equity	-	-
The amount above threshold for the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital	-	-
The amount above threshold for mortgage servicing rights	-	-
The amount above threshold for deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments to Common equity Tier 1	**5.787.143**	**4.810.479**
Common Equity Tier 1 capital (CET1)	**49.856.211**	**46.580.761**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

ADDITIONAL TIER 1 CAPITAL	Current Period	Prior Period
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	5.658.380	4.771.325
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier 1 capital before regulatory adjustments	**5.658.380**	**4.771.325**
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustments to Additional Tier 1 capital	**-**	**-**
Total Additional Tier 1 capital	**5.658.380**	**4.771.325**
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	**55.514.591**	**51.352.086**
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	7.111.270	6.980.701
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	161.014	322.028
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.549.150	4.269.686
Tier 2 capital before regulatory adjustments	**9.821.434**	**11.572.415**
Tier 2 capital: regulatory adjustments		
Direct and indirect investments of the Bank on its own Tier 2 Capital (-)	-	-
Investments of the Bank to banks that invest on the Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	141.561
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Total regulatory adjustments to Tier 2 capital	**-**	**141.561**
Total Tier 2 capital	**9.821.434**	**11.430.854**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	**65.287.742**	**62.740.741**
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	6.293	5.591
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (1)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	41.990	36.608
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions(amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

OWN FUNDS	**Current Period**	**Prior Period**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	65.130.122	62.571.136
Total Risk Weighted Assets(2)	381.929.889	362.826.562
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	13,05	12,84
Tier 1 Capital Adequacy Ratio (%)	14,54	14,15
Capital Adequacy Ratio (%)	17,05	17,25
BUFFERS		
Institution specific buffer requirement of the Bank (a+b+c)	3,548	3,551
a)Capital conservation buffer requirement (%)	2,500	2,500
b)Bank's specific countercyclical buffer requirement (%)	0,048	0,051
c)Systemically important Bank buffer	1,000	1,000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8,535	8,153
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	222.347	192.605
Significant investments in the common stock of financials	1.729.094	1.562.641
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	4.069.068	4.482.337
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.888.935	11.990.560
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	826.073	4.269.686
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	9.438.412	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	1.723.077	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	161.014	322.028
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	7.724.104	6.326.953

(1) According to the "Regulation Regarding to changes on Regulation on Banks' Shareholders' Equity" published in Official Gazette No.30121 on July 11, 2017, related article has been abolished.

(2) Total Risk Weighted Assets are calculated with arithmetic average of the Central Bank of Turkey's spot purchase exchange rates for 252 working days before calculation date, according to BRSA note no.9312 dated December 8, 2020.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.2. Information on debt instruments included in the calculation of equity:

	1	2	3	4	5	6	7
Lender (1,2), Issuer (3,4,5)	UNICREDIT SPA	UNICREDIT SPA	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	XS0861979440/ US984848AB73	XS2286436451 / US984848AN12	XS1867595750 / US984848AL55	TRSYKBK62914	TRSYKBK92911
Governing law(s) of the instrument	BRSA / Austria Law	BRSA / Austria Law	BRSA / CMB / LONDON STOCK EXCHANGE / English Law	English Law /Turkish Law	English Law /Turkish Law	BRSA /CMB / Turkish Law	BRSA /CMB / Turkish Law
Regulatory treatment							
Transitional Basel III rules	No	No	Yes	No	No	No	No
Eligible at stand-alone / consolidated	Stand-alone -Consolidated	Stand-alone –Consolidated	Stand-alone –Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Bond	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1.019	940	161	4.353	5.658	500	300
Par value of instrument	5.093	2.350	7.885	4.353	5.658	500	300
Accounting classification	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost
Original date of issuance	January 9, 2013	December 18, 2013	December 6, 2012	January 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Dated	Dated	Dated	Perpetual	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	No	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	-	5 years	Every 5 years	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	-	After 5th year	After 5th year
Coupons / dividends							
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Variable İnterest	Variable İnterest
Coupon rate and any related index	5,7%	First 5 years 6,55%fixed, second 5 years 7,7156% fixed	5,5%	First 5 years 7,875% fixed, second 5 years U.S. five year treasury bond rate +741.50 basis points	First 5 years 13,875% fixed, second 5 years MS+11,245% fixed	3 month TRYLIBOR +1,00 %	TLREF index change + 1,30%
Existence of a dividend stopper	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	-	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount
Fully discretionary, partially discretionary or mandatory	-	-	-	Mandatory	Optional	Mandatory	Mandatory
Existence of step up or other incentive to redeem	-	-	-	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-co							
If convertible, conversion trigger (s)	-	-	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-	-	-
Write-down feature							
If write-down, write-down trigger(s)	-	-	-	In case of default	In case of default/ Common Equity Tier 1 capital adequacy ratio of the bank falls below 5.125%	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF
If write-down, full or partial	-	-	-	Partial and complete	Partial and complete	Partial and complete	Partial and complete
If write-down, permanent or temporary	-	-	-	Permanent	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5.125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, and the TIER 1	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
In compliance with article number 7 and 8 of "Own fund regulation"	No	No	Yes	No	No	No	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	8-2-ğ	-	-	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the "Regulation Regarding Banks' Shareholders' Equity" are considered in the own funds. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article and in the provisional fourth article of the "Regulation Regarding Banks' Shareholders' Equity".

2. Explanations on Consolidation Based Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016.

2.1. General Information on Risk Management and Risk Weighted Amount

As of June 30, 2021, the Bank has started to calculate its credit risk, which is subject to the regulatory capital adequacy ratio reporting, with the Internal Rating-Based (IRB) approach. Foundation IRB approach is used for the corporate exposure class and advanced IRB approach is used for the retail exposure class as determined by "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

2.1.1. Overview of Risk Weighted Assets

		Risk Weighted Assets		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	**Credit risk (excluding counterparty credit risk) (CCR) (1)**	**329.481.860**	**317.655.574**	**26.358.549**
2	Of which standardised approach (SA)	52.178.981	317.655.574	4.174.318
3	Of which internal rating-based (IRB) approach	269.503.390	-	21.560.271
4	**Counterparty credit risk**	**7.024.864**	**6.737.161**	**561.989**
5	Of which standardised approach for counterparty credit risk (SA-CCR)	7.024.864	6.737.161	561.989
6	Of which internal model method (IMM)	-	-	-
7	**Equity positions in banking book under market-based approach**	-	-	-
8	**Equity investments in funds – look-through approach**	**11.110**	**10**	**889**
9	**Equity investments in funds – mandate-based approach**	-	-	-
10	**Equity investments in funds – fall-back 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**	**3.930.927**	**4.439.332**	**314.474**
17	Of which standardised approach (SA)	3.930.927	4.439.332	314.474
18	Of which internal model approaches (IMM)	-	-	-
19	**Operational risk**	**37.518.185**	**30.380.790**	**3.001.455**
20	Of which Basic Indicator Approach	37.518.185	30.380.790	3.001.455
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**3.962.943**	**3.613.695**	**317.035**
24	**Floor adjustment**	-	-	-
25	**TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)**	**381.929.889**	**362.826.562**	**30.554.391**

(1) In the context of transition to IRB regulation, there is a value adjustment amounting to TL 7.799.489.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.2. Credit quality of assets

According to the BRSA Regulation "Regulation on the procedures and principles for the determination of qualification of loans and other receivables by Banks and provision to be set aside" in the cases:

- For which recovery of principal and interest or both delays for more than ninety days from their terms (According to BRSA decision no.8948 dated March 17, 2020, it will be applied as 180 days until December 31, 2020) or;
- Which have limited means for total recovery because debtors' equity or collaterals extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or;
- For which debtors are recognized to have suffered substantial deterioration in their creditworthiness and credits have suffered weakness consequently or;
- For which it is believed that recovery by banks of principal or interest or both would delay for more than ninety days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation,

Provisions are calculated for these loans over the rates produced on the business model outputs of the Bank.

In accordance with the regulation; in the event that failure to meet payment obligations towards banks stems from temporary liquidity difficulties related to the loans, including any overdue interest may be restructured or subject to a new redemption plan for the purpose of providing debtors with liquidity capability and ensuring recovery of receivables by the Bank.

		Gross carrying values of as per TAS		Allowances/	Net values
	Current Period	**Defaulted exposures**	**Non-defaulted exposures**	**impairments**	
1	Loans	18.046.235	334.915.919	25.240.944	327.721.210
2	Debt Securities	-	92.312.888	204.035	92.108.853
3	Off-balance sheet exposures	956.513	244.945.726	1.380.366	244.521.873
4	**Total**	**19.002.748**	**672.174.533**	**26.825.345**	**664.351.936**

		Gross carrying values of as per TAS		Allowances/	Net values
	Prior Period	**Defaulted exposures**	**Non-defaulted exposures**	**impairments**	
1	Loans	19.603.259	297.608.496	24.740.768	292.470.987
2	Debt Securities	-	78.544.605	184.178	78.360.427
3	Off-balance sheet exposures	987.003	192.315.906	1.062.888	192.240.021
4	**Total**	**20.590.262**	**568.469.007**	**25.987.834**	**563.071.435**

2.1.3. Changes in stock of defaulted loans and debt securities:

		Current Period	Prior Period
1	**Defaulted loans and debt securities at end of the previous reporting period**	**20.590.262**	**20.538.135**
2	Loans and debt securities that have defaulted since the last reporting period	1.481.931	3.656.806
3	Returned to non-defaulted status	99.467	84.217
4	Amounts written off	1.102.059	1.066.358
5	Other changes	(1.867.919)	(2.454.104)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**19.002.748**	**20.590.262**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.4. Credit risk mitigation techniques – overview:

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	278.174.227	49.546.983	33.472.613	5.139.064	4.137.133	-	-
Debt securities	92.108.853	-	-	-	-	-	-
Total	**370.283.080**	**49.546.983**	**33.472.613**	**5.139.064**	**4.137.133**	**-**	**-**
Of which defaulted	4.034.655	1.275.781	610.378	1.098.120	596.636	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	222.278.686	70.192.301	35.369.564	10.789.657	8.680.038	-	-
Debt securities	78.360.427	-	-	-	-	-	-
Total	**300.639.113**	**70.192.301**	**35.369.564**	**10.789.657**	**8.680.038**	**-**	**-**
Of which defaulted	2.301.778	3.644.404	939.403	926.661	448.463	-	-

2.1.5. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

	Current Period	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**RWA and RWA density**	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Exposures to central governments or central banks	145.821.893	1.378.226	150.349.201	1.601.066	326.373	0,21%
2	Exposures to regional governments or local authorities	559	-	559	-	112	20,04%
3	Exposures to public sector entities	18.748	158.289	18.721	65.059	83.780	100,00%
4	Exposures to multilateral development banks	628.587	39.944	628.586	21.416	-	0,00%
5	Conditional and unconditional receivables from banks and brokerage houses	41.707.281	19.354.498	41.912.987	3.495.294	14.564.962	32,08%
6	Exposures to corporates	31.916.540	20.169.290	30.008.914	3.380.764	30.730.995	92,04%
7	Retail exposures	5.910.510	2.198.630	3.331.673	78.733	2.557.804	75,00%
8	Exposures secured by residential property	22.484	3.269	22.484	1.608	8.432	35,00%
9	Exposures secured by commercial real estate	1.012.953	403.393	977.151	201.695	974.827	82,69%
10	Past-due loans	266.068	212	144.524	42	90.200	62,39%
11	Higher-risk categories by the Agency Board	1.284.265	1.891.133	808.588	22.079	1.237.739	149,01%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	14.386	-	14.386	-	11.110	77,23%
13	Investments in equities	2.090.385	-	2.090.385	-	4.468.151	213,75%
14	Other assets	1.777.298	-	1.777.298	-	1.098.549	61,81%
	TOTAL	**232.471.957**	**45.596.884**	**232.085.457**	**8.867.756**	**56.153.034**	**23,30%**

	Prior Period	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**RWA and RWA density**	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Exposures to central governments or central banks	124.411.512	122	133.540.012	266.707	310.888	0,23%
2	Exposures to regional governments or local authorities	646	-	646	-	129	19,97%
3	Exposures to public sector entities	51.354	113.066	51.330	39.536	90.866	100,00%
4	Exposures to multilateral development banks	851.507	25.402	851.507	12.853	-	0,00%
5	Conditional and unconditional receivables from banks and brokerage houses	36.690.291	16.749.612	36.690.292	2.807.362	12.277.426	31,08%
6	Exposures to corporates	147.638.064	110.162.832	139.809.192	48.737.203	186.135.162	98,72%
7	Retail exposures	94.500.245	71.808.140	89.183.228	6.515.263	71.773.869	75,00%
8	Exposures secured by residential property	9.126.349	155.006	9.126.349	70.758	3.218.987	35,00%
9	Exposures secured by commercial real estate	30.536.355	4.023.560	30.342.654	2.869.207	25.801.500	77,69%
10	Past-due loans	4.252.476	29.190	4.067.154	11.440	2.642.772	64,80%
11	Higher-risk categories by the Agency Board	2.089.076	1.952.883	1.813.707	118.850	2.375.964	122,94%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	20	-	20	-	10	50,00%
13	Investments in equities	1.957.754	-	1.957.754	-	4.125.971	210,75%
14	Other assets	19.251.658	-	19.251.658	-	12.515.735	65,01%
	TOTAL	**471.357.307**	**205.019.813**	**466.685.503**	**61.449.179**	**321.269.279**	**60,83%**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.6. Standard Approach: Receivables by risk classes and risk weights:

Current Period

	Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	151.623.894	-	-	-	-	-	326.373	-	-	-	-	151.950.267
2	Exposures to regional governments or local authorities	-	-	559	-	-	-	-	-	-	-	-	559
3	Exposures to public sector entities	-	-	-	-	-	-	83.780	-	-	-	-	83.780
4	Exposures to multilateral development banks	650.002	-	-	-	-	-	-	-	-	-	-	650.002
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	29.006.529	-	15.276.192	-	1.125.560	-	-	-	-	45.408.281
6	Exposures to corporates	330.801	-	307.372	-	4.163.962	-	28.587.543	-	-	-	-	33.389.678
7	Retail exposures	-	-	-	-	-	3.410.406	-	-	-	-	-	3.410.406
8	Exposures secured by residential property	-	-	-	24.092	-	-	-	-	-	-	-	24.092
9	Exposures secured by commercial real estate	-	-	-	-	406.241	3.595	769.010	-	-	-	-	1.178.846
10	Past-due loans	-	-	-	-	108.733	-	35.833	-	-	-	-	144.566
11	Higher-risk categories by the Agency Board	-	-	-	-	1.682	-	13.157	815.828	-	-	-	830.667
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	175	-	1.804	-	3.315	-	9.092	-	-	-	-	14.386
13	Investments in equities	-	-	-	-	-	-	505.208	-	-	1.585.177	-	2.090.385
14	Other assets	678.753	-	-	-	-	-	1.098.545	-	-	-	-	1.777.298
	Total	**153.283.625**		**29.316.264**	**24.092**	**19.960.125**	**3.414.001**	**32.554.101**	**815.828**		**1.585.177**		**240.953.213**

Prior Period

	Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	133.495.831	-	-	-	-	-	310.888	-	-	-	-	133.806.719
2	Exposures to regional governments or local authorities	-	-	646	-	-	-	-	-	-	-	-	646
3	Exposures to public sector entities	-	-	-	-	-	-	90.866	-	-	-	-	90.866
4	Exposures to multilateral development banks	864.360	-	-	-	-	-	-	-	-	-	-	864.360
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	25.469.160	-	13.689.799	-	338.695	-	-	-	-	39.497.654
6	Exposures to corporates	330.804	-	246.143	-	3.767.024	-	184.202.424	-	-	-	-	188.546.395
7	Retail exposures	-	-	-	-	-	95.698.491	-	-	-	-	-	95.698.491
8	Exposures secured by residential property	-	-	-	9.197.107	-	-	-	-	-	-	-	9.197.107
9	Exposures secured by commercial real estate	-	-	-	-	14.545.688	550.069	18.116.104	-	-	-	-	33.211.861
10	Past-due loans	-	-	-	-	2.871.645	-	1.206.949	-	-	-	-	4.078.594
11	Higher-risk categories by the Agency Board	-	-	-	-	133.945	-	777.856	1.020.756	-	-	-	1.932.557
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	3	-	3	-	10	-	4	-	-	-	-	20
13	Investments in equities	-	-	-	-	-	-	512.276	-	-	1.445.478	-	1.957.754
14	Other assets	6.629.436	-	133.109	-	-	-	12.489.113	-	-	-	-	19.251.658
	Total	**141.320.434**	**-**	**25.849.061**	**9.197.107**	**35.008.111**	**96.248.560**	**218.045.175**	**1.020.756**	**-**	**1.445.478**	**-**	**528.134.682**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.7. IRB Approach: Credit Risk Amounts by Portfolio and PD Ranges:

Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
	0-0,15	9.152.462	8.223.577	43,89%	12.762.114	0,09%	32.643	42,14%	1,82	2.898.080	22,71%	4.902	12.626
	0,15-0,25	3.771.869	2.284.464	43,86%	4.773.738	0,19%	70.978	39,38%	2,24	1.721.595	36,06%	3.465	7.113
	0,25-0,5	17.588.115	18.435.424	41,77%	25.288.364	0,33%	23.926	43,14%	1,84	12.826.621	50,72%	36.170	413.304
	0,5-0,75	27.416.324	25.280.004	42,45%	38.148.166	0,62%	42.966	42,73%	1,62	25.065.804	65,71%	101.190	220.484
Exposures to	0,75-2,5	34.736.130	28.921.703	39,01%	46.017.273	1,46%	44.477	42,25%	1,83	43.288.397	94,07%	283.061	755.736
corporates	2,5-10	14.423.479	17.313.143	38,27%	21.049.353	5,44%	30.747	42,12%	1,81	29.835.032	141,74%	479.406	1.100.830
	10-100	1.597.310	1.172.805	28,32%	1.929.409	21,45%	7.130	40,87%	1,54	4.056.125	210,23%	164.927	165.318
	100 (default)	9.890.625	418.087	21,95%	9.982.413	100,00%	17.716	45,00%	2,50	-	0,00%	4.492.086	6.499.597
	Sub Total	**118.576.314**	**102.049.207**	**40,54%**	**159.950.830**	**7,85%**	**262.102**	**42,55%**	**1,83**	**119.691.654**	**74,83%**	**5.565.207**	**9.175.008**

Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
	0-0,15	4.532.499	13.271.206	26,18%	8.007.322	0,10%	893.071	38,06%	-	188.624	2,36%	2.939	3.487
	0,15-0,25	4.504.273	12.096.542	26,71%	7.735.481	0,19%	1.183.266	36,54%	-	309.914	4,01%	5.443	9.597
	0,25-0,5	1.231.126	2.265.557	27,74%	1.859.592	0,33%	276.327	37,21%	-	117.247	6,30%	2.278	4.454
	0,5-0,75	3.331.290	5.644.690	27,76%	4.898.231	0,64%	771.910	36,64%	-	514.072	10,50%	11.456	18.239
Qualifying Revolving	0,75-2,5	4.684.539	6.131.896	28,08%	6.406.412	1,49%	1.085.735	36,32%	-	1.261.991	19,70%	34.778	56.530
Retail Exposures	2,5-10	4.960.615	2.798.938	30,24%	5.806.978	5,40%	1.152.122	34,81%	-	2.616.241	45,05%	107.821	172.086
	10-100	1.081.579	202.545	33,18%	1.148.789	28,60%	285.509	31,94%	-	1.128.655	98,25%	106.094	164.926
	100 (default)	10.018	17	25,35%	10.023	100,00%	2.825	38,96%	-	40.943	408,49%	815	4.661
	Sub Total	**24.335.939**	**42.411.391**	**27,20%**	**35.872.828**	**2,25%**	**5.650.765**	**36,46%**	**-**	**6.177.687**	**17,22%**	**271.624**	**433.980**
	0-0,15	546.692	1.519.107	36,85%	1.106.421	0,11%	48.729	44,47%	-	135.884	12,28%	528	2.729
	0,15-0,25	3.877.937	5.989.719	52,02%	6.993.700	0,17%	113.656	46,76%	-	1.269.754	18,16%	5.651	27.293
	0,25-0,5	6.498.521	8.175.424	45,29%	10.201.137	0,36%	96.188	47,93%	-	3.037.118	29,77%	17.696	58.459
	0,5-0,75	5.201.890	5.068.232	39,56%	7.206.811	0,61%	94.514	46,13%	-	2.817.541	39,10%	20.211	53.235
Retail SME	0,75-2,5	11.965.608	7.434.945	39,84%	14.927.824	1,48%	192.960	46,62%	-	8.490.658	56,88%	102.886	225.194
Exposures	2,5-10	8.059.288	3.267.333	35,99%	9.235.069	5,11%	152.085	46,72%	-	6.757.111	73,17%	219.939	346.845
	10-100	1.552.976	481.553	27,97%	1.687.664	22,53%	31.801	45,26%	-	1.739.645	103,08%	169.574	259.879
	100 (default)	3.793.225	480.872	21,34%	3.895.827	100,00%	74.106	81,61%	-	486.172	12,48%	3.142.873	3.817.599
	Sub Total	**41.496.137**	**32.417.185**	**42,44%**	**55.254.453**	**9,16%**	**804.039**	**49,21%**	**-**	**24.733.883**	**44,76%**	**3.679.358**	**4.791.233**
	0-0,15	701.585	1.859.136	81,09%	2.209.174	0,10%	976.561	50,65%	-	286.653	12,98%	1.080	2.118
	0,15-0,25	3.241.779	1.995.080	81,63%	4.870.387	0,19%	1.123.696	53,40%	-	1.088.204	22,34%	5.009	7.849
	0,25-0,5	1.068.257	482.150	82,15%	1.464.328	0,33%	313.127	54,31%	-	474.534	32,41%	2.635	3.721
	0,5-0,75	6.332.901	1.489.466	82,55%	7.562.527	0,64%	804.660	58,09%	-	3.839.179	50,77%	28.332	30.162
Other Retail	0,75-2,5	12.405.836	1.473.359	84,17%	13.646.017	1,54%	1.027.253	59,65%	-	10.062.826	73,74%	125.526	124.186
Exposures	2,5-10	17.181.710	978.169	89,82%	18.060.316	5,60%	1.235.837	60,09%	-	17.239.726	95,46%	607.793	621.881
	10-100	5.952.155	99.728	110,78%	6.062.630	27,82%	372.810	60,16%	-	9.466.198	156,14%	1.012.648	1.069.672
	100 (default)	2.416.842	294	83,29%	2.417.087	100,00%	159.661	81,45%	-	654.853	27,09%	1.919.212	2.001.758
	Sub Total	**49.301.065**	**8.377.382**	**83,46%**	**56.292.466**	**9,57%**	**6.013.605**	**59,54%**	**-**	**43.112.173**	**76,59%**	**3.702.235**	**3.861.347**
	Retail Total	**115.133.141**	**83.205.958**	**38,80%**	**147.419.747**	**7,64%**	**8.704.530**	**50,05%**	**-**	**74.023.743**	**50,00%**	**7.653.217**	**9.086.560**
Other Items	**Sub Total**	**19.686.869**	**-**	**-**	**19.686.869**	**-**	**-**	**-**	**-**	**10.989.916**	**39,09%**	**-**	**-**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.8. IRB: The effect of credit derivatives used as CRM technique on RWA

		RWA – PRE Credit Derivatives	Actual RWA
1	Exposures to central governments or central banks -Foundation IRI	-	-
2	Exposures to central governments or central banks -Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	121.726.054	121.726.054
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	65.100.902	65.100.902
8	Specialised Lending - Advanced IRB	-	-
9	Retail exposures - Qualifying revolving	6.177.687	6.177.687
10	Retail exposures - secured by real estate	-	-
11	Retail exposures - SME	24.737.351	24.737.351
12	Retail Exposures - Other	43.112.173	43.112.173
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	10.989.916	10.989.916
	Total	**271.844.083**	**271.844.083**

2.1.9. RWA Movement Table Under IRB Approach

		RWA Amount
1	Previous Period Closing Amount	-
2	Changes in Volume	-
3	Changes in Asset Quality	-
4	Model Updates	-
5	Policy and Regulatory Changes	-
6	Purchasing and Selling	-
7	FX Difference	-
8	Other(1)	271.844.083
9	**Raporlama dönemi sonundaki RAT**	**271.844.083**

(1) The Bank adopted IRB approach as of June 30, 2021.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

2.1.10. IRB (Specialized lending and equity investments subject to the simple risk weight approach)

Specialised Lendings Besides High-volatility Commercial Real Estates													
						Risk Amount					RWA Amount		Expected Losses
Category	**Remaining Maturity**	**On-balance sheet amount**	**Off-balance sheet amount**	**Counterparty credit risk**	**Risk Weight**	**Project Finance**	**Object Finance**	**Commodities Finance**	**Income Producing Real Estate**	**Total**	**Credit Risk**	**Counter Party Credit Risk**	
Strong	<2,5 years	192.379	-	69.352	50%	197.188	-	-	64.544	261.732	96.190	34.676	-
	≥2,5 years	7.525.905	3.051	349.264	70%	7.696.418	-	-	179.365	7.875.783	5.268.564	244.485	31.503
Good	<2,5 years	3.179.435	514.051	2.746	70%	3.285.897	-	-	-	3.285.897	2.298.205	1.922	13.144
	≥2,5 years	13.051.792	2.627.343	-	90%	14.636.297	89.468	-	536.085	15.261.850	13.735.665	-	122.095
Satisfactory		24.143.278	2.123.167	18.914	115%	22.789.965	617.173	-	1.188.253	24.595.391	28.262.958	21.742	688.671
Weak		5.998.625	277.422	-	250%	6.054.598	-	-	-	6.054.598	15.136.495	-	484.368
Default		-	4.143	-	-	836	-	-	-	836	-	-	418
Total		**54.091.414**	**5.549.177**	**440.276**	**-**	**54.661.199**	**706.641**	**-**	**1.968.247**	**57.336.087**	**64.798.077**	**302.825**	**1.340.199**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.11. Assessment of Counterparty Credit Risk according to the models of measurement:

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE[(1)]	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	4.969.657	1.695.719	-	1,40	5.984.162	3.276.317
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					2.718.041	967.020
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6	**Total**						**4.243.337**

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE[(1)]	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	2.883.703	1.521.793	-	1,40	4.383.423	3.376.734
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					2.514.683	988.801
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6	**Total**						**4.365.535**

(1) Effective expected positive exposure

2.1.12. Credit valuation adjustment (CVA) capital charge:

		Current Period		Prior period	
		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	5.984.162	2.772.908	4.383.423	2.365.564
4	**Total amount of CVA capital adequacy**	**5.984.162**	**2.772.908**	**4.383.423**	**2.365.564**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.13. Standardised approach– CCR exposures by regulatory portfolio and risk weights:

Current Period

	Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Total credit risk[1]
1	Central governments and central banks receivables	2.040.638	-	-	-	-	-	-	-	-	-	2.040.638
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	139.180	145.880	-	522.529	-	2.877.671	-	-	-	3.685.260
6	Corporate receivables	-	-	-	-	-	-	69.743	-	319.285		389.028
7	Retail receivables	-	-	-	-	-	-	-	6.861	-	-	6.861
8	Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**2.040.638**	**139.180**	**145.880**	**-**	**522.529**	**-**	**2.947.414**	**6.861**	**319.285**		**6.121.787**

Prior Period

	Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Total credit risk[1]
1	Central governments and central banks receivables	781.548	-	-	-	-	-	-	-	-	-	781.548
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	1	-	1
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	50.016	126.545	-	432.539	-	2.554.884	-	-	-	3.163.984
6	Corporate receivables	-	-	-	-	-	-	40.341	-	2.826.624	-	2.866.965
7	Retail receivables	-	-	-	-	-	-	-	12.269	-	-	12.269
8	Mortgage receivables	-	-	-	-	-	-	208.625	-	41.275	-	249.900
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**781.548**	**50.016**	**126.545**	**-**	**432.539**	**-**	**2.803.850**	**12.269**	**2.867.900**	**-**	**7.074.667**

(1) Represents the risk amount after credit risk mitigation.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.14. Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
	0-0,15	250.427	0,12%	22	45,00%	2,50	85.841	34,00%
	0,15-0,25	18.559	0,17%	1	45,00%	1,00	5.344	29,00%
	0,25-0,5	273.174	0,33%	36	41,00%	1,88	131.880	48,00%
	0,5-0,75	1.023.287	0,64%	52	43,00%	2,90	846.469	83,00%
Exposures to corporates	0,75-2,5	523.271	1,40%	38	41,00%	2,39	495.311	95,00%
	2,5-10	328.763	4,30%	16	42,00%	3,14	469.555	143,00%
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	**2.417.481**	**1,20%**	**165**	**42,00%**	**2,66**	**2.034.400**	**84,00%**

Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
Qualifying Revolving Retail Exposures	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	0-0,15	892	0,12%	7	52,00%	0,00	138	15,00%
	0,15-0,25	1.314	0,17%	11	37,00%	0,00	186	14,00%
	0,25-0,5	1.015	0,35%	15	51,00%	0,00	320	32,00%
	0,5-0,75	1.469	0,56%	9	60,00%	0,00	720	49,00%
Retail SME Exposures	0,75-2,5	2.809	1,60%	7	50,00%	0,00	1.911	64,00%
	2,5-10	213	9,00%	1	50,00%	0,00	185	87,00%
	10-100	7	19,00%	1	50,00%	0,00	8	117,00%
	100 (default)	-	-	-	-	-	-	-
	Sub Total	**7.719**	**1,10%**	**51**	**50,00%**	**0,00**	**3.468**	**45,00%**
	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
Other Retail Exposures	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (All portfolios)	**7.719**	**1,10%**	**51**	**50,00%**	**-**	**3.468**	**45,00%**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.15. Composition of collateral for CCR exposure:

		Collaterals for Derivatives				Collaterals or Other Transactions	
	Current Period	**Collaterals Taken**		**Collaterals Given**		**Collaterals Taken**	**Collaterals Given**
		Segregated	**Unsegregated**	**Segregated**	**Unsegregated**		
1	Cash-domestic currency	-	806	-	-	34.155.289	-
2	Cash-foreign currency	-	16.716	-	-	2.582.367	-
3	Government bill/bond - domestic	-	286	-	-	-	34.312.368
4	Government bill/bond - foreign	-	-	-	-	-	3.915.791
5	Other collateral	-	663.406	-	-	-	-
9	**Total**	**-**	**681.214**	**-**	**-**	**36.737.656**	**38.228.159**

		Collaterals for Derivatives				Collaterals or Other Transactions	
	Prior Period	**Collaterals Taken**		**Collaterals Given**		**Collaterals Taken**	**Collaterals Given**
		Segregated	**Unsegregated**	**Segregated**	**Unsegregated**		
1	Cash-domestic currency	-	3.011	-	-	24.983.551	1.700.842
2	Cash-foreign currency	-	16.519	-	-	2.508.220	-
3	Government bill/bond - domestic	-	-	-	-	1.730.242	25.097.712
4	Government bill/bond - foreign	-	2.543	-	-	-	3.878.102
5	Other collateral	-	-	-	-	-	-
9	**Total**	**-**	**22.073**	**-**	**-**	**29.222.013**	**30.676.656**

2.1.16. Credit derivatives exposures:

	Current Period		Prior Period	
	Protection Bought	**Protection Sold**	**Protection Bought**	**Protection Sold**
Nominal				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	14.527.310	-	12.525.055
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	**-**	**14.527.310**	**-**	**12.525.055**
Rediscount Amount	**-**	**(687.650)**	**-**	**(361.910)**
Positive Rediscount Amount		38.992		42.819
Negative Rediscount Amount		(726.642)		(404.729)

2.1.17. Market risk under standardised approach:

		Current Period	Prior Period
		Risk Weighted Asset	**Risk Weighted Asset**
	Outright products	**3.914.589**	**4.418.882**
1	Interest rate risk (general and specific)	1.583.196	2.371.373
2	Equity risk (general and specific)	71.775	5.175
3	Foreign exchange risk	2.255.230	2.042.321
4	Commodity risk	4.388	13
	Options	**16.338**	**20.450**
5	Simplified approach	-	-
6	Delta-plus method	16.338	20.450
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**3.930.927**	**4.439.332**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.18. Exposures to central counterparties:

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**				
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)); of which	-	-	-	-
3	(i) OTC Derivatives	285.060	8.619	173.011	5.991
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	3.550	71
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-		-	
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	-	-	-	-
10	Unfunded default fund contributions	-	-	-	-
11	**Exposures to non-QCCPs (total)**		-		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions) ; of which)	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-		-	
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

3. Explanations on consolidated currency risk:

The difference between the Group's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Cross currency risk is also taken into consideration for the currency risk calculations and measurements.

The Group keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition, although the internal exchange position limit is lower when compared to the related legal limit, there has not been any limit exceeding during the period. As an instrument of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied. Value at risk method is used for the measurement of foreign exchange risk.

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note 8.

The Parent Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five working days prior to that date are as follows:

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate	**8,7052**	**10,3645**
First day current bid rate	8,7219	10,4077
Second day current bid rate	8,6772	10,3646
Third day current bid rate	8,6593	10,3356
Fourth day current bid rate	8,6139	10,2828
Fifth day current bid rate	8,7202	10,3722
Arithmetic average of the last 30 days:	**8,5961**	**10,3630**
Evaluation rate as of prior period:	**7,3405**	**9,0079**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on currency risk of the Group:

Current Period	EUR	USD	Other FC[4]	Total
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	26.741.299	28.081.300	7.081.740	61.904.339
Banks	2.548.692	17.871.105	171.968	20.591.765
Financial assets at fair value through profit or loss	29.860	307.434	-	337.294
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	1.074.745	1.852.161	129.360	3.056.266
Loans [1]	68.072.260	59.785.237	3.200.213	131.057.710
Investments in associates, subsidiaries and joint ventures	-	-	1.370.082	1.370.082
Financial assets measured at amortised cost	2.385.118	24.436.038	-	26.821.156
Hedging derivative financial assets	17.589	1.186	-	18.775
Tangible assets	6.789	-	53.250	60.039
Other assets [2]	5.298.520	8.241.180	1.820.508	15.360.208
Total assets	**106.174.872**	**140.575.641**	**13.827.121**	**260.577.634**
Liabilities				
Bank deposits	647.638	140.746	364	788.748
Foreign currency deposits	60.836.140	96.696.480	18.687.253	176.219.873
Funds from money market	2.913.261	-	-	2.913.261
Funds borrowed from other financial institutions	22.146.399	27.864.525	150.824	50.161.748
Marketable securities issued	1.070.657	20.348.652	-	21.419.309
Miscellaneous payables	958.988	308.658	17.836	1.285.482
Hedging derivative financial liabilities	110.554	737.092	-	847.646
Other liabilities [3]	2.174.014	42.058.064	101.665	44.333.743
Total liabilities	**90.857.651**	**188.154.217**	**18.957.942**	**297.969.810**
Net on balance sheet position	**15.317.221**	**(47.578.576)**	**(5.130.821)**	**(37.392.176)**
Net off balance sheet position[5]	**(14.086.161)**	**46.414.634**	**6.944.786**	**39.273.259**
Financial derivative assets	11.716.380	77.158.986	9.603.947	98.479.313
Financial derivative liabilities	25.802.541	30.744.352	2.659.161	59.206.054
Net position	**1.231.060**	**(1.163.942)**	**1.813.965**	**1.881.083**
Non-cash loans	**44.221.214**	**37.598.784**	**4.733.114**	**86.553.112**
Prior Period				
Total assets	92.618.089	119.217.724	11.298.191	223.134.004
Total liabilities	79.769.886	161.877.297	17.782.652	259.429.835
Net on balance sheet position	**12.848.203**	**(42.659.573)**	**(6.484.461)**	**(36.295.831)**
Net off balance sheet position[5]	**(12.139.828)**	**41.606.956**	**8.014.502**	**37.481.630**
Financial derivative assets	9.682.932	60.940.708	9.038.636	79.662.276
Financial derivative liabilities	21.822.760	19.333.752	1.024.134	42.180.646
Net position	**708.375**	**(1.052.617)**	**1.530.041**	**1.185.799**
Non-cash loans	**36.026.262**	**27.712.136**	**4.624.861**	**68.363.259**

(1) Includes FX indexed loans amounting to TL 302.537 (December 31, 2020 - TL 376.236) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 292.547 (December 31, 2020 - TL 247.233).
(3) Does not include foreign currency other comprehensive income and expense under equity.
(4) Other FC column also includes gold balance.
(5) Forward transactions classified as commitments are also included.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Explanations on consolidated interest rate risk:

The monitoring of interest rate sensitive assets and liabilities of the Parent Bank, including sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements, is performed by the risk management department for all interest sensitive instruments over carrying values. The results are presented monthly to the Asset and Liability Management function of the Executive Committee. By using sensitivity and scenario analyses, the possible effects by interest rate volatility are analyzed. In these analyses possible losses are calculated for the change in fair value of interest sensitive products by applying shock tests to interest rates.

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits.

The Parent Bank utilizes TL/FC and TL/TL interest rate and money swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the balance sheet.

4.1. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	35.570.768	-	-	-	-	36.647.398	72.218.166
Banks	1.965.133	2.906.793	1.643.177	-	-	14.166.679	20.681.782
Financial assets at fair value through profit/loss	1.301	1.165	5.193	77.330	123.741	471.896	680.626
Receivables from money markets	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	3.730.577	6.708.867	8.414.893	5.837.973	967.436	89.033	25.748.779
Loans (1)	47.087.955	42.089.951	117.267.250	108.222.545	20.248.218	(7.194.709)	327.721.210
Financial assets measured at amortised cost	18.181.272	8.823.745	10.214.228	7.470.499	21.494.891	-	66.184.635
Other assets	1.230.837	2.962.800	2.138.164	2.488.158	152.773	33.647.114	42.619.846
Total assets	**107.767.843**	**63.493.321**	**139.682.905**	**124.096.505**	**42.987.059**	**77.827.411**	**555.855.044**
Liabilities							
Bank deposits	2.770.629	-	-	-	-	941.974	3.712.603
Other deposits	137.536.077	33.594.427	10.807.424	2.407.551	217.976	110.304.527	294.867.982
Funds from money market	36.668.653	2.126.417	996.359	-	-	-	39.791.429
Miscellaneous payables	-	-	-	-	-	18.668.935	18.668.935
Marketable securities issued	3.995.246	15.099.935	10.289.129	-	-	-	29.384.310
Funds borrowed from other financial institutions	6.991.658	30.483.269	9.671.447	6.195.338	1.695.094	-	55.036.806
Other liabilities (2)	12.024.110	21.657.101	10.542.560	3.628.375	2.036.324	64.504.509	114.392.979
Total liabilities	**199.986.373**	**102.961.149**	**42.306.919**	**12.231.264**	**3.949.394**	**194.419.945**	**555.855.044**
Balance sheet long position	**-**	**-**	**97.375.986**	**111.865.241**	**39.037.665**	**-**	**248.278.892**
Balance sheet short position	**(92.218.530)**	**(39.467.828)**	**-**	**-**	**-**	**(116.592.534)**	**(248.278.892)**
Off-balance sheet long position	13.124.049	31.431.896	459.399	-	-	-	45.015.344
Off-balance sheet short position	-	-	-	(40.620.044)	(3.781.913)	-	(44.401.957)
Total position	**(79.094.481)**	**(8.035.932)**	**97.835.385**	**71.245.197**	**35.255.752**	**(116.592.534)**	**613.387**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	28.859.366	-	-	-	-	28.823.188	57.682.554
Banks	5.638.767	841.463	1.657.732	-	-	8.348.012	16.485.974
Financial assets at fair value through profit/loss	83	1.135	737	60.955	212.848	401.007	676.765
Receivables from money markets	1.700.842	-	-	-	-	-	1.700.842
Financial assets at fair value through other comprehensive income	2.867.745	6.367.625	8.600.443	5.169.968	2.006.501	88.278	25.100.560
Loans (1)	39.183.591	41.780.555	102.384.745	97.513.234	16.746.371	(5.137.509)	292.470.987
Financial assets measured at amortised cost	12.386.591	7.883.755	8.203.299	6.837.645	17.716.934	-	53.028.224
Other assets	1.052.295	1.892.402	1.959.220	1.747.138	148.102	32.544.616	39.343.773
Total assets	**91.689.280**	**58.766.935**	**122.806.176**	**111.328.940**	**36.830.756**	**65.067.592**	**486.489.679**
Liabilities							
Bank deposits	4.448.885	14.026	-	-	-	620.351	5.083.262
Other deposits	120.100.580	34.156.234	8.528.293	1.900.154	230.816	94.410.929	259.327.006
Funds from money market	27.356.303	426.831	1.638.612	938.918	-	-	30.360.664
Miscellaneous payables	-	-	-	-	-	15.463.400	15.463.400
Marketable securities issued	2.862.929	13.734.309	7.947.221	81.741	2.161	-	24.628.361
Funds borrowed from other financial institutions	5.216.629	25.916.665	9.851.274	4.003.829	1.436.296	-	46.424.693
Other liabilities (2)	2.785.990	18.393.912	1.565.287	22.437.746	1.701.221	58.318.137	105.202.293
Total liabilities	**162.771.316**	**92.641.977**	**29.530.687**	**29.362.388**	**3.370.494**	**168.812.817**	**486.489.679**
Balance sheet long position	**-**	**-**	**93.275.489**	**81.966.552**	**33.460.262**	**-**	**208.702.303**
Balance sheet short position	**(71.082.036)**	**(33.875.042)**	**-**	**-**	**-**	**(103.745.225)**	**(208.702.303)**
Off-balance sheet long position	16.497.448	34.677.772	-	-	-	-	51.175.220
Off-balance sheet short position	-	-	(8.822.361)	(41.092.523)	(2.881.999)	-	(52.796.883)
Total position	**(54.584.588)**	**802.730**	**84.453.128**	**40.874.029**	**30.578.263**	**(103.745.225)**	**(1.621.663)**

(1) Non-performing loans are presented in the "Non-Interest Bearing" column after being offset against expected loss provisions.
(2) Shareholders' equity is presented under "Non interest bearing"

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4.2. Average interest rates for monetary financial instruments:

The following average interest rates of the Group are calculated by weighting the rates with their principal amounts outstanding as of the balance sheet date.

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets[(1)]				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	13,50
Banks	0,38	0,93	-	8,61
Financial assets at fair value through profit/loss	3,79	3,55	-	16,52
Receivables from money markets	-	-	-	-
Financial assets at fair value through other comprehensive income	3,25	5,62	-	17,94
Loans	4,47	6,04	-	17,49
Financial assets measured at amortised cost	1,58	6,40	-	18,17
Liabilities				
Bank deposits [(1)]	-	0,01	-	15,72
Other deposits [(1)]	0,28	0,64	-	11,18
Funds from money market	1,42	-	-	16,22
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,72	4,52	-	18,24
Funds borrowed from other financial institutions	2,28	2,52	-	18,11

Prior Period	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	12,29
Banks	0,91	0,55	-	17,15
Financial assets at fair value through profit/loss	3,54	6,17	-	15,59
Receivables from money markets	-	-	-	15,37
Financial assets at fair value through other comprehensive income	3,26	5,64	-	15,72
Loans	4,45	6,09	-	14,89
Financial assets measured at amortised cost	1,74	6,42	-	15,92
Liabilities				
Bank deposits [(1)]	-	0,02	-	15,90
Other deposits [(1)]	0,54	1,03	0,01	7,53
Funds from money market	1,36	-	-	14,69
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,68	4,34	-	13,82
Funds borrowed from other financial institutions	2,32	2,77	-	10,91

(1) Demand deposit balances are included in average interest rate calculation.

5. Explanation on share certificates position risk from banking book:

None.

6. Explanations on consolidated liquidity risk management and liquidity coverage ratio:

Liquidity risk is defined as risk of unexpected loss to be occurred or Group to have difficulties in raising funds while meeting maturing liabilities. Liquidity management is daily monitored in the Bank under Treasury Management and Risk Management. The liquidity policy of the Group is approved by the Bank's Board of Directors. Treasury Management is responsible for carrying out transactions which are appropriate to Bank's policy, monitoring of liquidity position and submitting necessary reports to executives. Treasury management contributes to determine strategies and operating actions for the management of the liquidity position in addition to prepare funding plan and contingency funding plan of the Bank in cooperation with Treasury Management. Liquidity risk is evaluated with liquidity gap analysis, liquidity stress tests and supplementary precautions/measurements. Liquidity Gap analysis are performed for two different periods as short-term and long-term. Going concern scenario and structural positions are reported monthly. This reporting constitutes the basis of monitoring and management of liquidity position.

The Parent Bank does not function as a central funding institution in its relations with its subsidiaries. Intra-group liquidity management and funding strategies are limited with related legal boundaries and monitored regularly via various reports. Intraday liquidity is also monitored closely by the bank in its best effort.

The Parent Bank issues an annual funding plan in order to sustain funding in a consistent and balanced way. Funding plan have to be updated at least annually and approved by the Executive Committee since it is complied with budgeting process and risk appetite frameworks. The primary purpose of the funding plan is to provide a reliable balance between assets and liabilities.

Both short-term liquidity and long-term (structural) liquidity measurement and reporting for all major types of currencies are periodically made in Bank and its subsidiaries. There are limits which are predetermined and approved by the Board of Directors on the basis of all major currencies for each period.

The Parent Bank mainly uses derivative transactions as managing liquidity risk and monitors cash inflow and outflow periods in the framework of funding plan balancing the distribution among currencies.

The Parent Bank aims to reduce the risks to the lowest level if required via measuring possible risks in liquidity with stress tests. Stress tests make it possible for the Bank to reinterpret analysis of its liquidity position according to scenarios depending on possible cases and tail risks except for crisis situations. Liquidity Stress Test methodology makes a similar approach with LCR template and hence allows the overview of the results in line with Basel approaches. The Parent Bank applies and reports liquidity stress tests consisting of different scenarios and maturity segments both on solo and consolidated level and the results are compared with limit and trigger levels set, with different frequencies (weekly, monthly etc.) according to the scenarios.

"Liquidity Contingency Plan" is applied if the Parent Bank needs more liquidity than its daily liquidity need because of possible financial events in future. Duties and responsibilities are defined in detail in the aforementioned plan. Both the liquidity policy and liquidity contingency policy are in line with BRSA best practice documents on liquidity risk management. The abovementioned policies and the thresholds (limits etc.) covered within liquidity risk management framework are updated and approved at least annually.

Funding sources of the Group mainly consist of deposits which constitute 54% of total liabilities of the Bank (December 31, 2020 – 54%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent Bank calculates and reports the Liquidity Coverage Ratio (LCR) on a both solo and consolidated level in full compliance with the regulations. LCR is a metric measuring the adequacy of unencumbered free liquid assets owned by banks (called high quality liquid assets) to meet expected net cash outflows over the next 30 days. The metric is an important Basel regulation that measures short-term liquidity and is closely monitored in the Bank. In addition to the Parent Bank LCR, the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium / long-term liquidity risk measurement, has also begun internally. These two metrics are also included within the Risk Appetite Indicators and closely monitored at the Bank.

High quality liquid assets mentioned in LCR calculation consist of cash, effective money, Central Bank of the Republic of Turkey ("CBRT") accounts and reserves and debt instruments issued by Treasury of the Republic of Turkey.

Cash outflows from derivative transactions in liquidity coverage ratio calculation are based on inclusion of net cash flows with maturity of 30 days in the calculation. Additionally, transactions having a margin possibility are included in liquidity coverage ratio calculation by taking the largest outflow amount according to the negative values of net margin flows realized in the last 24 months in respect of 30 days period or for liability into consideration as cash outflow.

Secured funding consists of repo and other secured borrowings. A large part of securities which are subject to the aforementioned funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Turkey and transactions are carried out in both CBRT market and interbank market.

The Parent Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the bank are included in liquidity coverage ratio tables below for the last three months.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Average amounts of weekly liquidity coverage ratio calculations related to the last three months of current period are explained in the table below.

	Unweighted Amounts		**Weighted Amounts**	
Current Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			92.296.133	63.566.220
Cash Outflows				
Retail and Small Business Customers Deposits	**179.927.672**	**102.200.816**	**16.413.348**	**10.220.039**
Stable deposits	31.588.382	857	1.579.419	43
Less stable deposits	148.339.290	102.199.959	14.833.929	10.219.996
Unsecured Funding other than Retail and Small Business Customers Deposits	**112.648.295**	**61.924.743**	**61.219.739**	**30.002.019**
Operational deposits				
Non-Operational deposits	87.746.817	55.371.910	40.011.020	23.449.186
Other Unsecured funding	24.901.478	6.552.833	21.208.719	6.552.833
Secured funding			**83.264**	**28.494**
Other Cash Outflows	**1.994.210**	**1.994.210**	**1.994.210**	**1.994.210**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.994.210	1.994.210	1.994.210	1.994.210
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	**125.927.170**	**88.701.028**	**6.296.358**	**4.435.051**
Other irrevocable or conditionally revocable commitments	**110.482.017**	**18.857.852**	**10.736.187**	**3.899.454**
Total Cash Outflows			**96.743.106**	**50.579.267**
Cash Inflows				
Secured Lending Transactions	-	-	10	-
Unsecured Lending Transactions	46.506.792	30.763.011	37.256.279	27.659.926
Other contractual cash inflows	722.918	25.255.918	722.918	25.255.918
Total Cash Inflows	**47.229.710**	**56.018.929**	**37.979.207**	**52.915.844**
			Capped Amounts	
Total High Quality Liquid Assets			**92.296.133**	**63.566.220**
Total Net Cash Outflows			**58.763.900**	**12.644.817**
Liquidity Coverage Ratio (%)			**157,06**	**502,71**

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of current period are explained in the table below.

Current Period	**Minimum FC (%)**	**Minimum TL+FC (%)**	**Maximum FC (%)**	**Maximum TL+FC (%)**
Week	May, 7 2021	May 21 2021	June 11 2021	June 4 2021
Ratio(%)	466,59	140,29	587,42	158,47

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Simple arithmetic average calculated for the last three months of previous period liquidity coverage ratio by using the amounts calculated based on simple arithmetic averages are explained in the table below.

	Unweighted Amounts		Weighted Amounts	
Prior Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			91.546.171	52.070.455
Cash Outflows				
Retail and Small Business Customers Deposits	**166.458.400**	**98.586.950**	**15.210.839**	**9.858.623**
Stable deposits	28.700.026	1.435	1.435.001	72
Less stable deposits	137.758.374	98.585.515	13.775.838	9.858.551
Unsecured Funding other than Retail and Small Business Customers Deposits	**103.228.736**	**54.093.932**	**56.381.736**	**26.300.571**
Operational deposits	-	-	-	-
Non-Operational deposits	79.624.878	48.264.608	36.403.137	20.471.247
Other Unsecured funding	23.603.858	5.829.324	19.978.599	5.829.324
Secured funding			**63.786**	**955**
Other Cash Outflows	**2.084.207**	**2.084.207**	**2.084.207**	**2.084.207**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.084.207	2.084.207	2.084.207	2.084.207
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	**115.662.700**	**82.225.833**	**5.783.135**	**4.111.292**
Other irrevocable or conditionally revocable commitments	**92.983.698**	**13.682.628**	**9.355.167**	**3.515.915**
Total Cash Outflows			**88.878.870**	**45.871.563**
Cash Inflows				
Secured Lending Transactions	-	-	14.186	-
Unsecured Lending Transactions	34.035.200	19.460.561	26.426.016	16.963.229
Other Contractual Cash Inflows	654.972	19.173.295	654.971	19.173.295
Total Cash Inflows	**34.690.172**	**38.633.856**	**27.095.173**	**36.136.524**
			Capped Amounts	
Total High Quality Liquid Assets			**91.546.171**	**52.070.455**
Total Net Cash Outflows			**61.783.696**	**11.467.891**
Liquidity Coverage Ratio (%)			**148,17**	**454,05**

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2020 for the Parent Bank are explained in the table below.

	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	October 30, 2020	October 30, 2020	December 11, 2020	December 11, 2020
Ratio(%)	340,84	129,66	558,15	152,27

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified[(1)(2)]	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	43.771.083	28.447.083	-	-	-	-	-	72.218.166
Banks	14.166.679	1.965.133	2.906.793	1.643.177	-	-	-	20.681.782
Financial assets at fair value through profit or loss	14.390	1.301	-	5.193	77.330	124.906	457.506	680.626
Receivables from money markets	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	347.789	515.140	4.957.474	16.697.000	3.142.343	89.033	25.748.779
Loans[(1)]	-	46.463.147	31.641.552	100.568.948	125.194.384	31.047.888	(7.194.709)	327.721.210
Financial assets measured at amortised cost	-	553.949	352.963	2.315.354	26.955.042	36.007.327	-	66.184.635
Other assets	10.162.890	728.186	1.938.546	1.803.867	3.289.680	1.254.077	23.442.600	42.619.846
Total assets	**68.115.042**	**78.506.588**	**37.354.994**	**111.294.013**	**172.213.436**	**71.576.541**	**16.794.430**	**555.855.044**
Liabilities								
Bank deposits	941.974	2.770.629	-	-	-	-	-	3.712.603
Other deposits	110.304.527	137.532.209	33.596.589	10.809.130	2.407.551	217.976	-	294.867.982
Funds borrowed from other financial institutions	-	3.261.208	6.487.848	30.859.220	12.494.229	1.934.301	-	55.036.806
Funds from money market	-	36.668.653	2.126.417	996.359	-	-	-	39.791.429
Marketable securities issued	-	1.644.759	3.029.614	8.834.642	15.686.036	189.259	-	29.384.310
Miscellaneous payables	195.317	17.061.170	688.647	556.719	-	-	167.082	18.668.935
Other liabilities[(2)]	5.398.535	339.980	1.185.459	2.195.292	36.365.317	12.205.614	56.702.782	114.392.979
Total liabilities	**116.840.353**	**199.278.608**	**47.114.574**	**54.251.362**	**66.953.133**	**14.547.150**	**56.869.864**	**555.855.044**
Net liquidity gap	**(48.725.311)**	**(120.772.020)**	**(9.759.580)**	**57.042.651**	**105.260.303**	**57.029.391**	**(40.075.434)**	**-**
Net Off-Balance Sheet Position	**-**	**263.343**	**361.664**	**(465.690)**	**(1.042.116)**	**1.496.186**	**-**	**613.387**
Derivative Financial Assets	-	61.789.204	43.084.165	22.912.057	73.180.540	41.802.180	-	242.768.146
Derivative Financial Liabilities	-	61.525.861	42.722.501	23.377.747	74.222.656	40.305.994	-	242.154.759
Non-Cash Loans	**-**	**3.896.778**	**16.031.294**	**51.058.240**	**15.659.463**	**6.533.890**	**29.727.346**	**122.907.011**
Prior Period								
Total assets	49.474.568	70.906.482	34.135.877	96.639.300	155.169.951	59.141.605	21.021.896	486.489.679
Total liabilities	98.654.133	173.753.665	44.760.577	41.644.434	62.217.992	13.793.979	51.664.899	486.489.679
Net liquidity gap	**(49.179.565)**	**(102.847.183)**	**(10.624.700)**	**54.994.866**	**92.951.959**	**45.347.626**	**(30.643.003)**	**-**
Net Off-Balance Sheet Position	**-**	**(1.076.600)**	**(1.773.154)**	**1.300.490**	**(1.333.722)**	**1.261.323**	**-**	**(1.621.663)**
Derivative Financial Assets	-	44.581.579	32.938.436	36.440.941	71.459.073	37.549.513	-	222.969.542
Derivative Financial Liabilities	-	45.658.179	34.711.590	35.140.451	72.792.795	36.288.190	-	224.591.205
Non-Cash Loans	**-**	**2.827.897**	**9.229.024**	**38.718.119**	**16.866.223**	**5.676.294**	**27.557.848**	**100.875.405**

(1) Non-performing loans are presented in the "Unclassified" column after being offset against expected loss provisions.
(2) Shareholders' equity is presented in the "Unclassified" column.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Explanations on consolidated leverage ratio:

The main reason for decrease in leverage ratio for the current period is the increase in total exposures.

The summary information for the comparison of total assets in consolidated financials prepared in accordance with TAS and total exposures:

		Current Period[2]	Prior Period[2]
1	Total assets in the consolidated financial statements prepared in accordance with TAS[1]	542.239.672	487.239.344
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	1.987.156	2.247.432
3	Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	3.729.742	3.413.030
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(39.000.390)	(21.024.413)
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(19.861.326)	(20.309.811)
6	Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	40.938.822	23.831.066
7	Total Risks	792.218.162	694.448.499

(1) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communique on Preparation of Consolidated Financial Statements of the Banks.
(2) The arithmetic average of the last 3 months in the related periods.

		Current Period[1]	Prior Period[1]
	On-Balance sheet exposures		
1	On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	547.982.911	493.536.743
2	(Asset amounts deducted in determining Tier 1 capital)	(5.203.664)	(4.883.604)
3	Total on-Balance sheet exposures	542.779.247	488.653.139
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	2.664.374	2.732.015
5	Potential credit risk of derivative financial instruments and credit derivatives	3.729.742	3.413.030
6	Total derivative financial instruments and credit derivatives exposure	6.394.116	6.145.045
	Securities financing transaction exposure		
7	Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.452.565	1.632.755
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	1.452.565	1.632.755
	Off-balance sheet items		
10	Off-balance sheet exposure at gross notional amount	261.453.558	218.327.371
11	(Adjustments for conversion to credit equivalent amounts)	(19.861.326)	(20.309.811)
12	Total risk of off-balance sheet items	241.592.232	198.017.560
	Capital and total exposure		
13	Tier 1 capital	54.338.769	51.520.610
14	Total exposures	792.218.162	694.448.499
15	**Leverage ratio (%)**	**6,86**	**7,42**

(1) The arithmetic average of the last 3 months in the related periods.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

8. Explanations on hedge accounting:

The Group applies the following hedge accounting models as of March 31, 2021:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

If the fair value of the hedging instrument within fair value hedge ("FVH") is positive it is classified under, "Derivative financial assets at fair value through profit or loss"; if the fair value is negative, it is classified under "Derivative financial liabilities at fair value through profit or loss".

If the fair value of the hedging instrument under hedge of cash flow hedge ("CFH") is positive, it is classified under " Derivative financial assets at fair value through other comprehensive income " if the fair value is negative, it is classified under "Derivative financial liabilities at fair value through other comprehensive income".

Cross currency interest rate swaps and interest rate swaps are used as hedging instrument in FVH. Interest rate swaps, currency swaps and cross currency swaps are used as hedging instrument in CFH.

Contractual amounts and the fair values as at June 30, 2021 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
Hedging instrument	**Notional[(1)]**	**Asset**	**Liability**	**Notional[(1)]**	**Asset**	**Liability**
Interest rate swaps/ currency swaps/cross currency swaps (CFH)	45.525.457	1.267.330	973.245	45.922.447	546.658	2.622.928
Interest rate swaps/Cross currency interest rate swaps (FVH)	1.595.232	17.589	614.699	2.652.821	39.103	620.019
Total	**47.120.689**	**1.284.919**	**1.587.944**	**48.575.268**	**585.761**	**3.242.947**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 46.532.277 (December 31, 2020 - TL 47.478.070) the total notional of derivative financial assets amounting to TL 93.652.966 (December 31, 2020 - TL 96.053.338) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

The fair valuation methodology of the derivatives presented in the above table is disclosed in detail in the accounting principles section of these financial statements in Section 3. Part 4.

8.1. Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using cross-currency interest rate swaps.

Starting from July 28, 2015, the Parent Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using interest rates swaps and cross-currency interest rate swaps.

The Bank selected to apply macro FVH accounting for such relationship in accordance with "TAS 39- Financial Instruments: Recognition and Measurement".

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The impact of application of FVH accounting is summarized below;

Current Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item(1)	Net fair value of the hedging instrument(2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)
				Asset	Liability	
Interest rate swaps/ Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	604	-	614.699	(1.869)

Prior Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item(1)	Net fair value of the hedging instrument(2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)
				Asset	Liability	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	2.473	-	620.019	(23.848)

(1) The amount refers to the fair value of the hedged item calculated for some of fixed interest loan portfolios in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
(3) The ineffective portion of the mentioned hedging transaction is TL 32.707 loss (June 30 2020- TL 13.004 loss).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with "TAS 39- Financial Instruments: Recognition and Measurement" and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with "TAS 39- Financial Instruments: Recognition and Measurement", the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis and the effectiveness of risk relationships are measured. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts within the remaining maturity. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method within the remaining maturity.

8.2. Cash flow hedge accounting:

The Parent Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps, currency swaps and cross currency swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL deposits, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Net fair value of the hedging instrument**		**Net gain/(loss) recognized in hedging funds**[(1)]	**Net gain/(loss) reclassified to equity**[(2)(3)]
			Asset	**Liability**		
Interest rate swaps/ currency swaps/Cross currency interest rate swaps	Customer deposits, repos and borrowings	Cash flow risk due to the changes in the interest rates	1.267.330	973.245	534.617	1.511.446

Prior Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Net fair value of the hedging instrument**		**Net gain/(loss) recognized in hedging funds**[(1)]	**Net gain/(loss) reclassified to equity**[(2)(3)]
			Asset	**Liability**		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, repos and borrowings	Cash flow risk due to the changes in the interest rates	546.658	2.622.928	(976.829)	485.963

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 161.798 income (June 30, 2020 – TL 107.273 income).

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with "TAS 39- Financial Instruments: Recognition and Measurement" and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with "TAS 39- Financial Instruments: Recognition and Measurement", the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis and the effectiveness of risk relationships are measured. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. When the hedged forecasted transactions are no longer expected to occur, the net cumulative gain or loss is reclassified from other comprehensive income to profit and loss.

8.3. Hedge From Foreign Net Investment Risk:

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at June 30, 2021 is EUR 481 million (December 31, 2020 - EUR 471 million).

9. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no fiduciary transactions.

10. Explanations on consolidated operating segments:

The Group carries out its banking operations through two main business units:

- Retail Banking
- Corporate, Commercial and SME Banking.

The Parent Bank's Retail Banking activities include card payment systems, individual, individual portfolio, blue class, private banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. In addition, customers who receive their monthly salary/SSI payments through our bank are offered privileges covering various banking transactions. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Parent Bank. Through its Blue Class and Private Banking activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, mutual funds, foreign exchange, gold and equity trading. Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory, education and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

Corporate, Commercial and SME Banking segment is organized into three subgroups: Corporate Banking for large-scale, international and multinational companies and Commercial Banking for medium-sized enterprises and SME Banking for SME companies. Corporate and Commercial Banking, has a product range of working capital finance, trade finance, project finance, domestic and international non-cash loans such as letters of credit and letters of guarantee, cash management, internet banking, financial advisory and equity management advisory. SME Banking offer to customers SME loans and SME banking packages products.

The Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Treasury, Asset – Liability Management and other operations, mainly consist of treasury management's results, operations of supporting business units and other unallocated transactions.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Major balance sheet and income statement items based on operating segments:

The below table is prepared in accordance with the Management Information System (MIS) data of the Bank.

Current Period	Retail banking	Corporate and commercial banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue continuing	4.272.468	4.446.396	276.277	1.002.012	2.663.675	(4.363)	12.656.465
Operating expenses continuing	(3.314.413)	(1.966.977)	(139.421)	(413.071)	(2.229.689)	4.363	(8.059.208)
Net operating income continuing	**958.055**	**2.479.419**	**136.856**	**588.941**	**433.986**	**-**	**4.597.257**
Dividend income (2)	-	-	-	-	14.930	-	14.930
Income/Loss from Investments accounted based on equity method(2)	-	-	-	-	63.562	-	63.562
Profit before tax	**958.055**	**2.479.419**	**136.856**	**588.941**	**512.478**	**-**	**4.675.749**
Tax expense (2)	-	-	-	-	(990.254)	-	(990.254)
Net period income from continuing operations	**958.055**	**2.479.419**	**136.856**	**588.941**	**(477.776)**	**-**	**3.685.495**
Minority interest (-)	-	-	-	-	(131)	-	(131)
Group income/loss	**958.055**	**2.479.419**	**136.856**	**588.941**	**(477.907)**	**-**	**3.685.364**
Segment assets	98.732.850	192.498.666	23.243.476	23.383.326	218.287.476	(2.038.930)	554.106.864
Investments in associates, subsidiaries and joint ventures	-	-	-	-	1.748.180	-	1.748.180
Total assets	**98.732.850**	**192.498.666**	**23.243.476**	**23.383.326**	**220.035.656**	**(2.038.930)**	**555.855.044**
Segment liabilities	188.501.633	103.740.785	17.771.316	19.115.406	176.349.097	(2.038.930)	503.439.307
Shareholders' equity	-	-	-	-	52.415.737	-	52.415.737
Total liabilities	**188.501.633**	**103.740.785**	**17.771.316**	**19.115.406**	**228.764.834**	**(2.038.930)**	**555.855.044**

Prior Period(3)	Retail banking	Corporate and commercial banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue continuing	4.447.485	4.041.619	201.626	703.352	2.919.510	(3.264)	12.310.328
Operating expenses continuing	(4.067.421)	(2.602.825)	(102.305)	(311.243)	(2.147.860)	3.264	(9.228.390)
Net operating income continuing	**380.064**	**1.438.794**	**99.321**	**392.109**	**771.650**	**-**	**3.081.938**
Dividend income (2)	-	-	-	-	15.600	-	15.600
Income/Loss from Investments accounted based on equity method(2)	-	-	-	-	41.914	-	41.914
Profit before tax	**380.064**	**1.438.794**	**99.321**	**392.109**	**829.164**	**-**	**3.139.452**
Tax expense (2)	-	-	-	-	(678.595)	-	(678.595)
Net period income from continuing operations	**380.064**	**1.438.794**	**99.321**	**392.109**	**150.569**	**-**	**2.460.857**
Minority interest (-)	-	-	-	-	(83)	-	(83)
Group income/loss	**380.064**	**1.438.794**	**99.321**	**392.109**	**150.486**	**-**	**2.460.774**
Segment assets	101.544.189	168.319.771	17.311.763	21.309.126	179.773.383	(3.373.154)	484.885.078
Investments in associates, subsidiaries and joint ventures	-	-	-	-	1.604.601	-	1.604.601
Total assets	**101.544.189**	**168.319.771**	**17.311.763**	**21.309.126**	**181.377.984**	**(3.373.154)**	**486.489.679**
Segment liabilities	186.032.270	76.891.537	12.664.679	17.500.201	149.205.780	(3.373.154)	438.921.313
Shareholders' equity	-	-	-	-	47.568.366	-	47.568.366
Total liabilities	**186.032.270**	**76.891.537**	**12.664.679**	**17.500.201**	**196.774.146**	**(3.373.154)**	**486.489.679**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(2) Related items expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
(3) Prior period presents profit / loss information of June 30, 2020.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section five - Explanations and notes related to consolidated financial statements

1. Explanations and notes related to consolidated assets:

1.1. Information related to cash and the account of the Central Bank:

1.1.1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.723.553	6.602.911	1.389.129	4.667.837
The CBRT[1]	8.590.274	50.184.189	9.111.172	39.945.078
Other	-	5.117.239	-	2.569.338
Total	**10.313.827**	**61.904.339**	**10.500.301**	**47.182.253**

(1) The balance of gold amounting to TL 6.419.045 is accounted for under the Central Bank foreign currency account (December 31, 2020 – TL 5.903.518).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount [1]	8.590.274	21.737.106	8.360.849	17.386.051
Time unrestricted amount	-	-	750.323	-
Time restricted amount	-	3.109.350	-	-
Reserve requirement[2]	-	25.337.733	-	22.559.027
Total	**8.590.274**	**50.184.189**	**9.111.172**	**39.945.078**

(1) The TL reserve requirement has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA letter as of January 3, 2008.
(2) The Group keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits".

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

The Group does not have financial assets at fair value through profit and loss subject to repo transactions and there is no financial assets at fair value through profit and loss given as collateral/blocked (December 31, 2020 - None).

1.3. Information on derivative financial assets:

1.3.1. Positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	590.117	83	607.361	1.143
Swap transactions	4.522.007	1.449.868	2.875.236	1.603.569
Futures transactions	-	-	-	-
Options	73.916	34.481	47.417	49.613
Other	-	15.940	-	-
Total	**5.186.040**	**1.500.372**	**3.530.014**	**1.654.325**

1.3.2. Positive differences related to derivative financial assets held for hedging:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges[1]	-	17.589	-	39.103
Cash flow hedges[1]	1.266.144	1.186	546.658	-
Hedges for investments made in foreign countries	-	-	-	-
Total	**1.266.144**	**18.775**	**546.658**	**39.103**

(1) Explained in Note 8 of section 4.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	90.017	5.505.403	3.753.211	3.837.590
Foreign[1]	-	15.086.362	10	8.895.163
Head quarters and branches abroad	-	-	-	-
Total	**90.017**	**20.591.765**	**3.753.221**	**12.732.753**

(1) The balance of foreign currency account in foreign banks does not include the balance of gold (December 31, 2020 – TL 558).

1.5. Information on financial assets at fair value through other comprehensive income which are subject to repurchase agreements and given as collateral / blocked:

As of June 30, 2021 financial assets at fair value through other comprehensive income given as collateral/blocked amount to TL 1.129.187 (December 31, 2020 - TL 1.327.982) and subject to repo transactions amounts to TL 9.975.726 (December 31, 2020 – TL 10.946.226).

1.6. Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt securities	25.981.257	25.203.852
Quoted on stock exchange [1]	25.981.257	25.203.852
Not quoted	-	-
Share certificates	134.470	133.715
Quoted on stock exchange	1.251	286
Not quoted	133.219	133.429
Impairment provision (-)	366.948	237.007
Total	**25.748.779**	**25.100.560**

(1) Includes the negative differences between the acquisition cost and the market price, related to the securities portfolio.

1.7. Explanations on loans:

1.7.1. Information on all types of loans or advance balances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	**-**	**-**	**35.020**	**-**
Corporate shareholders	-	-	35.020	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**114.590**	**969.385**	**136.055**	**898.824**
Loans granted to employees	**245.895**	**875**	**242.829**	**488**
Total	**360.485**	**970.260**	**413.904**	**899.312**

1.7.2. Information on the first and second group loans and other receivables and loans and other receivables that have been restructured or rescheduled:

		Loans under close monitoring[2]		
			Loans under restructuring	
Cash Loans	Standard Loans	Not under the scope of restructuring	Modifications on agreement conditions	Refinancing
Non-specialized loans	**265.601.901**	**25.240.540**	**4.835.960**	**22.377.334**
Loans given to enterprises	112.322.147	13.899.621	4.674.797	10.152.534
Export loans	23.320.025	204.310	127.528	9.007.114
Import loans	-	-	-	-
Loans given to financial sector	11.464.165	-	-	-
Consumer loans	55.560.802	3.840.455	2.852	617.692
Credit cards	35.595.570	2.992.687	-	418.370
Other[1]	27.339.192	4.303.467	30.783	2.181.624
Specialized loans	-	-	-	-
Other receivables	**15.348.319**	**1.511.705**	**160**	-
Total	**280.950.220**	**26.752.245**	**4.836.120**	**22.377.334**

(1) Fair value differences of the hedged items amounting to TL 30.096 are classified in other loans as explained in Note 8, Section 4.
(2) Loans under close monitoring of the Group with a past due between 91 – 180 days amounting to TL1.523.920 (December 31, 2020 – TL1.010.402).

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	2.957.437	-
Significant increase in credit risk	-	9.547.708
Total	**2.957.437**	**9.547.708**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TL	**1.221.590**	**55.230.080**	**56.451.670**
Real estate loans	8.062	11.587.069	11.595.131
Automotive loans	166.550	2.164.443	2.330.993
Consumer loans	1.046.978	41.478.568	42.525.546
Other	-	-	-
Consumer loans-FC indexed	**-**	**14.326**	**14.326**
Real estate loans	-	14.326	14.326
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	**17.692**	**150.995**	**168.687**
Real estate loans	906	71.296	72.202
Automotive loans	87	-	87
Consumer loans	12.090	66.523	78.613
Other	4.609	13.176	17.785
Individual credit cards-TL	**27.107.723**	**274.311**	**27.382.034**
With installments	12.719.620	89.034	12.808.654
Without installments	14.388.103	185.277	14.573.380
Individual credit cards-FC	**33.571**	**58.294**	**91.865**
With installments	10.805	58.294	69.099
Without installments	22.766	-	22.766
Personnel loans-TL	**8.333**	**84.882**	**93.215**
Real estate loans	-	1.545	1.545
Automotive loans	34	532	566
Consumer loans	8.299	82.805	91.104
Other	-	-	-
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**328**	**1.546**	**1.874**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	328	1.546	1.874
Other	-	-	-
Personnel credit cards-TL	**144.730**	**686**	**145.416**
With installments	67.308	631	67.939
Without installments	77.422	55	77.477
Personnel credit cards-FC	**237**	**502**	**739**
With installments	41	502	543
Without installments	196	-	196
Credit deposit account-TL (Real Person)(1)	**3.292.010**	**-**	**3.292.010**
Credit deposit account-FC (Real Person)	**19**	**-**	**19**
Total	**31.826.233**	**55.815.622**	**87.641.855**

(1) TL 4.651 of the credit deposit account belongs to the loans used by personnel.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.4. Information on commercial installment loans and corporate credit cards:

Current Period			
	Short-term	**Medium and long-term**	**Total**
Commercial installments loans-TL	**1.268.462**	**17.729.727**	**18.998.189**
Business loans	2.250	979.613	981.863
Automotive loans	397.752	4.186.167	4.583.919
Consumer loans	868.460	12.563.947	13.432.407
Commercial installments loans-FC indexed	**-**	**6.102**	**6.102**
Business loans	-	-	-
Automotive loans	-	2.321	2.321
Consumer loans	-	3.781	3.781
Corporate credit cards-TL	**11.271.066**	**114.442**	**11.385.508**
With installment	7.461.172	105.194	7.566.366
Without installment	3.809.894	9.248	3.819.142
Corporate credit cards-FC	**1.065**	**-**	**1.065**
With installment	-	-	-
Without installment	1.065	-	1.065
Credit deposit account-TL (legal person)	**1.088.182**	**-**	**1.088.182**
Total	**13.628.775**	**17.850.271**	**31.479.046**

1.7.5. Distribution of domestic and foreign loans:

Distribution has been disclosed based on the location where the customers operate:

	Current Period	**Prior Period**
Domestic loans	321.030.381	288.827.661
Foreign loans	13.885.538	8.780.835
Total	**334.915.919**	**297.608.496**

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	**Prior Period**
Direct loans granted to associates and subsidiaries	13.782	40.512
Indirect loans granted to associates and subsidiaries	-	-
Total	**13.782**	**40.512**

1.7.7. Information on credit-impaired (Stage 3):

	Current Period	**Prior Period**
Loans and other receivables with limited collectability	165.289	833.182
Loans and other receivables with doubtful collectability	1.305.487	482.044
Uncollectible loans and other receivables	11.265.023	12.341.851
Total	**12.735.799**	**13.657.077**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.8. Information on non-performing loans (net):

1.7.8.1. Information on non-performing loans restructured or rescheduled, and other receivables:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful colectibility	Uncollectible loans
Current Period			
(Gross amounts before specific reserves)	**11**	**76.508**	**2.646.390**
Restructured loans	11	76.508	2.646.390
Prior Period			
(Gross amounts before specific reserves)	**395**	**171.111**	**1.573.221**
Restructured loans	395	171.111	1.573.221

1.7.8.2. Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful colectibility	Uncollectible loans
Prior Period	**1.184.691**	**817.898**	**17.600.670**
Additions (+)	354.026	591.571	536.334
Transfers from other categories of non-performing loans (+)	-	1.296.769	587.079
Transfer to other categories of non- performing loans (-)	1.296.769	587.079	-
Collections (-)	24.175	194.288	1.775.565
FX valuation differences	6	105	57.021
Write-offs (-)	-	-	1.102.059
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	**217.779**	**1.924.976**	**15.903.480**
Provision (-)	165.289	1.305.487	11.265.023
Net balance on balance sheet	**52.490**	**619.489**	**4.638.457**

As of June 30, 2021, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Group has written off corporate loans amounting to TL 1.043.689 that are classified under Group 5, more than 540 days overdue and after collaterals deducted approximately 100% provisioned hence there is no reasonable expectation of recovery. After the loans had written off within the period in accordance with the changes on Provisioning Regulation, non performing loan ratio decreased from 5,39% to 5,11%.

1.7.8.3. Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful colectibility	Uncollectible loans
Current Period			
Period end balance	55.163	540.017	6.912.540
Provision amount(-)	33.801	237.048	3.942.437
Net balance on-balance sheet	**21.362**	**302.969**	**2.970.103**
Prior Period			
Period end balance	390.758	165.209	8.218.623
Provision amount(-)	192.024	52.447	4.841.190
Net balance on-balance sheet	**198.734**	**112.762**	**3.377.433**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.8.4. Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful colectibility	Uncollectible loans
Current Period (net)	**52.490**	**619.489**	**4.638.457**
Loans granted to real persons and corporate entities (gross)	217.779	1.924.976	15.818.806
Provision amount (-)	165.289	1.305.487	11.180.349
Loans granted to real persons and corporate entities (net)	52.490	619.489	4.638.457
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	**351.509**	**335.854**	**5.258.819**
Loans granted to real persons and corporate entities (gross)	1.184.691	817.898	17.515.996
Provision amount (-)	833.182	482.044	12.257.177
Loans granted to real persons and corporate entities (Net)	351.509	335.854	5.258.819
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

1.7.8.5. Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period (net)	**653**	**68.716**	**302.075**
Interest accruals and rediscounts and valuation differences	5.592	265.563	1.169.928
Provision amount (-)	4.939	196.847	867.853
Prior Period (net)	**3.450**	**26.342**	**236.026**
Interest accruals and rediscounts and valuation differences	186.847	87.171	1.211.069
Provision amount (-)	183.397	60.829	975.043

1.7.9. Explanation on liquidation policy for uncollectible loans and receivables:

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected through legal follow-up, voluntary payments and liquidation of collaterals.

1.7.10. Explanation on "Write-off" policies:

In order to ensure the liquidation of non-performing loans and other receivables related to the liquidation policy, to provide the maximum collection all possible alternatives within the framework of the legislation are applied, and in case of collection, liquidation or receivables with no possibility of restructuring, the legal follow-up and conversion of collaterals into cash method is applied.

The receivables that are determined to be uncollectible in the Legal Follow-up process regarding the write-off policy can be deleted by the resolution of the Board of Directors by fulfilling the requirements in the relevant laws, regulations and internal directives.

Besides, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Parent Bank, in line with TFRS 9, writes off part of the loans in appropriate meantime for which the Parent Bank has no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5. Write off is only an accounting application in accordance with the related change in the regulation and it does not result in waive from the Parent Bank's right to receive.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.8. Information on financial assets at amortized cost:

1.8.3. Information on financial assets measured at amortised cost which are subject to repurchase agreements and given as collateral / blocked:

As of June 30, 2021 financial assets measured at amortised cost given as collateral/blocked amounts to TL 23.893.558 (December 31, 2020: TL 20.107.820) and subject to repo transactions amounts to TL 28.755.829 (December 31, 2020: TL 18.221.646).

1.8.4. Information on public sector debt securities measured at amortized cost:

	Current Period	Prior Period
Government bond	63.711.419	50.961.025
Treasury bill	-	-
Other debt securities	2.473.216	2.067.199
Total	**66.184.635**	**53.028.224**

1.8.5. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	67.802.822	54.342.502
Quoted on stock exchange	67.802.822	54.342.502
Not quoted	-	-
Impairment provision (-)(1)	1.618.187	1.314.278
Total	**66.184.635**	**53.028.224**

(1) Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

1.8.6. Movement of financial assets measured at amortized cost within the period:

	Current Period	Prior Period
Beginning balance	**53.028.224**	**29.608.137**
Foreign currency differences on monetary assets(1)	6.248.944	5.568.589
Purchases during year	7.749.092	21.046.207
Disposals through sales and redemptions	537.716	2.754.892
Impairment provision (-)(2)	303.909	439.817
Period end balance	**66.184.635**	**53.028.224**

(1) Also includes the changes in the interest income accruals.
(2) Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

1.9. Information on investments in associates (net):

1.9.1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu(1)	Istanbul/Turkey	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş(1)	Istanbul/Turkey	9,98	9,98

(1) Financial statement information shows March 31, 2021 results.

1.9.2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	469.637	306.989	289.125	3.880	-	14.770	11.740	-
2	317.815	262.940	90.033	7.428	-	27.999	8.961	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.9.3. Consolidated investments in associates:

1.9.4. Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)(1)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	-	20,00

(1) The other shareholders represent the consolidated Group companies.

1.9.5. Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	34.742.859	5.017.652	26.585	266.173	45.591	177.155	52.935	-
2	3.124.128	1.104.266	95.618	198.676	-	326.287	198.194	-

1.9.6. Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	**1.562.641**	**1.213.609**
Movements during the period	**166.453**	**349.032**
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	63.515	88.574
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries(1)	153.752	320.741
Impairment provision (-)(2)	50.814	60.283
Balance at the end of the period	**1.729.094**	**1.562.641**
Capital commitments	**-**	**-**
Shareholding percentage at the end of the period (%)	**-**	**-**

(1) Includes the differences in the other comprehensive income related with the equity method accounting.
(2) Includes dividend income received in the current period

1.9.7. Information on sectors and the carrying amounts of consolidated investments in associates:

	Current Period	Prior Period
Banks	1.370.082	1.203.097
Insurance companies	359.012	359.544
Total financial investments	**1.729.094**	**1.562.641**

1.9.8. Investments in associates quoted on stock exchange:

None (December 31, 2020-None).

1.10. Information on subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.10.1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core capital					
Paid in Capital	98.918	130.000	389.928	7.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other Capital Reserves	95.737	-	(217.104)	-	-
Other comprehensive income that will not be classified under profit or loss	51.385	(2.635)	(11.789)	(1.310)	-
Other comprehensive income that will be classified under profit or loss	569	-	-	-	3.045.938
Legal Reserves	65.219	20.914	79.305	52.837	-
Extraordinary Reserves	342.515	358.115	659.399	-	1.082.191
Other Profit Reserves	-	-	-	-	-
Income or Loss	162.590	72.410	2.216.221	62.150	101.739
Current Year Income/Loss	232.536	72.410	223.743	62.150	101.739
Prior Years' Income/Loss	(69.946)	-	1.992.478	-	-
Leasehold improvements (-)	180	214	-	227	253
Intangible assets (-)	34.367	4.764	12.117	383	6.882
Total core capital	**782.386**	**573.826**	**3.103.843**	**120.709**	**4.335.175**
Supplementary capital	**39.797**	**729**	**4.060**	**-**	**30.525**
Capital	**822.183**	**574.555**	**3.107.903**	**120.709**	**4.365.700**
Deductions from the capital	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**822.183**	**574.555**	**3.107.903**	**120.709**	**4.365.700**

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of June 30, 2021.

The internal capital adequacy for the subsidiaries is calculated with the model and approaches used in the Parent Bank within the scope of the consolidated ICAAP report.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.10.2. Unconsolidated subsidiaries:

1.10.2.1. Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
3	Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00

1.10.2.2. Main financial figures of the subsidiaries in order of the above table:

	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	81.653	58.106	1.762	214	-	9.601	8.465	-
2	59.052	46.212	4.719	2.216	-	2.267	1.541	-
3	27.701	20.180	6.522	1.099	-	3.200	1.510	-

1.10.3. Consolidated subsidiaries:

1.10.3.1. Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Nederlands	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Leasing	Istanbul/Turkey	99,99	99,99
5	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
6	Yapı Kredi NV (1)	Amsterdam/Nederlands	67,24	100,00
7	Yapı Kredi Azerbaycan	Bakü/Azerbaijan	99,80	100,00
8	Yapı Kredi Malta	St.Julian/Malta	-	100,00

(1) Includes the balances for Stiching Custody Services YKB.

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation.

1.10.3.2. Main financial figures of the consolidated subsidiaries in the order of the below table:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value	Required equity
1	241.056	240.382	-	-	-	275	(42)	-	-
2	5.280.186	816.933	65.629	97.041	10.054	232.536	120.199	-	-
3	5.037.066	578.804	8.680	287.002	-	72.410	54.197	-	-
4	13.284.369	3.115.960	14.476	483.920	-	223.743	183.812	-	-
5	146.591	121.319	1.880	11.507	-	62.150	38.939	-	-
6	20.810.361	4.342.311	13.536	228.421	16.676	101.739	69.685	-	-
7	1.784.514	483.405	94.441	34.194	3.236	902	7.471	-	-
8	627.996	626.513	166	607	607	(2.448)	(3.089)	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.10.4. Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**8.811.658**	**6.888.953**
Movements during the period	**1.283.557**	**1.922.705**
Purchases	-	-
Free shares obtained profit from current years share		
Share of current year income	616.961	883.080
Sales(-)	-	-
Revaluation (decrease) / increase (1)	709.544	1.159.882
Impairment provision (-)(2)	42.948	120.257
Balance at the end of the period	**10.095.215**	**8.811.658**
Capital commitments	**-**	**-**
Shareholding percentage at the end of the period (%)	**-**	**-**

(1) Includes the differences in the other comprehensive income related with the equity method accounting.
(2) Includes dividend income received in the corresponded period.

1.10.5. Sectoral information on financial subsidiaries and the related carrying amounts:

Financial Subsidiaries	Current Period	Prior Period
Banks	3.402.347	2.877.842
Insurance companies	-	-
Factoring companies	578.528	506.468
Leasing companies	3.115.771	2.905.625
Finance companies	-	-
Other financial subsidiaries	2.998.569	2.521.723
Total financial subsidiaries	**10.095.215**	**8.811.658**

1.10.6. Subsidiaries quoted on stock exchange:

None. (December 31, 2020-None)

1.11. Information on joint ventures (net):

1.11.1. Unconsolidated joint ventures:

None.

1.11.2. Consolidated joint ventures:

1.11.2.1. Information on consolidated Joint Ventures:

As of December 31,2020, Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. was consolidated through "Equity Method" in the accompanying consolidated financial statements of the Parent Bank. With the Parent Bank's Board of Directors resolution dated February 24, 2021, the Parent Bank signed a share transfer agreement with Koray Gayrimenkul ve Yatırım A.Ş. for the shares of Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. and sale transaction is completed on May 17, 2021. (December 31, 2020 – 22.874 TL)

1.12. Information on lease receivables (net):

1.12.1. Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	5.556.358	4.612.649	4.976.349	4.159.605
Between 1- 4 years	7.170.980	6.119.107	6.405.109	5.488.650
More than 4 years	1.500.319	1.376.660	1.442.750	1.323.603
Total	**14.227.657**	**12.108.416**	**12.824.208**	**10.971.858**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Gross lease receivables	5.173.859	9.053.798	4.479.407	8.344.801
Unearned financial income from leases (-)	1.058.784	1.060.457	882.236	970.114
Amount of cancelled leases (-)	-	-	-	-
Total	**4.115.075**	**7.993.341**	**3.597.171**	**7.374.687**

1.13. Information on investment property:

None. (December 31, 2020 - None).

1.14. Information on deferred tax asset

There is a deferred tax asset amounting to TL 2.919.614 and deferred tax liability amounting to TL 14.558 as of June 30, 2021 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2020 - TL 3.702.058 deferred tax asset and TL 29.952 deferred tax liability).

1.15. Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	**724.207**	**331.335**
Additions (1)	846.343	773.964
Disposals (-), net	183.099	384.379
Impairment provision reversal	1.387	1.061
Impairment provision (-)	625	-
Translation differences	2.283	2.226
Net book value at the end of the period	**1.390.496**	**724.207**
Cost at the end of the period	1.393.159	730.120
Accumulated depreciation at the end of the period (-)	2.663	5.913
Net book value at the end of the period	**1.390.496**	**724.207**

(1) In current period, the carrying value of asset held for resale with a right of repurchase is TL 760.330 (December 31, 2020 – TL 493.843). The total net carrying value of asset held for resale with a right of repurchase is TL 1.189.350 (December 31, 2020 – TL 493.843).

As of June 30, 2021, the Group booked impairment provision on assets held for resale with an amount of TL 1.779 (December 31, 2020 – TL 2.541).

1.16. Information on other assets:

As of June 30, 2021, other assets do not exceed 10% of the total assets.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Explanations and notes related to consolidated liabilities:

2.1. Information on deposits:

2.1.1. Information on maturity structure of deposits/collected funds:

Current Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	19.884.579	3.454.817	46.581.069	1.159.661	320.078	430.579	880	71.831.663
Foreign currency deposits	62.767.056	13.810.097	65.878.099	8.303.029	5.003.448	5.209.234	-	160.970.963
Residents in Turkey	57.554.463	13.071.314	62.029.428	6.545.897	1.110.524	859.992	-	141.171.618
Residents abroad	5.212.593	738.783	3.848.671	1.757.132	3.892.924	4.349.242	-	19.799.345
Public sector deposits	1.658.222	1.769	13.896	9.456	106	39	-	1.683.488
Commercial deposits	12.197.686	9.456.961	20.948.567	163.972	65.404	49.662	-	42.882.252
Other institutions deposits	179.059	50.695	1.408.228	4.495	380.336	227.893	-	2.250.706
Precious metals vault	13.617.925	-	177.767	237	1.373.356	79.625	-	15.248.910
Bank deposits	941.974	1.472.755	849.595	373.586	74.693	-	-	3.712.603
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	6.078	1.256.973	825.164	373.586	74.693	-	-	2.536.494
Foreign banks	379.717	215.782	24.431	-	-	-	-	619.930
Participation banks	556.179	-	-	-	-	-	-	556.179
Other	-	-	-	-	-	-	-	-
Total	**111.246.501**	**28.247.094**	**135.857.221**	**10.014.436**	**7.217.421**	**5.997.032**	**880**	**298.580.585**

Prior Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	14.237.372	2.605.660	41.602.168	647.673	225.879	218.330	1.080	59.538.162
Foreign currency deposits	54.875.571	12.727.199	58.143.255	6.454.711	4.712.059	4.355.664	-	141.268.459
Residents in Turkey	49.397.161	12.044.422	55.651.121	5.933.125	3.620.984	1.105.535	-	127.752.348
Residents abroad	5.478.410	682.777	2.492.134	521.586	1.091.075	3.250.129	-	13.516.111
Public sector deposits	1.235.151	10.448	10.547	31	535	666	-	1.257.378
Commercial deposits	10.962.714	12.167.413	17.044.488	37.237	13.804	82.642	-	40.308.298
Other institutions deposits	158.217	111.850	1.522.255	2.974	580.958	760	-	2.377.014
Precious metals vault	12.941.904	-	-	252	1.528.913	106.626	-	14.577.695
Bank deposits	620.351	3.083.347	886.592	405.881	87.091	-	-	5.083.262
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	7.822	3.068.232	815.619	405.881	87.091	-	-	4.384.645
Foreign banks	331.944	15.115	70.973	-	-	-	-	418.032
Participation banks	280.585	-	-	-	-	-	-	280.585
Other	-	-	-	-	-	-	-	-
Total	**95.031.280**	**30.705.917**	**119.209.305**	**7.548.759**	**7.149.239**	**4.764.688**	**1.080**	**264.410.268**

2.1.2. Information on saving deposits insurance:

2.1.2.1. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
Saving deposits[(1)]	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Saving deposits	38.015.001	32.232.122	33.816.650	27.305.502
Foreign currency saving deposits	23.077.970	23.497.993	74.810.400	60.525.323
Other deposits in the form of saving deposits	6.738.752	6.731.306	7.102.507	6.041.089
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) The balances from foreign subsidiaries, calculated in accordance with their own regulation, are included.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.1.2.2. Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	14.908	12.611
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	478.152	263.032
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

2.2. Information on trading derivative financial liabilities:

2.2.1. Negative differences table for derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	257.918	269	161.115	968
Swap transactions	3.873.156	2.044.728	5.154.315	1.980.420
Futures transactions	21	-	3.423	-
Options	34.047	14.690	31.063	16.460
Other	-	3.898	-	2.468
Total	**4.165.142**	**2.063.585**	**5.349.916**	**2.000.316**

2.2.2. Negative differences table for derivative financial liabilities held for hedging:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges (1)	614.699	-	620.019	-
Cash flow hedges (1)	125.599	847.646	1.581.488	1.041.440
Hedges for investments made in foreign countries	-	-	-	-
Total	**740.298**	**847.646**	**2.201.507**	**1.041.440**

(1) Explained in Note 8 of section 4.

2.3. Information on banks and other financial institutions:

2.3.1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	4.148.008	4.963.239	3.966.493	3.727.598
From foreign banks, institutions and funds	727.050	45.198.509	112.035	38.618.567
Total	**4.875.058**	**50.161.748**	**4.078.528**	**42.346.165**

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	4.092.703	13.155.775	4.071.043	10.847.747
Medium and long-term	782.355	37.005.973	7.485	31.498.418
Total	**4.875.058**	**50.161.748**	**4.078.528**	**42.346.165**

2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	6.700.691	-	4.295.582	-
Asset backed securities (1)	-	3.382.094	-	3.511.774
Bonds (2)	1.264.310	18.037.215	1.610.481	15.210.524
Total	**7.965.001**	**21.419.309**	**5.906.063**	**18.722.298**

(1) The Group obtains borrowings via its structured entity, Diversified Payment Rights Finance Company, with securitization transactions which is founded on its future money transfers within its funding program.
(2) Including mortgage backed securities amounting to TL 2.021.166 as of June 30, 2020 (December 31, 2020 – TL 2.036.940).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.3.4. Information on financial liabilities fair value through profit and loss:

The Group classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TFRS 9. As of June 30, 2020, the total amount of financial liabilities classified as fair value through profit/loss is TL 14.183.961 (December 31, 2020 –TL 12.555.789) with an accrued interest income of TL 743.349 (December 31, 2020- TL 404.249 income) and with a fair value difference of TL 382.647 recognized in the income statement as an income (December 31, 2020 - TL 134.032 income). On the other hand, the buy and sell nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of June 30, 2021 are TL 14.927.310 (December 31, 2020: TL 12.925.055) with a fair value differences amounting to TL 748.194 liability (December 31, 2020 –TL 386.416 liability). The mentioned total return swaps have 8 year maturity in average.

2.4. Information on other liabilities:

As of June 30, 2021, other liabilities do not exceed 10% of the total balance sheet commitments.

2.5. Information on lease payables:

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	382.939	254.733	360.571	232.307
Between 1-4 Years	769.804	507.068	771.698	492.464
More than 4 Years	544.337	358.795	573.524	365.649
Total	**1.697.080**	**1.120.596**	**1.705.793**	**1.090.420**

2.6. Information on provisions:

2.6.1. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. "TAS 19- Employee Rights", necessitates actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions were used in the calculation of total liabilities:

	Current Period	Prior Period
Discount rate (%)	4,63	4,63
Possibility of being eligible for retirement (%)	95,30	95,30

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 8.284,51 effective from July 1, 2021 (January 1, 2021 - full TL 7.638,96) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	**657.105**	**537.468**
Changes during the period	44.434	88.051
Recognized in equity	51.546	128.679
Paid during the period	(22.384)	(97.093)
Balance at the end of the period	**730.701**	**657.105**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 226.886 as of June 30, 2021 (December 31, 2020- TL 176.530).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.6.2. Information on provisions related with the foreign currency difference of foreign currency indexed loans:

None (December 31, 2020 – None).

2.6.3. Information on other provisions:

	Current Period	Prior Period
Pension fund provision	1.461.542	1.461.542
Provisions on unindemnified non cash loans	718.516	715.217
Generic provisions on non cash loans	661.850	347.671
Provision on lawsuits	150.163	134.635
Provisions on credit cards and promotion campaigns related to banking services	62.332	65.155
Other	982.386	984.672
Total	**4.036.789**	**3.708.892**

2.7. Explanations on tax liability:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	221.838	1.447.099
Taxation of Marketable Securities	178.130	143.115
Property Tax	2.146	2.060
Banking Insurance Transaction Tax ("BITT")	208.932	177.339
Foreign Exchange Transaction Tax	10.627	11.005
Value Added Tax Payable	13.456	17.328
Other	67.019	91.090
Total	**702.148**	**1.889.036**

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	813	638
Social security premiums - employer	908	714
Bank pension fund premiums - employee	32.866	25.358
Bank pension fund premiums - employer	45.512	35.101
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	2.351	1.811
Unemployment insurance - employer	4.704	3.624
Other	-	-
Total	**87.154**	**67.246**

2.8. Liabilities for property and equipment held for sale and related to discontinued operations (net):

None (December 31, 2020 - None).

2.9. Information on subordinated debt(1):

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	**-**	**6.019.445**	**-**	**5.066.291**
Subordinated loans	-	-	-	-
Subordinated debt	-	6.019.445	-	5.066.291
Debt instruments to be included in contribution capital calculation	**878.427**	**19.896.052**	**838.459**	**16.750.304**
Subordinated loans	-	7.477.716	-	6.305.871
Subordinated debt	878.427	12.418.336	838.459	10.444.433
Total	**878.427**	**25.915.497**	**838.459**	**21.816.595**

(1) Subordinated loans are explained in detail in the Note "Information on debt instruments included in the calculation of equity" in section four.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.10. Information on shareholders' equity:

2.10.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	8.447.051	8.447.051
Preferred stock	-	-

2.10.2. Amount of paid-in capital, disclosure of whether the Bank's registered capital system is applied and if applied registered capital ceiling:

Capital System	Paid-In Capital	Registered Share Capital Ceiling
Registered Capital System	8.447.051	15.000.000

2.10.3. Information on the share capital increases during the period and the sources:

None (December 31, 2020– None).

2.10.4. Information on transfers from capital reserves to capital during the current period:

None (December 31, 2020 - None).

2.10.5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period:

None (December 31, 2020 - None).

2.10.6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

2.10.7. Privileges on the corporate stock tors:

None (December 31, 2020 - None).

2.10.8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	**-**	**-**	**-**	**-**
Revaluation difference	-	-	-	-
Foreign currency difference	-	-	-	-
Financial assets at fair value through other comprehensive income[1]	**40.333**	**(25.296)**	**134.305**	**94.434**
Revaluation difference	40.333	(25.296)	134.305	94.434
Foreign currency differences	-	-	-	-
Total	**40.333**	**(25.296)**	**134.305**	**94.434**

(1) Includes tax effect related to foreign currency valuation differences in TL column.

2.10.9. Information on minority interest:

	Current Period	Prior Period
Period opening balance	**807**	**687**
Current period income/(loss)	131	165
Dividends paid	(47)	(45)
Period ending balance	**891**	**807**

2.10.10. Information on profit distribution:

It was decided to distribute unconsolidated net profit of TL 5.079.518 as of December 31, 2020, in accordance with the General Assembly dated March 25, 2021 as follows: TL 261.741 to be transferred to legal reserves, TL 148.338 to be transferred to special funds account due to the profit from the sale of real estate in accordance with the article No 5 1/e section of the Corporate Tax Law numbered 5520, TL 500.000 cash dividend to be distributed and the remaining TL 4.169.439 to be transferred to extraordinary reserves.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Explanations and notes related to consolidated off-balance sheet accounts

3.1. Information on off balance sheet commitments:

3.1.1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	53.081.834	48.016.964
Loan granting commitments	21.927.176	17.976.082
Asset purchase and sale commitments	31.754.346	14.537.665
Commitments for cheques	4.218.526	3.437.866
Other irrevocable commitments	12.013.346	8.458.927
Total	**122.995.228**	**92.427.504**

3.1.2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its non-cash loans amounting to TL 661.850 (December 31, 2020 - TL 347.671) and provision amounting to TL 956.513 (December 31, 2020 - TL 987.003) for non-cash loans which are not indemnified yet amounting to TL 718.516 (December 31, 2020 - TL 715.217).

3.1.2.1. Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	283.805	238.025
Letter of credits	16.048.903	9.340.321
Other guarantees and collaterals	11.763.471	9.982.292
Total	**28.096.179**	**19.560.638**

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	2.215.266	2.481.798
Definite letter of guarantees	52.947.047	46.165.057
Advance letter of guarantees	13.521.227	12.163.916
Letter of guarantees given to customs	3.838.867	3.478.997
Other letter of guarantees	22.288.425	17.024.999
Total	**94.810.832**	**81.314.767**

3.1.3. Information on non-cash loans:

3.1.3.1. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	22.096.539	16.929.756
With original maturity of 1 year or less than 1 year	5.401.961	2.208.637
With original maturity of more than 1 year	16.694.578	14.721.119
Other non-cash loans	100.810.472	83.945.649
Total	**122.907.011**	**100.875.405**

3.2. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 150.163 (December 31, 2020 – TL 134.635) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

3.3. Information on services on behalf of others:

The Bank's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Explanations and notes related to consolidated income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term loans[1]	4.154.859	470.748	2.344.192	380.965
Medium/long-term loans[1]	8.222.379	3.076.904	6.354.730	2.887.567
Interest on loans under follow-up	403.084	-	480.407	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	**12.780.322**	**3.547.652**	**9.179.329**	**3.268.532**

(1) Includes fees and commissions received for cash loans.

4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From the CBRT	969	-	1.059	-
From domestic banks	150.676	9.501	177.780	14.158
From foreign banks	1.364	69.333	56	173.520
Headquarters and branches abroad	-	-	-	-
Total	**153.009**	**78.834**	**178.895**	**187.678**

4.1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From financial assets where fair value change is reflected to income statement	3.875	7.033	2.935	2.559
From financial assets where fair value change is reflected to other comprehensive income statement	1.536.416	87.836	1.247.023	101.791
From financial Assets Measured at Amortised Cost	2.755.473	528.697	1.175.785	179.413
Total	**4.295.764**	**623.566**	**2.425.743**	**283.763**

4.1.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interests received from associates and subsidiaries	302	171
Total	**302**	**171**

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks	238.012	547.585	113.012	507.267
The CBRT	-	-	-	-
Domestic banks	211.609	82.996	109.723	54.198
Foreign banks	26.403	464.589	3.289	453.069
Headquarters and branches abroad	-	-	-	-
Other institutions	-	247.870	-	362.712
Total[1]	**238.012**	**795.455**	**113.012**	**869.979**

(1) Includes fees and commissions related to borrowings.

4.2.2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	3.570	2.192
Total	**3.570**	**2.192**

4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest expense to marketable securities issued	745.033	1.670.135	525.980	1.451.320
Total	**745.033**	**1.670.135**	**525.980**	**1.451.320**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4.2.4. Information on interest expense on money market transactions:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest expense on money market transactions	2.898.127	24.364	211.080	14.042
Total	**2.898.127**	**24.364**	**211.080**	**14.042**

4.2.5. Maturity structure of the interest expense on deposits:

		Time Deposit							
Account name	**Demand deposit**	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 1 Year**	**More than 1 year**	**Cumulative deposit**	**Total**	**Prior Period**
TL									
Bank deposit	6.233	88.616	31.116	-	-	-	-	125.965	36.850
Saving deposit	-	196.477	3.633.895	94.407	17.126	17.070	183	3.959.158	2.338.768
Public sector deposit	-	2.043	1.378	508	17	17	-	3.963	499
Commercial deposit	8	750.449	1.633.707	9.653	3.380	3.530	-	2.400.727	1.245.195
Other deposit	-	22.261	132.697	506	46.900	11.301	-	213.665	200.199
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**6.241**	**1.059.846**	**5.432.793**	**105.074**	**67.423**	**31.918**	**183**	**6.703.478**	**3.821.511**
FC									
Foreign currency deposit	1.035	72.128	351.770	29.099	35.269	12.965	-	502.266	518.523
Bank deposit	3.676	10.647	21	-	-	-	-	14.344	14.783
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	126	719	-	892	105	-	1.842	4.194
Total	**4.711**	**82.901**	**352.510**	**29.099**	**36.161**	**13.070**	**-**	**518.452**	**537.500**
Grand total	**10.952**	**1.142.747**	**5.785.303**	**134.173**	**103.584**	**44.988**	**183**	**7.221.930**	**4.359.011**

4.3. Information on trading gain/loss (net):

	Current Period	Prior Period
Gain	**51.852.038**	**34.175.033**
Gain from capital market transactions	153.575	344.100
Derivative financial transaction gains	18.692.897	14.342.724
Foreign exchange gains	33.005.566	19.488.209
Loss(-)	**52.941.161**	**33.757.574**
Loss from capital market transactions	54.319	38.082
Derivative financial transaction losses	14.619.621	12.056.864
Foreign exchange loss	38.267.221	21.662.628
Net gain/loss	**(1.089.123)**	**417.459**

4.4. Information on gain/loss from derivative financial transactions:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 6.919.589 (June 3, 2020 – TL 3.203.521 gain).

4.5. Allowance for expected credit losses and other provisions:

	Current Period	Prior Period
Allowance for expected credit losses	**3.197.093**	**4.718.218**
12-month expected credit losses (Stage 1)	621.953	730.496
Significant increase in credit risk (Stage 2)	1.282.680	1.787.253
Credit-Impaired (Stage 3)	1.292.460	2.200.469
Impairment provisions for financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	**127.134**	**412.841**
Total	**3.324.227**	**5.131.059**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4.6. Information on other operating income:

"Other Operating Income" in the Income Statement mainly includes collections from receivables for which Specific / General provision has been allocated in prior periods.

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	24.417	7.802
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	74
Depreciation expenses of property and equipment	271.139	261.696
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	111.688	96.931
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	625	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.679.531	1.365.841
lease expenses in the context of TFRS 16 exception	39.461	31.661
Repair and maintenance expenses	81.881	64.907
Advertising expenses	81.821	75.579
Other expense	1.476.368	1.193.694
Loss on sales of assets	-	34
Other	631.348	532.953
Total	**2.718.748**	**2.265.331**

4.8. Information on income/loss before taxes from continuing operations and discontinued operations:

Income before tax includes net interest income amounting to TL 8.942.568 (June 30, 2020 – TL 8.361.932) net fee and commission income amounting to TL 3.632.233 (June 30, 2020 – TL 2.766.726) , personnel expenses amounting to TL 2.016.233 (June 30, 2020 - TL 1.832.000) and total other operating expense amounting to TL 2.718.748 (June 30, 2020 – TL 2.265.331).

As of June 30, 2021, the Group has no profit before taxes from discontinued operations (June 30, 2020 – None).

4.9. Provision for taxes on income from continuing operations and discontinued operations:

As of June 30, 2021, the Group has current tax expense amounting to TL 390.313 (June 30, 2020 – TL 1.597.855 loss) and deferred tax expense amounting to TL 599.941 (June 30, 2020 – TL 919.260 income).

4.10. Information on net income/loss for the period:

4.10.1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.

4.10.2. Information on any change in the accounting estimates concerning the current period or future periods: None

4.11. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	131	83

4.12. Other items in income statement:

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Explanations and notes related to Group's risk group:

5.1. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

5.1.1. Information on loans of the Group's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	40.512	3.498	969.369	898.824	5.231.297	2.078.697
Balance at the end of the period	13.782	2.541	1.876.810	969.385	5.728.579	2.598.371
Interest and commission income received	**302**	**19**	**17.671**	**4.251**	**314.244**	**6.366**

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	4.654	3.351	815.658	1.199.169	2.568.348	3.147.488
Balance at the end of the period	40.512	3.498	969.369	898.824	5.231.297	2.078.697
Interest and commission income received (3)	**171**	**26**	**14.218**	**4.502**	**222.711**	**7.330**

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.
(2) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.
(3) Prior period presents profit / loss information of June 30, 2020

5.1.2. Information on deposits of the Group's risk group:

Group's risk group (1) (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	228.452	96.427	24.513.619	34.185.545	30.833.207	22.510.602
End of the period	156.686	228.452	28.821.172	24.513.619	31.525.735	30.833.207
Interest expense on deposits (3)	**3.570**	**2.192**	**786.218**	**595.453**	**865.316**	**525.025**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.
(3) Prior period presents profit / loss information of June 30, 2020

5.1.3. Information on forward and option agreements and other derivative instruments with the Group's risk group:

Group's risk group (1)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Transactions at fair value through profit or loss						
Beginning of the period (2)	-	-	1.573.859	563.016	1.585.212	10.730.513
End of the period (2)	-	-	4.161.878	1.573.859	2.399.974	1.585.212
Total profit / loss	**-**	**-**	**(17.785)**	**(6.977)**	**46.214**	**(165.463)**
Transactions for hedging purposes						
Beginning of the period (2)	-	-	516.747	1.059.016	-	-
End of the period (2)	-	-	524.197	516.747	-	-
Total profit / loss (3)	**-**	**-**	**24.197**	**24.243**	**-**	**-**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.
(3) Prior period presents profit / loss information of June 30, 2020

5.2. Information regarding benefits provided to the Group's top management:

Salaries and benefits paid to the Group's top management amount to TL 31.556 as of June 30, 2021 (June 30, 2020 – TL 22.150).

6. Explanations and notes related to subsequent events :

None.

Section six- Explanations on independent audit review report

1. Explanations on independent auditor's audit review report

The consolidated financial statements for the period ended June 30, 2021 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's audit report dated July 30, 2021 is presented preceding the consolidated financial statements.

2. Explanations and notes prepared by the independent auditor

None.

Section Seven(1)

Interim activity report

1. Message from Yapı Kredi's Board of Directors Chairman Ali Y. Koç:

Turkey progresses with its economic advancement in the second quarter of 2021 as it gradually overcomes the difficulties arising from the COVID-19 pandemic, thanks to the accelerated vaccination efforts. With the devotion and self-sacrifice demonstrated by all health workers, the country gradually heads towards normalization and focuses on its long term targets.

Ever since the beginning of the pandemic, Turkish public authorities together with the banks and Turkish private sector, have strived to preserve the viability and the functioning of the economy. As the fluctuations in the international markets pose a challenge and new variants of the Coronavirus signal possible new epidemic waves, Turkey has been preserving its welfare in an uncompromising manner. Having taken all the necessary actions to overcome these difficult times, Turkish banks, once again stand agile for the possible challenges ahead and provide aid to their customers in times of need.

As health and safety continues to be the first and foremost priority for Yapı Kredi, the Bank proceeds with its contribution to the Turkish economy and the Turkish banking sector with its lasting commitment to sustainability in every aspect of its operations.

In the first six months of the year, total loans in the banking sector reached TL 3.715 billion indicating 20,1% year-over-year growth. During the same period, total deposits reached TL 3.659 billion, indicating 25,6% year-over-year growth. Accordingly, sector's loan to deposit ratio declined by 5 percentage points year-over-year staying to 102% in the first half of 2021. Thanks to the strong performance of the banking sector, non-performing loan ratio improved by 43 basis points year-to-date to 3,6%.

In this normalization period that we are going through, Yapı Kredi will continue to support the economy and its customers, while preserving its solid fundamentals with special focus on asset quality and on a healthy balance sheet.

I would hereby like to extend my thanks to all our customers and shareholders for their continuous support and trust, and our employees and their families for their devoted efforts.

Ali Y. Koç
Chairman of the Board

(1) Unless otherwise stated, all figures in the section seven are expressed in full TL.

2. Message from Yapı Kredi's CEO Gökhan Erün:

Turkey has been successfully moving forward in its path of economic development this year, despite the pause caused by the COVID-19 pandemic since 2020, with the help of the ongoing and widespread vaccination efforts. As this massive effort to have the nation immunized, continue to have the country resume its normal way of life, the economy is also recovering from the tolls of the pandemic and its necessary preventive measures.

Even in the uncertain times caused by the pandemic, the geopolitical tensions and the volatility in the international markets, Turkish banking sector continued to preserve its solid fundamentals and to provide aid for the rejuvenation of the Turkish economy, thanks to the agile balance sheet structure, robust liquidity high capital levels and well-maintained profitability margins.

As Yapı Kredi, we continue to demonstrate our uncompromising mandate for health and safety of our employees in order to mitigate any potential risks of the pandemic. While remotely working within the headquarters of the Bank, we have redesigned our working spaces to adjust the needs of the post-pandemic era. As we proactively follow any developments over the course of the outbreak and immediately implement our measures accordingly, we remain alerted for the any potential variants of the virus. In line with the new normal in Turkey, we carefully continue to provide service through our branches while putting our accelerated efforts on digitalisation.

Looking at the first six months of the year, with a TL focused volume growth, a sustainable revenue generation, focus on asset liability management and asset quality, the Bank's total assets increased to TL 555,9 billion and net income recorded at TL 3.685 million, corresponding a tangible return on average equity of 15,4%.

Yapı Kredi's strong liquidity, mainly in the foreign currency with a total liquidity coverage ratio at 157% level (foreign currency at 503%), continued to support the Bank's balance sheet in case of further possible volatilities.

Despite the negative impact arising from the macro conditions and volatility, capital adequacy ratio realized at 16,2% and Tier-1 ratio at 13,8% (excluding forbearances) supported by ongoing internal capital generation and by the positive contributions of being the first Turkish Bank to adopt IRB approach.

In terms of performing cash loans, Yapı Kredi recorded TL 318,1 billion indicating 16,4% market share among private banks. Growth was driven by Turkish Lira loans and the Bank continued to support companies and exporters. At the same time, the Bank maintained 16,4% market share in credit cards outstanding volume.

In the first six months of 2021, in terms of funding, the Bank recorded 13,7% customer deposit growth year-to-date, reaching to TL 294,9 billion, indicating 14,3% market share among private banks. In line with its strategic targets, share of demand deposits in total improved 132 basis points on a year-to-date basis to 37% in the first half of 2021, supporting its cost of funding. Loans to deposits ratio including Turkish Lira bonds stood at 104% as of the first six months of 2021.

Sustainability continued to be one of our strategic priorities during the first half of 2021. We have been taking significant steps to create long-term value for all stakeholders, increasing our emphasis and recognition of ESG initiatives and we are continuing to aim to reduce the environmental impact in relation to our own operations alongside with lending activities. In doing so, we signed our first sustainability linked syndicated loan of USD 962 million in May. We have declared that we will not finance new coal-fired thermal power plants and new coal mining projects, we have also secured EUR 40 million financing from Green for Growth Fund (GGF) and European Fund for Southeast Europe (EFSE).

I would like to take this opportunity to thank our customers and shareholders for their trust and our employees for their continuous efforts.

Gökhan Erün

CEO

3. Overview of Financial Performance:

On 30 July 2021, Yapı Kredi announced its consolidated results for the first six months of 2021 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 441,0 billion while total deposits reached to TL 298,6 billion. The Bank's net income reached TL 3.685 million indicating a return on average tangible equity of 15,4%.

Local currency driven loan and deposit growth with a solid liquidity

In the first half of the year, The Bank achieved 12,9% year-to-date growth in performing loans to TL 318,1 billion, mainly driven by Turkish Lira. During the same period, the Bank's customer deposit growth was at 13,7% year-to-date and reached TL 294,9 billion. Also, the share of demand deposits in total improved 132 basis points year-to-date to 37% within the scope of continued focus on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio reached to 104%. The Bank's total and foreign currency liquidity coverage ratios realized at 157% and 503%, respectively.

Prudent and conservative asset quality approach

In the first six months of 2021, Yapı Kredi's non-performing loan ratio improved to 5,1% (Comparable: 5,2%). Compared to 2020, non-performing loan inflows declined with strength in collections, resulting in improvement in cost of risk with elevated coverages. Accordingly, cumulative cost of risk (adjusted for hedged foreign currency impact) materialised at 60 basis points in the first half of 2021. Provisions to gross loans stood at 7,2%.

Strong capital ratios and ongoing internal capital generation

In the first half of 2021, despite the negative impact coming from the market and currency volatility the capital ratios of the Bank were supported by ongoing internal capital generation through profitability and optimization efforts and by the contribution from the IRB adoption. Hence, consolidated Capital Adequacy Ratio, Tier-1 ratio and Common Equity Tier-1 ratio realised at 16,2%, 13,8% and 12,4%, respectively, excluding regulatory forbearances.

Solid top-line improving asset quality and strong liquidity

In the first six months of the year, Yapı Kredi recorded TL 9.827 million of core banking revenues. Thanks to the ongoing repricing, strong demand deposit performance supporting cost of funding, net interest margin excluding linkers widened 27 basis points on a quarterly basis. With the support from CPI linker securities, swap adjusted net interest margin improved 61 basis points to 2,7% over the first quarter. Yapı Kredi witnessed a substantial 31,3% improvement in year-over-year fee growth across the board thanks to ongoing diversification efforts, reaching to TL 3.632 million. Operating costs increased by 16% year over year -below average inflation- to TL 4.735 million. All in all, the Bank achieved a net income of TL 3.685 million and 15,4% return on average tangible equity.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Summary of Consolidated Financials

TL million	30.06.2021	31.12.2020
Total Assets	555.855	486.490
Performing Loans	318.056	281.822
Total Deposits	298.581	264.410
Shareholder's Equity	52.416	47.568
Loans/Assets	57%	58%
Deposits/Assets	54%	54%
Non-performing Loan	5,1%	6,2%
Capital Adequacy Ratio(1)	17,1%	17,2%

TL million	30.06.2021	30.06.2020
Net Profit	3.685	2.461
Return on Average Tangible Equity	15,4%	12,1%

(1) *Reported.*

5. Important Developments and Transactions Affecting the Bank's Financial Performance:

- On 21 May 2021, Yapı Kredi successfully signed a syndicated loan agreement totalling US$ 962 million at 367 days maturity, with a roll-over ratio of 103%. The Bank's first sustainability linked syndicated loan facility is secured through two different tranches; US$ 351 million and Euro 501 million. The total cost of the deal for USD and EUR is Libor+2,50% and Euribor+2,25% respectively. The proceeds of the transaction are going to be used for trade financing purposes. The sustainability performance criteria, which are determined in accordance with the goal of creating long-term sustainable value for all stakeholders of Yapı Kredi, include improvements to the Bank's electricity supply from renewable energy sources and to ESG Risk Management Score of the Bank. If the sustainability criteria are met during the specified test periods, there will be an improvement in the costs of the syndicated loan. The facility includes Yapı Kredi's key relationship partners from 20 countries and 42 financial institutions.
- On 3 June 2021, Yapı Kredi, declared that it will not finance new coal-fired thermal power plants and new coal mining projects with its updated policies.
- On 7 July 2021, Yapı Kredi signed a 15 million Euro financing agreement with the Green for Growth Fund (GGF) to be used in energy efficiency and renewable energy projects. The Bank, also secured a EUR 25 million loan from the European Fund for Southeast Europe (EFSE) to support farmers, micro and small businesses within the scope of agricultural enterprises.

6. Current Trends and Expectations for the Upcoming Period:

In the first six months of 2021, Yapı Kredi revised its year-end guidance. Maintaining the return on tangible equity guidance at mid-teens.

<u>2021 Yapı Kredi Expectations:</u>

- Loan-to-deposit ratio below 110% level
- Capital Adequacy Ratio: higher than 16%
- Loans: Turkish Lira loan growth at low twenties (old: Turkish Lira loan growth at high-teens)
- Net Interest Margin: around -50 basis points contraction (excluding linkers) (old: -30 basis points contraction)
- Fees: mid twenties increase (old: mid-teens increase)
- Costs: mid-teens increase
- Non-Performing Loan Ratio: below 7%
- Total Cost of Risk below 150 basis points (old: below 200 basis points)
- Return on Tangible Equity: mid-teens