

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT MARCH 31, 2021
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(Convenience Translation of Publicly Announced
Unconsolidated Interim Financial Statements and Auditor's
Review Report Originally Issued in Turkish, See in Note I. of
Section Three)**



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Convenience Translation of the Auditor's Limited Review Report Originally Issued in Turkish (See Note I in Section Three)

Independent Auditors' Report on Review of Unconsolidated Interim Financial Information

To the Board of Directors of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Introduction

We have reviewed the unconsolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. ("the Bank") at March 31, 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA") and Turkish Accounting Standard ("TAS") 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these interim financial statements 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.

Basis of Qualified Conclusion

As explained in Section Five Part II.7, the accompanying unconsolidated financial statements as at March 31, 2021 include a free provision at an amount of TL 1,472,000 thousands of which TL 1,072,000 thousands was provided in prior years and TL 400,000 thousands provided in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Türkiye Vakıflar Bankası T.A.O. at March 31, 2021 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2020 and 31 March 2020 which were prepared in accordance with "BRSA Accounting Financial Reporting Legislation" were audited and reviewed by another audit firm respectively. Audit firm expressed a qualified opinion and a qualified conclusion in their reports issued on February 9, 2021 and May 8, 2020 respectively since the unconsolidated financial statements which included in their reports include a free provision at an amount of TL 1,072,000 thousands of which TL 852,000 thousands was provided in prior years and TL 220,000 thousands provided in 2020 by the Bank management as of December 31, 2020 and TL 852,000 thousands provided in the prior years as of March 31, 2020 for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions.

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 VIII, are not consistent with the unconsolidated financial statements and disclosures in all material respects.



Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Damla Harman, SMMM
Partner

May 6, 2021
İstanbul, Türkiye

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR’S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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The unconsolidated financial report as at and for the three-month period ended March 31, 2021, prepared in accordance with the “Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APLIED IN THE PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR’S REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements for the three-month period and related disclosures and footnotes which have been independently reviewed, 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 guidance and in compliance with the financial records of our Bank and unless otherwise stated, presented in thousands of Turkish Lira.

May 6, 2021

Mustafa SAYDAM
Chairman of The Board

Serdar TUNÇBİLEK
Board and Audit
Committee Member

Dilek YÜKSEL
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

SECTION ONE

GENERAL INFORMATION

I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“The Bank”) was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry (“The General Directorate of the Foundations”). The Bank’s statute has not been changed since its establishment.

II. THE BANK’S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK’S RISK GROUP

The shareholder having control over the shares of the Bank is the Republic of Turkey Ministry of Treasury and Finance.

As at March 31, 2021 and December 31, 2020, the Bank’s paid-in capital is TL 3,905,622 TL divided into 390,562,248,996 shares with each has a nominal value of Kr 1.

The Bank’s shareholders structure as at March 31, 2021 and December 31, 2020 are as stated below:

Shareholders - March 31, 2021	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	3,905,622,490	3,905,622	100.00

Shareholders - December 31, 2020	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	3,905,622,490	3,905,622	100.00

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

GENERAL INFORMATION (Continued)

**II. THE BANK'S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT,
DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE
DURING THE PERIOD AND INFORMATION ON BANK'S RISK GROUP (Continued)**

With the Decree Law No. 696 published in the Official Gazette dated 24 December 2017, the "Türkiye Vakıflar Bankası Turkish Joint-Stock Company Law" No. 6219 was amended.

With the Presidential Decree dated December 3, 2019, published in line with the relevant provisions of Law No. 6219, 58.51% of the total of 43.00% (A) Group and 15.51% (B) Group, managed and represented by the General Directorate of Foundations' per share value of share is determined.

In accordance with the relevant provisions of the Law No. 6219, the provisions of the Capital Market Law, including the obligation to propose shares regarding the transfer transactions regarding the shares specified in the Presidential Decree of 3 December 2019, will not be applied. There will be no changes regarding the 25.22% shares of the (D) Group traded at the stock exchange.

The process regarding the transfer of bank shares has been completed as of 11 December 2019 and 58.51% of the Bank's share has been transferred to the Treasury and has been recorded in the Bank's share book on behalf of the Ministry of Treasury and Finance of the Republic of Turkey.

With the decision of the Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid-in capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA") and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering and by dedicated sales method.

In the material event disclosure published by the Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as TL 4.98 for a share with a nominal value of 1 TL, and that the paid-in capital will be increased from TL 2,500,000 to TL 3,905,622 as a result of the capital increase.

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

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GENERAL INFORMATION (Continued)

**III. INFORMATION ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS,
AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL
MANAGERS AND THEIR SHARES IN THE BANK**

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	27 years
Dr.Cemil Ragıp ERTEM	Member – Deputy Chairman	June 12, 2020	PhD	22 years
Abdi Serdar ÜSTÜNSALİH	Member- General Manager	May 27, 2019	Master’s	29 years
Dr.Adnan ERTEM	Member	October 28, 2010	PhD	32 years
Dilek YÜKSEL	Member	March 29, 2016	Bachelor’s	10 years
Şahin UĞUR	Member	June 9 2017	Bachelor’s	34 years
Serdar TUNÇBİLEK	Member	June 9 2017	Bachelor’s	34 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	1 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	1 years
<u>Audit Committee</u>				
Serdar TUNÇBİLEK	Member	June 15, 2017	Bachelor’s	34 years
Dilek YÜKSEL	Member	June 12, 2020	Bachelor’s	10 years
<u>Auditor</u>				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	36 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	2 years
<u>Assistant General Managers</u>				
Metin Recep ZAFER	R&D and Business Intelligence Application Development, Basic Banking Application Development, Channel Management and Payment Systems App. Development, System Management, IT System and Application Support, IT Planning and Coordination, Treasury Operations, Foreign Operations, Banking Operations, Credit, Customer and Account Operations	June 13, 2006	PhD	26 years
Muhammet Lütfü ÇELEBİ	Retail Banking Marketing, Deposit Management and Marketing, Payment Systems Banking Marketing, Retail Banking Marketing	October 23, 2013	Bachelor’s	26 years
Şuayyip İLBİLGİ	Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	24 years
Mikail HIDİR	Credit Risk Liquidation, Legal Affairs	December 26, 2018	Bachelor’s	17 years
Hazım AKYOL	Corporate Banking Marketing, Commercial Banking Marketing, Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches	May 31, 2019	Bachelor’s	27 years
Alaattin ŞİMŞEK	Support Services Commercial Loans Allocation, Application of Credit Policies and Processes 1-2, Credit Risk Planning and Monitoring,	May 31, 2019	Bachelor’s	26 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	24 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	20 years
Arif ÇOKÇETİN	Corporate Loans Allocation Management Retail and SME Loans Allocation Management Commercial Loans Allocation Management 1-2 Featured Loans Management	July 8, 2020	Bachelor’s	26 years
Kadir KARATAŞ	Human Resources, Corporate Development and Academy	August 18, 2020	Bachelor’s	24 years

The persons listed in the table above do not have any interest in the non-public part of the Bank.

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

GENERAL INFORMATION (Continued)

**III. INFORMATION ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS,
AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL
MANAGERS AND THEIR SHARES IN THE BANK (Continued)**

Board of Directors Operations Chairmanship Departments and Support Services are working dependent to the General Manager.

Regarding the election of the Members of the Board of Directors at the Bank's 67th Ordinary General Assembly Meeting held on March 26, 2021; Abdülkadir AKSU to continue his duty as an independent member of the Board of Directors; It was decided by majority of votes that Mustafa SAYDAM be elected for 3 years to take the place of Hamza YERLIKAYA.

At the Board of Directors Meeting held on 26 March 2021, in accordance with the Related Articles of our Bank's Articles of Association:

- Mr. Mustafa Saydam was elected as the Chairman of the Board,
- Mr. Cemil Ragıp Ertem was elected as the Deputy Chairman of the Board of Directors,
- Mr. Abdi Serdar Üstünsalih was elected as the General Manager

by unanimous vote.

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

GENERAL INFORMATION (Continued)

IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS

Shareholders-31 March 2021	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

Shareholders-31 December 2020	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

As of March 31, 2021 and December 31, 2020 shareholder holding control over the Bank is the Republic of Turkey Ministry of Treasury and Finance having 37.45% of the Bank’s outstanding shares. Other organizations that are qualified shareholders are Turkey Wealth Fund, with 35.99% share and Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, with 10.31% share.

With the Decree Law No. 696 published in the Official Gazette dated December 24, 2017 and the Presidential Decree dated December 3, 2019, the changes in the capital structure of the Bank are explained in detail under the title II in the General Information Section I. of the report.

V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE BANK

The Bank was established under the authorization of special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

The Bank's objective is to carry out all kinds of banking activities that deposit banks can perform, provided that the obligations specified in the Banking Law and other relevant legislation are fulfilled.

The Bank shall exercise all the powers recognized by the provisions of the Banking Law and other relevant legislation in order to achieve its objectives.

In this framework, the Bank shall engage in activities such as to issue all kinds of cash and non-cash loans, either in Turkish Lira or foreign currency, to act as an intermediary in the export, purchase and sale of financial instruments, to carry out investment banking transactions, to buy, sell or transfer loans as wholesale or retail, to complete transactions in domestic and foreign futures markets, to provide funds from domestic and foreign interbank money market, to perform capital market transactions, to act as intermediary for import and export transactions, to act as agent for insurance and other financial institutions, and to participate in any partnership to which they may become a partner, without prejudice to the provisions of the capital market legislation, or to establish new partnerships for this purpose or to quit established partnerships.

The Bank is also authorized to carry out the banking services of the registered and appendant foundations as well as the cash registers under the agreements to be made by the General Directorate of Foundations.

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

GENERAL INFORMATION (Continued)

**V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE BANK
(Continued)**

Without prejudice to the provisions of the relevant legislation, the Bank may acquire, grant, issue, sell, transfer, pledge or mortgage to others, take pledges and mortgages on securities and real estate in its may lease or lease similar rights, annotate the lease and sale promise contracts to the title deed in his favor, and remove annotations for all kinds of movable properties, real estates and their rights, particularly industrial, intellectual and similar rights, right of incorporation and loyalty, rights of usufruct, easement and superior rights. The Bank can establish, either individually or collectively in an equal manner, pledge or mortgage.

The Bank may acquire securities and real estates in order to carry out banking activities or collect its receivables within the legal limits and may dispose of them by sale, exchange and other forms when necessary.

The Bank may obtain all kinds of collateral, guarantee in kind and personal guarantees, for the collection and provision of its rights and receivables. In this regard, the deed, tax offices and other public and private institutions before registration, cancellation, assignment and all other operations can do.

As at March 31, 2021, the Bank has 934 domestic, 4 foreign, in total 938 branches (December 31, 2020: 933 domestic, 3 foreign, in total 936 branches). As at March 31, 2021, the Bank has 16,721 employees (December 31, 2020: 16,748 employees).

**VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF
EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES**

None.

SECTION TWO
UNCONSOLIDATED
FINANCIAL STATEMENTS

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT MARCH 31, 2021**

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

ASSETS	Notes	Current Period March 31, 2021			Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		54,933,525	140,458,252	195,391,777	53,167,158	139,285,845	192,453,003
1.1 Cash and cash equivalents	V-I-1	8,580,780	76,746,831	85,327,611	14,847,059	81,111,670	95,958,729
1.1.1 Cash and balances at Central Bank	V-I-1	7,465,730	61,134,575	68,600,305	14,662,009	78,526,777	93,188,786
1.1.2 Banks	V-I-3	1,120,367	15,612,256	16,732,623	26	2,584,893	2,584,919
1.1.3 Receivables from Money Markets		-	-	-	187,753	-	187,753
1.1.4 Allowance for expected credit losses (-)	V-I-16	5,317	-	5,317	2,729	-	2,729
1.2 Financial assets at fair value through profit or loss	V-I-2	212,080	8,608,641	8,820,721	169,893	7,161,038	7,330,931
1.2.1 Public debt securities		-	8,436,228	8,436,228	-	7,000,000	7,000,000
1.2.2 Equity instruments		169,483	172,413	341,896	169,482	161,038	330,520
1.2.3 Other financial assets		42,597	-	42,597	411	-	411
1.3 Financial assets at fair value through other comprehensive income	V-I-4	34,193,118	53,545,583	87,738,701	31,011,998	49,420,202	80,432,200
1.3.1 Public debt securities		33,605,640	53,541,127	87,146,767	30,422,704	49,416,174	79,838,878
1.3.2 Equity instruments		-	4,456	4,456	-	4,028	4,028
1.3.3 Other financial assets		587,478	-	587,478	589,294	-	589,294
1.4 Derivative financial assets	V-I-2	11,947,547	1,557,197	13,504,744	7,138,208	1,592,935	8,731,143
1.4.1 Derivative financial assets at fair value through profit or loss		11,947,547	1,557,197	13,504,744	7,138,208	1,592,935	8,731,143
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST		350,931,142	151,616,207	502,547,349	340,947,234	135,693,100	476,640,334
2.1 Loans	V-I-5	328,413,497	136,856,497	465,269,994	318,277,715	121,209,701	439,487,416
2.2 Receivables from leasing transactions	V-I-10	-	-	-	-	-	-
2.3 Factoring receivables	-	-	-	-	-	-	-
2.4 Financial assets measured at amortised cost	V-I-6	43,907,349	14,809,725	58,717,074	44,218,605	14,528,647	58,747,252
2.4.1 Public debt securities		43,848,399	14,603,703	58,452,102	44,159,655	14,342,399	58,502,054
2.4.2 Other financial assets		58,950	206,022	264,972	58,950	186,248	245,198
2.5 Allowance for expected credit losses (-)	-	21,389,704	50,015	21,439,719	21,549,086	45,248	21,594,334
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	V-I-14	1,190,445	-	1,190,445	1,256,254	-	1,256,254
3.1 Held for sale purpose		1,190,445	-	1,190,445	1,256,254	-	1,256,254
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		5,984,379	989,599	6,973,978	4,110,226	935,314	5,045,540
4.1 Investments in associates (Net)	V-I-7	1,294,011	-	1,294,011	1,394,406	-	1,394,406
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		1,294,011	-	1,294,011	1,394,406	-	1,394,406
4.2 Investments in subsidiaries (Net)	V-I-8	4,690,368	989,599	5,679,967	2,715,820	935,314	3,651,134
4.2.1 Non-consolidated financial subsidiaries		4,312,096	989,599	5,301,695	2,337,548	935,314	3,272,862
4.2.2 Non-consolidated non-financial subsidiaries		378,272	-	378,272	378,272	-	378,272
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		5,155,164	14,435	5,169,599	4,812,482	13,120	4,825,602
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		249,201	-	249,201	255,263	-	255,263
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		249,201	-	249,201	255,263	-	255,263
VII. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		160,149	-	160,149	-	-	-
IX. DEFERRED TAX ASSETS	V-I-13	1,036,721	-	1,036,721	1,125,282	-	1,125,282
X. OTHER ASSETS	V-I-15	5,472,806	2,537,110	8,009,916	6,740,911	10,554,929	17,295,840
TOTAL ASSETS		425,113,532	295,615,603	720,729,135	412,414,810	286,482,308	698,897,118

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT MARCH 31, 2021**

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

LIABILITIES AND EQUITY	Notes	Current Period March 31, 2021			Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	216,308,994	214,010,808	430,319,802	215,145,544	198,897,999	414,043,543
II. FUND BORROWED	V-II-3	784,042	56,307,726	57,091,768	796,230	46,190,568	46,986,798
III. MONEY MARKET FUNDS		65,921,394	21,667,728	87,589,122	79,728,673	19,322,791	99,051,464
IV. SECURITIES ISSUED(Net)	V-II-3	10,964,333	36,975,012	47,939,345	10,451,852	35,061,115	45,512,967
4.1 Bills		5,618,694	825,659	6,444,353	5,150,249	2,188,163	7,338,412
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		5,345,639	36,149,353	41,494,992	5,301,603	32,872,952	38,174,555
V. FUNDS		3,047	-	3,047	3,053	-	3,053
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,047	-	3,047	3,053	-	3,053
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	3,482,415	2,555,701	6,038,116	4,063,184	2,022,130	6,085,314
7.1 Derivative financial liabilities at fair value through profit or loss		3,482,415	2,555,701	6,038,116	4,063,184	2,022,130	6,085,314
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	V-II-5	984,656	-	984,656	974,793	-	974,793
X. PROVISIONS	V-II-7	3,013,112	11,220	3,024,332	2,960,665	11,742	2,972,407
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		1,244,571	-	1,244,571	1,540,264	-	1,540,264
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		1,768,541	11,220	1,779,761	1,420,401	11,742	1,432,143
XI. CURRENT TAX LIABILITIES	V-II-8	693,587	4,145	697,732	898,173	4,329	902,502
XII. DEFERRED TAX LIABILITIES	V-II-8	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	6,250,148	14,320,099	20,570,247	6,401,461	13,057,337	19,458,798
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		6,250,148	14,320,099	20,570,247	6,401,461	13,057,337	19,458,798
XV. OTHER LIABILITIES	V-II-4	13,860,854	4,622,475	18,483,329	12,681,408	3,739,413	16,420,821
XVI. SHAREHOLDERS' EQUITY	V-II-11	47,649,960	337,679	47,987,639	45,541,699	942,959	46,484,658
16.1 Paid-in capital	V-II-11	3,905,622	-	3,905,622	3,905,622	-	3,905,622
16.2 Capital reserves		6,552,489	261,325	6,813,814	6,552,489	246,990	6,799,479
16.2.1 Equity share premiums		6,303,277	-	6,303,277	6,303,277	-	6,303,277
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		249,212	261,325	510,537	249,212	246,990	496,202
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		4,968,782	(4,302)	4,964,480	3,188,339	(4,066)	3,184,273
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(193,104)	80,656	(112,448)	229,202	700,035	929,237
16.5 Profit reserves		31,666,047	-	31,666,047	25,754,720	-	25,754,720
16.5.1 Legal reserves		3,333,514	-	3,333,514	2,742,381	-	2,742,381
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		25,712,274	-	25,712,274	21,210,213	-	21,210,213
16.5.4 Other profit reserves		2,620,259	-	2,620,259	1,802,126	-	1,802,126
16.6 Profit or loss		750,124	-	750,124	5,911,327	-	5,911,327
16.6.1 Prior years' profits or losses		-	-	-	900,871	-	900,871
16.6.2 Current period net profit or loss		750,124	-	750,124	5,010,456	-	5,010,456
16.7 Minority interests		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		369,916,542	350,812,593	720,729,135	379,646,735	319,250,383	698,897,118

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED OFF-BALANCE SHEET ITEMS
AS AT MARCH 31, 2021**

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

	Notes	Current Period March 31, 2021			Prior Period December 31, 2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)							
I. GUARANTEES AND SURETIES		188,952,419	329,074,479	518,026,898	167,330,382	277,152,578	444,482,960
1.1. Letters of guarantee	V-III-2	45,420,616	70,411,160	115,831,776	43,404,211	57,831,826	101,236,037
1.1.1. Guarantees subject to State Tender Law	V-III-1	45,051,532	37,871,907	82,923,439	43,145,971	31,937,954	75,083,925
1.1.2. Guarantees given for foreign trade operations		2,768,044	11,458,612	14,226,656	2,594,448	10,005,488	12,599,936
1.1.3. Other letters of guarantee		2,386,972	-	2,386,972	2,335,826	-	2,335,826
1.2. Bank acceptances		39,896,516	26,413,295	66,309,811	38,215,697	21,932,466	60,148,163
1.2.1. Import letter of acceptance		4,258	1,307,516	1,307,516	4,258	289,665	289,665
1.2.2. Other bank acceptances	V-III-4	-	6,824,037	6,828,295	-	4,821,869	4,826,127
1.3. Letters of credit	V-III-4	364,826	24,279,957	24,644,783	253,982	20,667,442	20,921,424
1.3.1. Documentary letters of credit		364,826	24,279,957	24,644,783	253,982	20,667,442	20,921,424
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Pre-financing given as guarantee		-	6,553	6,553	-	5,925	5,925
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for Securities issued		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	121,190	121,190	-	106,963	106,963
1.9. Other warranties		-	-	-	-	2,008	2,008
II. COMMITMENTS		70,532,683	40,380,036	110,912,719	71,111,618	42,045,023	113,156,641
2.1. Irrevocable commitments	V-III-1	61,262,127	3,513,960	64,776,087	61,363,734	6,147,096	67,510,830
2.1.1. Asset purchase and sales commitments	V-III-1	1,756,943	3,513,960	5,270,903	5,695,753	6,147,096	11,842,849
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		3,150	-	3,150	3,150	-	3,150
2.1.4. Loan granting commitments	V-III-1	26,699,600	-	26,699,600	26,086,273	-	26,086,273
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for checks payments	V-III-1	6,242,036	-	6,242,036	5,723,932	-	5,723,932
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	24,030,174	-	24,030,174	21,320,698	-	21,320,698
2.1.10. Commitments for credit cards and banking services promotions		631,220	-	631,220	597,623	-	597,623
2.1.11. Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12. Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		1,899,004	-	1,899,004	1,936,305	-	1,936,305
2.2. Revocable commitments		9,270,556	36,866,076	46,136,632	9,747,884	35,897,927	45,645,811
2.2.1. Revocable loan granting commitments		9,270,556	36,866,076	46,136,632	9,747,884	35,897,927	45,645,811
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		72,999,120	218,283,283	291,282,403	52,814,553	177,275,729	230,090,282
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		72,999,120	218,283,283	291,282,403	52,814,553	177,275,729	230,090,282
3.2.1. Forward foreign currency purchase and sale transactions		4,221,102	4,444,081	8,665,183	1,523,642	1,550,002	3,073,644
3.2.1.1. Forward foreign currency purchase transactions		2,218,023	2,119,184	4,337,207	864,639	681,888	1,546,527
3.2.2.2. Forward foreign currency sales		2,003,079	2,324,897	4,327,976	659,003	868,114	1,527,117
3.2.2. Currency and interest rate swaps		55,994,158	168,766,005	224,760,163	42,437,528	153,242,062	195,679,590
3.2.2.1. Currency swap purchase transactions		1,806,399	67,315,493	69,121,892	1,681,464	55,734,413	57,415,877
3.2.2.2. Currency swap sale transactions		51,387,759	158,866,022	67,273,781	37,636,064	20,701,337	58,337,401
3.2.2.3. Interest rate swap purchase transactions		1,400,000	42,782,245	44,182,245	1,560,000	38,403,156	39,963,156
3.2.2.4. Interest rate swap sale transactions		1,400,000	42,782,245	44,182,245	1,560,000	38,403,156	39,963,156
3.2.3. Currency, interest rate and security options		4,177,621	5,165,825	9,343,446	247,144	919,172	1,166,316
3.2.3.1. Currency purchase options		1,997,286	2,625,457	4,622,743	143,814	430,420	574,234
3.2.3.2. Currency sale options		2,180,335	2,540,368	4,720,703	103,330	488,752	592,082
3.2.3.3. Interest rate purchase options		-	-	-	-	-	-
3.2.3.4. Interest rate sale options		-	-	-	-	-	-
3.2.3.5. Security purchase options		-	-	-	-	-	-
3.2.3.6. Security sale options		-	-	-	-	-	-
3.2.4. Currency futures		195,835	206,000	401,835	195,835	186,250	382,085
3.2.4.1. Currency purchases futures		-	206,000	206,000	-	186,250	186,250
3.2.4.2. Currency sales futures		195,835	-	195,835	195,835	-	195,835
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate purchases futures		-	-	-	-	-	-
3.2.5.2. Interest rate sales futures		-	-	-	-	-	-
3.2.6. Other		8,410,404	39,701,372	48,111,776	8,410,404	21,378,243	29,788,647
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		4,783,993,516	4,370,054,442	9,154,047,958	3,965,223,799	3,674,944,874	7,640,168,673
IV. ITEMS HELD IN CUSTODY		63,431,528	22,257,864	85,689,392	60,514,803	19,202,256	79,717,059
4.1. Assets under management		-	-	-	-	-	-
4.2. Securities held in custody		48,344,151	9,521,588	57,865,739	46,735,132	8,853,001	55,588,133
4.3. Checks received for collection		12,280,300	1,915,164	14,195,464	10,884,832	1,621,141	12,505,973
4.4. Commercial notes received for collection		1,415,804	711,573	2,127,377	1,449,460	425,459	1,874,919
4.5. Other assets received for collection		2,152	330	2,482	2,152	298	2,450
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		309	2,148,229	2,148,538	309	2,049,708	2,050,017
4.8. Custodians		1,388,812	7,960,980	9,349,792	1,442,918	6,252,649	7,695,567
V. PLEDGED ITEMS		787,414,273	300,553,805	1,087,968,078	775,302,799	312,599,654	1,087,902,453
5.1. Marketable securities		212,160	160,208	372,368	321,148	200,660	521,808
5.2. Guarantee notes		1,176,879	5,543,244	6,720,123	1,153,894	4,085,645	5,239,539
5.3. Commodity		116,576,175	3,762,741	120,338,916	111,710,308	3,495,630	115,205,938
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		533,773,186	250,163,071	783,936,257	529,461,764	262,692,582	792,154,346
5.6. Other pledged items		135,155,558	40,784,883	175,940,441	132,138,333	41,983,730	174,122,063
5.7. Depositories receiving pledged items		520,315	139,658	659,973	517,352	141,407	658,759
VI. ACCEPTED GUARANTEES AND WARRANTS		3,933,147,715	4,047,242,773	7,980,390,488	3,129,406,197	3,343,142,964	6,472,549,161
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		4,972,945,935	4,699,128,921	9,672,074,856	4,132,554,181	3,952,097,452	8,084,651,633

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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

	Notes	Current Period January 1, 2021- March 31, 2021	Prior Period January 1 2020- March 31,2020
I. INTEREST INCOME		14,435,815	10,231,814
1.1 Interest on loans	V-IV-1	11,189,155	8,290,255
1.2 Interest received from reserve deposits		138,136	17,256
1.3 Interest received from banks	V-IV-1	5,637	27,300
1.4 Interest received from money market transactions		1,719	-
1.5 Interest received from marketable securities portfolio	V-IV-1	3,097,286	1,894,251
1.5.1 Financial assets at fair value through profit or loss		24,765	12,849
1.5.2 Financial assets at fair value through other comprehensive income		1,529,689	737,453
1.5.3 Financial assets measured at amortised cost		1,542,832	1,143,949
1.6 Finance lease interest income		-	-
1.7 Other interest income		3,882	2,752
II. INTEREST EXPENSES		11,755,491	5,323,417
2.1 Interest on deposits	V-IV-2	7,340,961	3,002,893
2.2 Interest on funds borrowed	V-IV-2	278,768	367,980
2.3 Interest on money market transactions		2,722,713	715,310
2.4 Interest on securities issued	V-IV-2	1,322,106	1,134,755
2.5 Leasing interest income		31,644	39,134
2.6 Other interest expenses		59,299	63,345
III. NET INTEREST INCOME/EXPENSE (I - II)		2,680,324	4,908,397
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		874,355	1,021,291
4.1 Fees and commissions received		1,141,867	1,239,894
4.1.1 Non-cash loans		219,104	180,877
4.1.2 Other		922,763	1,059,017
4.2 Fees and commissions paid		267,512	218,603
4.2.1 Non-cash loans		64	209
4.2.2 Other		267,448	218,394
V. DIVIDEND INCOME		15,764	151,402
VI. TRADING PROFIT/LOSS (Net)		(505,334)	(641,828)
6.1 Profit/losses from capital market transactions	V-IV-3	398,765	149,196
6.2 Profit/losses from derivative financial transactions	V-IV-3	(1,036,208)	(260,823)
6.3 Foreign exchange profit/losses	V-IV-3	132,109	(530,201)
VII. OTHER OPERATING INCOME		3,512,861	2,545,911
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		6,577,970	7,985,173
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)		3,024,128	3,086,386
X. OTHER PROVISION EXPENSES (-)		401,934	32,014
XI. PERSONNEL EXPENSES (-)		936,967	779,961
XII. OTHER OPERATING EXPENSES (-)		1,212,528	1,958,991
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1,002,413	2,127,821
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI. NET MONETARY POSITION GAIN/LOSS		-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)		1,002,413	2,127,821
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(252,289)	(411,651)
18.1 Current tax provision	V-IV-10	-	(82,162)
18.2 Expense effect of deferred tax (+)	V-IV-10	(1,362,617)	(440,840)
18.3 Income effect of deferred tax (-)	V-IV-10	1,110,328	111,351
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		750,124	1,716,170
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/LOSSES (XIX+XXIV)		750,124	1,716,170
25.1 Equity holders of the Bank		-	-
25.2 Non-controlling interest (-)		-	-
Profit/Loss per 100 shares (full TL)	I-XXIV	0.1921	0.6865

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period January 1, 2021- March 31, 2021	Prior Period January 1, 2020- March 31, 2020
I.	PROFIT (LOSS)	750,124	1,716,170
II.	OTHER COMPREHENSIVE INCOME	738,522	(1,247,393)
2.1.	Other comprehensive income that will not be reclassified to profit or loss	1,780,207	(580,235)
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	-	-
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	1,873,916	(532,080)
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(93,709)	(48,155)
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(1,041,685)	(667,158)
2.2.1.	Exchange Differences on Translation	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(1,302,373)	(834,848)
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
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	260,688	167,690
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	1,488,646	468,777

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Shareholders' Equity	
	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5					6
Current Period March 31, 2021															
I. Prior Period End Balance		3,905,622	6,303,277	-	496,202	848,320	(180,215)	2,516,168	80,727	848,510	-	25,754,720	5,911,327	-	46,484,658
II. Corrections and Accounting Policy Changes Made															
According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		3,905,622	6,303,277	-	496,202	848,320	(180,215)	2,516,168	80,727	848,510	-	25,754,720	5,911,327	-	46,484,658
IV. Total Comprehensive Income		-	-	-	-	-	-	1,780,207	-	(1,041,685)	-	-	-	750,124	1,488,646
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	14,335	-	-	-	-	-	-	818,133	(818,133)	-	14,335
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,093,194	(5,093,194)	-	-
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,093,194	(5,093,194)	-	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (I+II+...X+XI)		3,905,622	6,303,277	-	510,537	848,320	(180,215)	4,296,375	80,727	(193,175)	-	31,666,047	-	750,124	47,987,639

1. Property & Equipment Revaluation Increase/Decrease
2. Defined Benefit Pension Plan Remeasurement Gain/Loss
3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)
4. Translation Differences from Foreign Currency Transactions
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income
6. Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method).

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THREE-MONTH PERIOD ENDED MARCH 31, 2020**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Shareholders' Equity	
					1	2	3	4	5	6					
Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves											
Prior Period March 31, 2020															
I.		2,500,000	723,918	-	389,695	653,324	(106,165)	2,240,754	80,727	789,300	-	22,952,429	2,802,291	-	33,026,273
II.															
2.1.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		2,500,000	723,918	-	389,695	653,324	(106,165)	2,240,754	80,727	789,300	-	22,952,429	2,802,291	-	33,026,273
IV.								(580,235)		(667,158)				1,716,170	468,777
V.															
VI.															
VII.															
VIII.															
IV.															
X.					(29,323)										(29,323)
XI.															
11.1.															
11.2.															
11.3.															
		2,500,000	723,918	-	360,372	653,324	(106,165)	1,660,519	80,727	122,142	-	22,952,429	2,802,291	1,716,170	33,465,727

1. Property & Equipment Revaluation Increase/Decrease
2. Defined Benefit Pension Plan Remeasurement Gain/Loss
3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)
4. Translation Differences from Foreign Currency Transactions
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income
6. Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method).

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CASH FLOW**

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

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

	Notes	Current Period March 31, 2021	Prior Period March 31, 2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		1,562,379	3,596,758
1.1.1 Interests received		14,047,260	8,773,964
1.1.2 Interests paid		(11,597,962)	(5,352,571)
1.1.3 Dividends received		15,764	151,402
1.1.4 Fee and commissions received		1,170,614	1,469,013
1.1.5 Other income		47,919	70,943
1.1.6 Collections from previously written-off loans and other receivables		1,219,397	781,810
1.1.7 Cash payments to personnel and service suppliers		(991,891)	(827,876)
1.1.8 Taxes paid		(599,495)	(644,517)
1.1.9 Other		(1,749,227)	(825,410)
1.2 Changes in operating assets and liabilities		(13,636,134)	(4,597,151)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(1,478,414)	(4,229,408)
1.2.2 Net increase (decrease) in due from banks		(5,447,654)	(200,579)
1.2.3 Net increase (decrease) in loans		(34,288,531)	(36,020,055)
1.2.4 Net increase (decrease) in other assets		11,070,890	(1,333,076)
1.2.5 Net increase (decrease) in bank deposits		147,888	1,141,992
1.2.6 Net increase (decrease) in other deposits		15,706,288	16,336,778
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase (decrease) in funds borrowed		10,089,148	1,701,237
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(9,435,749)	18,005,960
I. Net cash flow provided from banking operations		(12,073,755)	(1,000,393)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(7,477,969)	(11,232,006)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		-	(104,200)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures		-	350
2.3 Cash paid for the purchase of tangible and intangible asset		(792,885)	(32,131)
2.4 Cash obtained from the sale of tangible and intangible asset		654,569	13,859
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(12,263,976)	(15,659,534)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		3,435,649	2,595,228
2.7 Cash paid for the purchase of financial assets at amortized cost		-	(161,933)
2.8 Cash obtained from sale of financial assets at amortized cost		1,492,981	2,120,948
2.9 Other		(4,307)	(4,593)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		2,860,952	5,979,953
3.1 Cash obtained from funds borrowed and securities issued		6,872,143	15,031,953
3.2 Cash outflow from funds borrowed and securities issued		(3,919,851)	(8,956,338)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance lease liabilities		(91,340)	(95,662)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		615,437	270,473
V. Net increase/decrease in cash and cash equivalents		(16,075,335)	(5,981,973)
VI. Cash and cash equivalents at beginning of the period		55,051,595	29,765,174
VII. Cash and cash equivalents at end of the period		38,976,260	23,783,201

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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

**SECTION THREE
ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, Turkey Accounting Standard 34 (“TAS 34”) and Interim Financial Reporting Standard and Turkish Financial Reporting Standards (“TFRS”) enforced by Public Oversight, Accounting and Auditing Standards Authority (“POA”) and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The accounting policies and valuation principles applied in the preparation of the unconsolidated financial statements have been determined and applied by BRSA in accordance with the regulations, communiqués, explanations and circulars published in accordance with the accounting and financial reporting principles and if no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

The preparation of financial statements according to TFRS requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date and amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgments and estimates are explained in related notes.

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March, 2020. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Bank has explained the effects of Covid-19, which it reflects in the financial statements dated March 31, 2021, in the following sections.

The Indicator Interest Rate Reform - Phase 2, which introduced changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 1, 2021, was published in December 2020 and early implementation of the changes is permitted. With the amendments made, certain exceptions are provided in the basis for determining contractual cash flows and hedge accounting provisions. The changes have not been implemented early and the developments are being evaluated by the Bank. From items indexed to benchmark interest rates, loans and securities constitute assets; securities issued and loans borrowed through repo constitute liabilities in the Bank’s financial statements. The effects of these changes on the financial statements and performance of the Bank are evaluated by the management. As of 31 March 2021, the Bank does not have any hedging transactions for interest rate risk.

The accounting policies applied in the current period are in line with the previous period financial statements. The accounting policies followed and the valuation principles used in the preparation of financial statements are presented in detail below.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN CURRENCY TRANSACTIONS

Strategy for the use of financial instruments

Core operations of the Bank, are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking in accordance with the requirements of its economic development while utilizing foundation resources. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank accepts deposits consisting various maturities as the main source of funding with deposits being in high return as well as carefully utilizing them in high quality financial activities.

The most important fund sources of the Bank other than the deposits are its equity and medium and long-term borrowings obtained from foreign financial institutions. The Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Bank gives great significance to long-term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep to liquidity risk, exchange risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the shareholders’ equity.

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank’s operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management and have lower return. The Bank can take various positions on short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations. The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities.

Within the legal limitations and the regulations of the bank’s internal control, the foreign currency position is being followed, the foreign currency position is established according to the basket equilibrium that is determined by taking into account current market conditions.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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ACCOUNTING POLICIES (Continued)

**II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON
FOREIGN CURRENCY TRANSACTIONS (Continued)**

Information on foreign currency transactions

Foreign currency transactions are recorded in TL which is the functional currency of the Bank. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Turkish Lira by using the prevailing exchange. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

Exchange differences arising on amortized cost of financial assets at fair value through profit or loss are recognized in the income statement. Exchange differences arising on unrealized gains and losses are recognized in other comprehensive income or expense in profit or loss. Foreign exchange profits and losses arising from the translation of monetary items and the collection and payment of foreign currency transactions are included in the income statement.

While foreign exchange differences arising from amortized cost values of financial assets that fair value differences' in foreign currency is reflected in other comprehensive income are recognized in the income statement, the exchange differences calculated on unrealized gains and losses are accounted under the "Accumulated Other Comprehensive Income or Expenses" item in equity.

In March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Turkey Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 Million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 Million EUR, the fair value hedging strategy has been applied. In this context, 76.8 Million EUR portion of the securities issued by the Bank on 4 May 2016 with a nominal amount of 500 million Euros and the redemption date of 4 May 2021, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the income statement as long as the hedging transaction is effective. In this context, as of March 31, 2021, the foreign exchange income presented in the income statement is 40,186 TL. The effectiveness of the transaction is the degree to balance the changes in the fair value of the hedged item that can be associated with the hedged currency risk by the hedging instrument.

As of March 31, 2021, it was identified that the evaluations that were made about the process to protect from the fair value risk were effective. Efficiency testing, which is consistent with the Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS 39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

III. INFORMATION OF ASSOCIATES AND SUBSIDIARIES

Subsidiaries and associates are recognized at fair value in the unconsolidated financial statements, under the standard of, TFRS 9, "Financial Instruments: Turkey Financial Reporting Standards" and in accordance with IAS 27 "Separate Financial Statements".

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

The derivative transactions mainly consist of currency and interest rate swaps, precious metals swaps, foreign currency forward contracts and currency options. The Bank has classified its derivative transactions, mentioned above, as "Derivative Financial Assets at Fair Value Through Profit or Loss" in accordance with the "IFRS 9 – Financial Instruments".

Derivatives are initially recorded at their purchase costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Derivative transactions are valued at their fair values subsequent to their acquisition and in accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement.

Embedded derivative products are not separated from the articles of association and are accounted according to the standard on which the articles of association are based. As of March 31, 2021, the Bank does not have any embedded derivative financial instruments.

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized using the effective interest method.

Starting from January 1 2018, Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted through effective interest rate of and recognized through the gross book value of the non performing loan.

VI. INFORMATION ON FEES AND COMMISSIONS

Banking service income is recorded as income when they are collected. Other fee and commission income are transferred to profit/loss accounts according to the principle of periodicity on the basis of accrual using the principle of the effective interest method. Fee and commission expenses are recorded as expense at the time they are paid.

Fees and commissions other than those that are an integral part of the effective interest rate of financial instruments measured at amortized cost are accounted in accordance with the IFRS 15 "Revenue from Contracts with Customers" standard.

VII. INFORMATION ON FINANCIAL ASSETS

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to IFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated January 19, 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

The Bank recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and Measurement of Financial Instruments

According to TFRS 9, the classification and measurement of financial assets is determined according to the business model in which the financial asset is managed and whether it depends on the contractual cash flows that include interest payments only on the principal and principal balance.

Assessments on whether contractual cash flows include only principal balances and interest payments on the principal

Within the scope of this evaluation; principal is defined as the fair value of the financial asset when it is first recognized in the financial statements. For the time value of money, interest takes into account the costs (eg liquidity risk and management costs) for the credit risk and other underlying credit risks and profit margin associated with the principal amount over a period of time.

The Bank takes into consideration the contractual terms of the financial asset in the evaluation of the contractual cash flows that only include principal and interest payments on the principal. This includes assessing whether the financial asset includes a contractual condition that could change the timing or amount of contractual cash flows.

While performing the assessment, the Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures defined in TFRS 9 Financial Instruments including events that may change the amount and timing of cash flows, leverage structure of the financial product, early payment options, contingent interest rate changes and similar conditions.

At the time of initial recognition, each financial asset is classified as measured at fair value through profit or loss, at amortized cost, or at fair value through profit or loss.

Financial assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit/loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Equity securities classified as financial assets at fair value through profit/loss are recognized at fair value.

Marketable securities classified as financial assets at fair value through profit or loss are recognized at their fair values.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. “Unrealized gains and losses” arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity.

Securities representing the share in the capital classified as financial assets at fair value through profit or loss are recognized at fair value. Exceptionally, cost may be an appropriate estimation method for determining fair value. This is only possible if there is not enough recent information on the measurement of fair value or if the fair value can be measured with more than one method and the cost reflects the fair value estimation among these methods in the best way.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets Measured at Amortized Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Both “Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Group includes Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted 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. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year.

Derivative Financial Assets

The Bank's derivative transactions mainly consist of foreign currency swaps and interest rate swaps, cross currency swaps, currency options and forward foreign currency purchase / sale contracts.

The derivative financial instruments of the Bank are classified as Financial assets at fair value through profit and loss in accordance with “IFRS 9 Financial Instruments” (IFRS 9). Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts.

Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method". Loans of the Bank are retained under the “Measured at Amortized Cost” accounts due to holding loans in scope of a business model for the collection of contractual cash flows and contractual terms of loans that leads to cash flows representing solely payments of principal and interest at certain date.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS

As of January 1, 2018, the Bank recognizes provisions for expected loss in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated June 22, 2016 numbered 29750. Expected credit loss model is applied to financial assets measured at amortized cost or financial assets at fair value through other comprehensive income (e.g. placements, loans and leasing receivables), loan commitments and financial guarantee contracts.

The expected credit loss estimates are required to be unbiased, probability-weighted, considering the time value of money and including supportable information about past events, current conditions, and forecasts of future economic conditions.

It is possible to perform the expected credit loss calculations in accordance with TFRS 9, with three main parameters for each loan. Exposure at Default (EAD), Loss Given Default (LGD), Probability of Default (PD).

Expected Credit Loss (ECL) Calculation - Input and Forecasting Methodologies

Exposure at Default (EAD): Represents the amount of risk on the default date of the borrower in case of default. According to TFRS 9 in calculating EAD, the estimation of how customer risk rating changes over time is important. Amount of EAD for cash and non-cash loans are calculated in different ways.

Cash loans are divided into two parts as loans with payment plan and loans without payment plan. For loans with payment plan, EAD is calculated by considering the installments to be paid in the future. For cash loans without payment plan, EAD is calculated by keeping credit balance constant. For non-cash loans and limit commitments EAD is calculated by regarding to credit conversion factor and behavioral maturity periods.

Loss Given Default: The ratio that provides the uncollectable amount of the loans in the process after the default. The LGD ratio is the division of the uncollectable amount of a defaulted loan into the defaulted loan amount. This ratio enables to predetermine the risks in the case of default for the active credit portfolio and allows for provision under TFRS 9. In LGD methodology, all non-performing loans amounts and long term collection process has been taken into account and LGD rate is calculated after deducting net collections amounts from the default amount and discounted with effective interest rates or approximate rate over the net amounts with an approximate value.

For corporate and retail portfolios, different LGD calculations are performed. Since the dragging effect, LGD rates in corporate portfolios are considered on customer basis. For retail portfolios, LGD rates are considered on credit basis. In order to differentiate variable risk characteristics in accordance with TFRS 9, individual and corporate segments are divided into its own LGD ratios according to different risk factors.

Probability of Default (PD): Represents the probability of default of the debtor in a defined time lag in the future.

The models used in PD calculations were developed based on historical data on past and quarterly and non-defaultable loans. PD rates used within the scope of TFRS 9 are calculated separately for each rating model and rating information. In this context, firstly, PD rates are calculated from historical data (through the cycle) from this model and rating values, then lifetime default rate curves are created. These lifetime default rate curves provide the following two basic estimation data in the calculation of expected credit losses as follows:

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

- 12 Months PD ratio: The probability of default within 12 months from the reporting date estimate
- Lifetime PD ratio: Estimation of the probability of default over the expected life of the financial instrument

The models developed under TFRS 9 have detailed segment structures based on corporate and retail portfolios.

While creating the corporate PD rates, the rating values assigned to the customers as of the date of each rating and the customers who default on the corporate side are considered. Retail portfolios are divided into sub-segments according to product groups and lifetime default rate curves vary according to product groups. By taking into account the periodic PD rates, a PD rate scale is generated on the basis of rating and model code through the cycle.

The relation of all risk parameters with macroeconomic conditions has been tested and it has been determined that macroeconomic conditions have an effect on the probability of default. In this context, macroeconomic forecasts are taken into account in changing the probability of default.

Different macroeconomic models have been created for the retail portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the “Expected Credit Loss Provision” were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2021. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

In the calculation of expected credit loss in accordance with TFRS 9, certain part of commercial and corporate loans are subject to individual assessment on a customer basis in accordance with internal evaluations. The models and methodologies used for TFRS 9 are evaluated at least once a year by the teams responsible for the model and methodology for their accuracy and suitability. The models and other issues that were created within the scope of TFRS 9 and which need to be updated in 2020 were revised and reflected in financial statements of March 2021.

Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect changes in economic conjuncture and are updated if needed.

The maximum period to determine the expected credit losses except for demand and revolving loans is up to the contractual life of the financial asset.

Staging

Financial assets are divided into the following three categories based on the increase in the credit risks observed since the initial acquisition:

Stage 1:

Financial assets that do not have a significant increase in the credit risk at the first time they are received in the financial statements or after the first time they are taken to the financial statements. For these assets, credit risk impairment provision is accounted for 12 months expected credit losses. The Bank applies the expected 12-month default probabilities to the estimated default amount and multiplies with the loss given default and downgrades to the present day with the original effective interest rate of the loan. For these assets, an expected 12-month credit loss is recognized and interest income is calculated over the gross carrying amount. 12-month expected credit loss is the loss arising from possible risks in the first 12 months following the reporting date.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Stage 2:

A financial asset is transferred to stage 2 in the event that there is a significant increase in the credit risk after the first time the financial asset is taken in the financial statements. The Bank determines the credit risk impairment provision of the financial asset according to lifetime expected credit loss. Lifetime expected credit losses are credit losses arising from all events that may occur during the expected life of the financial asset. The probability of default, and loss given default are estimated over the life of the loan including the use of multiple scenarios. Expected cash flows are discounted using the original effective interest rate.

Stage 3:

Stage 3 includes financial assets with objective evidence of impairment as of the reporting date. Lifetime expected credit loss is recorded for these assets. The Bank's methodology for loans at this stage is similar to loans classified in Stage 2, but the probability of default is considered 100%. Loss given default is calculated considering the period the loan waits in the non-performing loans and an aging curve formed from the historical data.

Significant Increase in Credit Risk

The Standart requires the assessment of whether there is a significant increase in the credit risk of financial assets by the date of initial recognition based on the information available without excessive effort and cost as of the reporting date. The factors that show a significant increase in credit risk under TFRS 9 are as follows:

Past Due Date; significant increase in the credit risk since the granting date in the case of loans overdue more than 30 days.

Restruction: Classification of financial assets under stage 2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

Qualitative Criteria: Implementation of set of qualitative criteria set by the Bank in accordance with the information obtained.

Quantitative Criteria: As of the reporting date, the default risk for the borrower and the default risk as of the date of the initial allowance are compared with the change in the grade / score information as a result of the application of statistically determined threshold values.

The Bank has accounted for the effect of applying the new provisions at the date of January 1, 2018 by recording a reversal in the opening records of previous years' profit and loss accounts. The primary impact is due to changes in the allowance for credit losses in accordance with the new impairment provisions and the tax effects of the corresponding provisions.

Within the scope of the measures taken for COVID-19, the Bank, pursuant to the BRSA's decision numbered 8970 dated 27 March 2020, effective as of March 17, 2020, and within the scope of Article 4 of the “Regulation on the Principles and Procedures Regarding the Classification of Loans and the Provisions”, 30-day delay period which was envisaged for classification in the Group II has started to be applied as 90 days until 31 December 2020 for the loans followed in the Group I. This regulation will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312. In this context, receivables that are not collected by the Bank for up to 90 days can be classified under the First Group. In the classification of loans, the Bank also takes into account whether it is due to a temporary liquidity shortage experienced by the borrower because of the COVID-19 outbreak. The bank continues to calculate the Expected Credit Loss based on its own risk models.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Default Definition

The Bank takes into account the requirements of TFRS 9 and the relevant BRSA in order to determine the default situation in accordance with the definition of default and its indicators included in the Communiqué on the Calculation of Provisions Regulation and the Amount Based on the Internal Risk Based Approach of the Credit Risk.

In terms of the default definition, the bank has set the following criterias;

- Over 90 days delayed collection of principal and / or interest amount,
- The customer has been bankrupt or has been found to apply for bankruptcy,
- The customer's creditworthiness is impaired,
- It is decided that the principal and / or interest payments of the borrower will be delayed by more than 90 days since the collaterals and / or borrower's own funds are insufficient to cover the payment of the receivables at maturity,
- It is decided that the principal and / or interest payments of the customer will be delayed by more than 90 days due to macroeconomic, sector specific or customer specific reasons.

Due to COVID-19, effective as of 17 March 2020, the "more than 90 days past due" condition used in the definition of default for the classification of loans has started to be applied as "more than 180 days past due" in accordance with the 4th and 5th articles of "Regulation on Classification of Loans and Procedures and Principles for Provisions to Be Allocated for them" announcement of BRSA. This regulation will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312. In this context, receivables that are not collected by the Bank for up to 180 days can be classified under the Second Group. The Bank, continues the calculate expected credit loss according to its own risk models for these loans. For loans that are not subject to individual evaluation on a customer basis and have a delay of more than 90 days, the Bank determines the information and factors that cannot be included in the expected credit loss calculations based on expert opinion and reflects them in the provision.

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period, there are no write off transactions, the prior period a write-off transaction has been made for non-performing loans in the amount of TL 890,789 for which 100% provision has been made.

Asset Sales Policy

Banks that are directly or indirectly owned by the public or banks that are controlled by the public and financial institutions qualified as subsidiaries to these Banks can sell non-performing loans to asset management companies. As of 31 March 2021, there are no transactions of this nature at the Bank.

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ACCOUNTING POLICIES (Continued)

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are reported in the balance sheet as net amount in the cases of the Bank’s right and right to sanction to finalize and have the intention to receive/pay related financial asset or liability over the recognized amount or have the right to finalize the related asset and liability simultaneously.

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements (“repo”) are classified under “Financial Assets at Fair Value through Profit or Loss”, “Financial Assets at Fair Value through Other Comprehensive Income” and/or “Financial Assets Measured at Amortised cost” portfolios according to their holding purposes in the Bank’s portfolio, and they are valued based on the revaluation principles of the related portfolios. Funds received through repurchase agreements are classified in balance sheet under “Money Market Funds” and the related interest expenses are accounted on an accrual basis of balance sheet date.

Securities purchased under resale agreements (“reverse repo”) are classified in balance sheet under “Receivables from Money Markets”. The income accrual is calculated for the securities purchased under resale agreements via the difference between buying and selling prices on the balance sheet date.

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

As per TFRS 5 - “Non-current Assets Held for Sale and Discontinued Operations”, a fixed asset classified as an asset kept for sales purposes (or a group of fixed assets to be disposed of) is measured with either its book value or fair value less costs to sell (with the lower one).

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill on financial statements.

The Bank’s intangible assets consist of software. Intangible assets are initially recorded at their costs in compliance with the TAS 38 – *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 - Impairment of Assets and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Estimated useful lives of the Bank’s intangible assets are 3-15 years, and amortisation rates are between 6.67% and 33.33%.

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

The costs of the tangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of December 31, 2004 are considered as their historical costs. Tangible assets purchased after January 1, 2005 were recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any. The Bank decided to pursue the properties for use according to their fair values in terms of separating the land and buildings within the context of TAS 16 “Turkish Accounting Standard on Property, Plant and Equipment” after the change in the accounting policy as of September 30, 2015.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognized in the income statement of the period.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful life (years)	Depreciation rate (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through leases	4-5	20-25

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

At each reporting date, the Bank evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 - Impairment of Assets and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIV. INFORMATION ON LEASING ACTIVITIES

The difference between operating leases and financial leases has been eliminated with the “IFRS 16 Leases” effective as of January 1, 2019, and on the transition date, the Bank has applied the simplified transition approach and elected not to restate comparative figures.

The Bank started to apply the “IFRS 16 Leases” standard which went into effect on January 1, 2019 to leases of service buildings and car rentals. However ATM’s which are determined as low value by the Bank and short term lease contracts with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. The payments for these contracts are recorded as expense in the period they occurred.

In accordance with “IFRS 16 Leases” standard, the Bank calculates the “right to use” amount on the basis of the present value of the lease payments of the fixed asset leased at the beginning of the lease and includes them in “tangible fixed assets”. In calculating assets having a right to use, outstanding rent amounts were discounted by a specific rate, considering the remaining term of the lease contract signed with the property owner, to determine net present value.

Instead of recognising leases in the scope of the "IFRS 16 Leases" standard as expenses or prepaid expenses, the Bank recognised the total lease liabilities to be paid by the end of the lease contract as “Lease Payables” under liabilities on the balance sheet. Changes that may impact the lease liability are remeasured and included in the balance sheet accounts.

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES (Continued)

Monthly interest and depreciation are calculated on the net present value based on the period of the lease contract, and are recognised on the income statement.

Note about the assets and liabilities with right of use is presented under section V. Part II. in note 5.

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of unplanned or unexpected one or more uncertain future events not wholly within the control of 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 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. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at March 31, 2021 is TL 7,639 (full TL) (December 31, 2020: TL 7,117 (full TL)).

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the TAS 19 – Employee Benefits.

Other benefits to employees

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period (unused vacations, premium and dividend) as per services rendered in compliance with TAS 19 in the accompanying unconsolidated financial statements.

In accordance with TAS 19, the Bank recognizes actuarial gains and losses generated in related reporting periods in equity.

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ACCOUNTING POLICIES (Continued)

**XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS
(Continued)**

Pension fund

The employees of the Bank are the members of “Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı” (“the Fund”) established on May 15, 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

As part of Social Security Law’s 506 numbered, temporary article no.23, monthly income or salary is eligible for whose disabled with fund’s associates, senility and death insurance is subjected according to the first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law, issued in the November 1, 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court’s March 22, 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on December 15, 2007 in the Official Gazette no. 26731. The reason for the cancellation decision by Constitutional Court was stated as possible future losses on acquired rights of Fund members.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 (“the Law”) has been approved on April 17, 2008. The Law is enacted by the approval of the President of Turkey and issued on the May 8, 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no. 20 of the Article no. 73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below:

- a) The technical interest rate to be used for the actuarial calculation is 9.80%
- b) Income and expenditures in respect to fund’s insurance division are considered in the calculation of discounted liability.

Law requires the transfer to be completed in three years beginning from January 1, 2008. The three year period has expired on May 8, 2011; however, it has been extended to May 8, 2013 with the decision of Council of Ministers published in Official Gazette dated April 9, 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated May 3, 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 published in Official Gazette dated April 30, 2014 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date 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 numbered 29335. “Council of Ministers” expression in “Council of Ministers is authorized to determine the date of transfer to the Social Security Institution” stated in provisional article 20 of Social Insurance and Universal Health Insurance Law No. 5510 is replaced with the “President” pursuant to the paragraph (I) of Article 203 of Statutory Decree No. 703 promulgated in repeated Official Gazette No. 30473, dated 09 July 2018.

The employer of pension fund participants will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated March 31, 2021 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at December 31, 2020.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

Corporate tax rate is 20% in Turkey according to Article 32 of the Corporate Taxes Law No. 5520. This rate is applied to total income of the Bank adjusted for certain disallowable expenses, exempt income and any other allowances.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. No further tax is paid if the profit is not distributed.

75% of the profit from sales of associate shares that held at least 2 years and 50% of the profit from sales of real estates are exceptional from corporate taxes if there is a capital increase according to Corporate Tax Law or it is hold for 5 years on a special fund account. The Bank follows these profits in “Other Profit Reserves” under the equity.

50% revenue of the sales from the firms that follows up for their debts and their guarantors’ and mortgagor’ properties, associate shares, founder shares, redeemed shares and privileges are exceptional from the corporate taxes.

Advance tax that is calculated with the current rate through profit from quarterly period has to be declared on the 17th day and paid until the 17th night of the second following month after the period end. Advance taxes paid during the year are set off on corporate tax which is calculated in yearly corporate tax return for that year. In the case of excess amount of advance tax, the amount can be reimbursed in cash or be set off to other financial debts.

According to tax legislation, financial losses which are not exceed over 5 years can be deducted from profit of the company. Losses can not be set off from retained earnings.

There is no agreement with the tax authorities about the tax payables in Turkey. Corporate tax return declared until the last day of the fourth month following the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records within five years and change the tax amount if there is a wrong transaction.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporation tax legislation for the foreign branches

Bahrain

Bahrain branch is non taxable because there is no corporate tax practice in that country. Bahrain branch’ income is added to headquarters income and it is taxed in Turkey according to Law No. 5520 on Corporate Tax Laws published in the Official Gazette dated June 5, 2012, numbered B.07.1.GİB.4.99.16.02-KVK-5/1-b-128.

Erbil

Erbil branch is taxable according to the country’s law legislation. Declaration of financial records and their tax payments are differing from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

New York

New York branch is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Turkey.

Qatar

The branch of the Bank operating in Qatar is not taxed due to the absence of corporate or income tax in the legislation of this country. In the case of corporate income, it will be taxed in Turkey.

Deferred taxes

According to the TAS 12 - Income Taxes; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. The deferred tax debt or assets is determined by calculating the “taxable temporary differences” between the assets’ and debts’ book values versus the values on the legal tax base accounts. According to tax legislation, differences that do not affect the financial or commercial profit of the assets or liabilities at the acquisition date are excluded from these calculations.

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions are not calculated.

Deferred taxes’ book value is revised in every balance sheet date. If there is a condition met, where no possible taxable profit could be generated in case of a full or partial deferred tax asset benefit could be enabled by the Bank, the book value of the deferred tax asset will be decreased.

The deferred tax assets and liabilities wch are calculated by 20% reported as net in the financial statements only if the Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

In case valuation differences resulting from the subsequent measurement of the items are recognized in the statement of income, then the related current and or deferred tax effects are also recognized in the statement of income. On the other hand, if valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 2007 sets details about implementation.

Pursuant to the relevant Communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

XVIII. INFORMATION ON CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XIX. ADDITIONAL INFORMATION ON BORROWINGS

The Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Bank has started to obtain funds through domestic and international bonds since August 2011.

These transactions are initially recognized at acquisition costs at the transaction date and are subsequently measured at amortized cost using effective interest method.

The bank is not hedging about debt instruments.

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

The shares of the Bank having nominal value of TL 322,000, representing the 25.18% of the Bank's outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as "Share Premiums" in shareholders' equity. TL 448,429 of this amount has been utilized in capital increase on December 19, 2006.

With the decision of the Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid-in capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board, the Banking Regulation and Supervision Agency and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering and by private placement.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES (Continued)

In the special circumstances disclosure published by the Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as 4.98 TL for a share with a nominal value of 1 TL, and the issued capital due to capital increase will be increased from TL 2,500,000 to TL 3,905,622.

In 20 May 2020 the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed and the amount of 5,579,359 TL was recorded as share premium.

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at March 31, 2021 and December 31, 2020, the Bank does not have any government incentives.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Segment reporting was selected as a fundamental section reporting method considering Bank's risk and return structure and key sources. It is disclosed in Section 4 Note VII.

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ACCOUNTING POLICIES (Continued)

XXIV. INFORMATION ON OTHER MATTERS

Earnings per share

Earnings per share has been calculated by dividing the net profit for the year to weighted average of outstanding shares. In Turkey, the companies may perform capital increase (“Bonus Shares”) from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the period ended March 31, 2021, earnings per 100 shares are full TL 0.1921 (March 31, 2020: full TL 0.6865).

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - Related Party Disclosures Standard. Transactions made with related parties are disclosed in Section 5 Note V.

Classifications

"Participation and Subsidiary Shares and Real Estate Sales Gains", which were previously accounted under "Other Comprehensive Income or Expenses That Will Not Be Reclassified In Profit or Loss" in the balance sheet, it was classified under "Other Profit Reserves" in the financial statements, comparative previous periods of the financial statements dated 31 March 2021 are also shown in line with the current period.

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SECTION FOUR

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT
I. INFORMATION ON EQUITY ITEMS**

Total Capital amount and Capital Adequacy Standard Ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

Additionally, the recent revision changes considered are as follows:

In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of capital adequacy ratio, equity amount was used for the ones acquired before this date, excluding the negative valuation differences of securities in the “Fair Value of Financial Assets Through Other Comprehensive Income” portfolio.

In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank’s foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

As of March 31, 2021 Bank’s equity amount TL 67,802,916 (December 31, 2020: 65,379,700 TL) capital adequacy ratio is 15.50% (December 31, 2020: 16.44%).

Current Period - March 31, 2021	Amount	1/1/2014(*)	Amount as per the regulation before
COMMON EQUITY TIER I CAPITAL			
Paid-in capital to be entitled for compensation after all creditors	3,905,622		
Share Premium	6,303,277		
Reserves	31,666,047		
Income recognized under equity in accordance with TAS	5,467,480		
Profit	750,124		
Current Period’s Profit	750,124		
Prior Period’s Profit	-		
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period’s profit	510,537		
Common Equity Tier 1 Capital Before Deductions	48,603,087		
Deductions from Common Equity Tier 1 Capital			
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-		
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	468,929		
Leasehold Improvements on Operational Leases	191,481		
Goodwill netted with deferred tax liability	-		
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	246,113	249,201	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-		
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		
Gains arising from securitization transactions	-		
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		
Defined-benefit pension fund net assets	-		
Direct and indirect investments of the Bank in its own Common Equity	-		
Excess amount expressed in the law (Article 56 4th paragraph)	-		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-		
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-		
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
Amounts related to mortgage servicing rights	-		
Excess amount of deferred tax assets from temporary differences	-		
Other Items Determined by BRSA	-		
The amount to be deducted from common equity tier 1 capital	-		
Total regulatory adjustments to Common equity Tier 1	906,523		
Common Equity Tier 1 capital (CET1)	47,696,564		
Additional Tier 1 capital: instruments	11,768,665		
Premiums that are not included in Common Equity Tier 1 capital	-		
Bank’s borrowing instruments and related issuance premium	11,768,665		
Bank’s borrowing instruments and related issuance premium (Temporary Article 4)	-		
Additional Tier 1 Capital before deductions	-		
Deductions from Additional Tier 1 Capital			
Bank’s direct or indirect investment in Tier 1 Capital	-		
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7	-		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-		
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-		
Other Items Determined by BRSA	-		

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Current Period - March 31, 2021	Amount	1/1/2014(*)	Amount as per the regulation before
Transition from the Core Capital to Continue to deduce Components			
Goodwill and other intangible assets and related deferred tax liabilities which will not be 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 (-)	-	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-	-
Total Deductions from Additional Tier 1 Capital	-	-	-
Total Additional Tier 1 Capital	11,768,665	-	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	59,465,229	-	-
TIER 2 CAPITAL			
Bank's borrowing instruments and related issuance premium	3,288,346	-	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	162,881	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5,060,504	-	-
Tier 2 Capital Before Deductions	8,348,850	-	-
Deductions From Tier 2 Capital			
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-	-
Other Items Determined by BRSA (-)	-	-	-
Total Deductions From Tier 2 Capital	-	-	-
Tier 2 Capital	8,348,850	-	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	67,814,079	-	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)			
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	11,163	-	-
Other accounts to be defined by the BRSA (-)	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components			
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-	-
TOTAL CAPITAL			
Total Capital	67,802,916	-	-
Total Risk Weighted Amounts	437,464,289	-	-
Capital Adequacy Ratios			
Core Capital Adequacy Ratio (%)	10.90	-	-
Tier 1 Capital Adequacy Ratio (%)	13.59	-	-
Capital Adequacy Ratio (%)	15.50	-	-
BUFFERS			
Total buffer requirement (a+b+c)	2.506	-	-
a) Capital conservation buffer requirement (%)	2.500	-	-
b) Bank specific counter-cyclical buffer requirement (%)	0.006	-	-
c) Systemically important banks buffer requirement (%)**	0.000	-	-
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 (%)	6.40	-	-
Amounts below deduction thresholds			
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-	-
Mortgage servicing rights	-	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-
Limits related to provisions considered in Tier 2 calculation			
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	8,278,754	-	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	5,060,504	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-	-
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	-	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)			
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-	-

*Represents the amounts taken into consideration according to transition clauses.

**According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021**

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

	Amount	Amount as per the regulation before 1/1/2014(*)
Prior Period - December 31, 2020		
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	
Share Premium	6,303,277	
Reserves	25,754,720	
Income recognized under equity in accordance with TAS	4,333,606	
Profit	5,911,327	
Current Period's Profit	5,010,456	
Prior Period's Profit	900,871	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	496,202	
Common Equity Tier 1 Capital Before Deductions	46,704,754	
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	184,281	-
Leasehold Improvements on Operational Leases	186,177	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	251,975	255,263
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	622,433	
Common Equity Tier 1 capital (CET1)	46,082,321	
Additional Tier 1 capital: instruments	11,397,014	
Premiums that are not included in Common Equity Tier 1 capital	-	
Bank's borrowing instruments and related issuance premium	11,397,014	
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	
Additional Tier 1 Capital before deductions	-	
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

	Amount	Amount as per the regulation before 1/1/2014(*)
Prior Period - December 31, 2020		
Transition from the Core Capital to Continue to deduce Components		
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 (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	11,397,014	-
Total Tier 1 Capital (Tier 1 Capital+Common Equity+Additional Tier 1 Capital)	57,479,335	-
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	3,271,420	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	325,763	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4,640,057	-
Tier 2 Capital Before Deductions	7,911,477	-
Deductions From Tier 2 Capital		
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	7,911,477	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	65,390,812	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	11,112	-
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	65,379,700	-
Total Risk Weighted Amounts	397,695,782	-
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	11.59	-
Tier 1 Capital Adequacy Ratio (%)	14.45	-
Capital Adequacy Ratio (%)	16.44	-
BUFFERS		
Total buffer requirement (a+b+c)	2.507	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.007	-
c) Systemically important bank buffer requirement (%) ^(**)	0.000	-
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 (%)	7.09	-
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	8,630,600	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	4,640,057	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
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	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

*Represents the amounts taken into consideration according to transition clauses.

** According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period - March 31, 2021						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFB0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	163	1,875	525	4,994	6,775	725
Par value of instrument (in million)	5,137	1,875	525	4,994	6,775	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period - March 31, 2021						
	Coupons / dividends					
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	8% fixed interest rate	5 years maturity “Indicator Government Debt Security” +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
	Convertible or non-convertible					
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
	Write-down feature					
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSB regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. BRSB regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2020							
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1175854923/ US90015WAC73	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFB92719	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment							
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	325	1,696	525	4,994	6,403	725	325
Par value of instrument (in million)	4,644	1,696	525	4,994	6,403	725	4,644
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 2, 2015	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: February 3, 2025	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 2, 2015	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at February 3, 2020 is available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2020							
Coupons / dividends							
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	6.875% fixed interest rate	8% fixed interest rate	5 years maturity “Indicator Government Debt Security” +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible							
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature							
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSR regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. BRSR regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Shareholders’ equity	47,987,639	46,484,658
Valuation differences of the marketable securities	146,519	35,815
Leasehold improvements on operational leases	(191,481)	(186,177)
Goodwill and intangible assets	(246,113)	(251,975)
General provision (1.25% of the amount that subject to credit risk)	5,060,504	4,640,057
Subordinated debt	15,057,011	14,668,434
Deductions from shareholders’ equity	(11,163)	(11,112)
Capital	67,802,916	65,379,700

(*) In accordance with the BRSA regulation dated April 16, 2020, and numbered 8999, 0% risk weight was used in the calculation of the amount subject to credit risk for the receivables of the banks from the CBRT and in FX.

(**) In accordance with the BRSA regulation dated December 8, 2020, and numbered 9312, in calculating the capital adequacy ratio, the equity amount calculated without taking into consideration the negative valuation differences of the securities in the “Fair Value of Financial Assets Through Other Comprehensive Income” portfolio, which was obtained before this date, was used.

II. FOREIGN CURRENCY EXCHANGE RISK

Foreign exchange risk that the Bank exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Bank for the positions being monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation and the capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As at March 31, 2021 and December 31, 2020 the Bank does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

The Bank manages the Turkish currency or foreign currency risks that may arise in domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of the Bank’s strategies by considering the balance with other financial risks.

Sensitivity analysis regarding the currency risk that the Bank is exposed to is explained in the related section II.

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

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	8.2400	9.6787
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	8.3264	9.7638
Day 2	8.1833	9.6378
Day 3	8.0128	9.4452
Day 4	7.9460	9.3766
Day 5	7.9239	9.3670
Last 30-days arithmetical average rate	7.5490	9.0236

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period - March 31, 2021	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of Republic of Turkey	28,417,526	26,117,677	6,599,372	61,134,575
Banks	4,992,156	10,184,290	435,810	15,612,256
Financial assets at fair value through profit or loss ⁽⁶⁾	-	172,413	8,436,228	8,608,641
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	11,963,947	41,581,636	-	53,545,583
Loans ⁽¹⁾	69,887,423	67,239,063	229,087	137,355,573
Associates, subsidiaries and joint-ventures	989,599	-	-	989,599
Financial assets measured at amortized cost	7,740,376	7,069,349	-	14,809,725
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	14,435	-	14,435
Intangible assets	-	-	-	-
Other assets ⁽²⁾	1,855,262	1,847,015	1,238	3,703,515
Total assets	125,846,289	154,225,878	15,701,735	295,773,902
<i>Liabilities:</i>				
Bank deposits	4,946,733	13,499,742	491,452	18,937,927
Foreign currency deposits	69,439,126	105,210,207	20,423,548	195,072,881
Interbank money market takings	12,340,621	9,327,107	-	21,667,728
Other funding	25,632,504	30,501,860	173,362	56,307,726
Securities issued ⁽³⁾	12,040,245	38,569,311	685,555	51,295,111
Miscellaneous payables	2,470,933	559,643	211	3,030,787
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ⁽²⁾	494,914	3,170,568	46,612	3,712,094
Total liabilities	127,365,076	200,838,438	21,820,740	350,024,254
Net ‘on balance sheet’ position	(1,518,787)	(46,612,560)	(6,119,005)	(54,250,352)
Net ‘off-balance sheet’ position	2,735,978	46,240,189	6,112,079	55,088,246
Derivative assets ⁽⁴⁾	11,579,142	58,847,354	7,663,170	78,089,666
Derivative liabilities ⁽⁴⁾	8,843,164	12,607,165	1,551,091	23,001,420
Non-cash loans ⁽⁵⁾	30,703,028	38,366,676	1,341,456	70,411,160
Prior Period - December 31, 2020	Euro	US Dollar	Other FC	Total
Total assets	128,179,022	141,908,756	16,733,336	286,821,114
Total liabilities	116,078,586	179,476,331	22,504,078	318,058,995
Net ‘on balance sheet’ position	12,100,436	(37,567,575)	(5,770,742)	(31,237,881)
Net ‘off-balance sheet’ position	(11,053,505)	37,693,779	5,788,929	32,429,203
Derivative assets ⁽⁴⁾	10,386,343	42,845,166	6,909,282	60,140,791
Derivative liabilities ⁽⁴⁾	21,439,848	5,151,387	1,120,353	27,711,588
Non-cash loans ⁽⁵⁾	25,777,368	30,882,807	1,171,651	57,831,826

- (1). Foreign currency indexed loans amounting to TL 499,076 (December 31, 2020: TL 538,028) which are presented in TL column in the balance sheet are included in the table above.
- (2). Other Derivative Financial Instruments Currency Income Costs TL 159,833 (31 December 2020: TL 43,849), Prepaid Expenses TL 195,614 (31 December 2020 : 168,636), 1st and 2nd stage expected loss provisions (14,670) (31 December 2020: (13,263)), and derivative financial instruments currency expense accruals of TL 214,559 (31 December 2020: 28,593), Expected Credit Loss on Non-Cash Loans amounting to TL 6,130 (31 December 2020: 5,542) unearned income TL 229,971 (31 December 2020: 214,294) and shareholders' equity TL 337,679 (31 December 2020: 942,959) are not taken into consideration in the currency risk calculation.
- (3). Subordinated debt are shown under securities issued..
- (4). Asset purchase commitments amounting to TL 1,568,477 (December 31, 2020: TL 468,092) and asset sales commitments amounting to TL 1,945,483 (December 31, 2020: TL 5,679,004) are included.
- (5). Non-cash loans are not taken into consideration in the calculation of the net ‘off-balance sheet’ position.
- (6). Gold-based bonds amounting to TL 8,436,228 in the other FX.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% appreciation of the TL against the following currencies as at and for the period ended March 31, 2021 and March 31, 2020 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	Current Period- March 31, 2021		Prior Period- March 31, 2020	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(38,681)	(38,681)	(754,310)	(754,310)
Euro	121,719	22,759	74,373	15,995
Other currencies	(693)	(693)	2,836	2,836
Total, net (**)	82,345	(16,615)	(677,101)	(735,479)

(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

(**) Associates, subsidiaries and jointly controlled partnerships are included in the currency risk effect calculations on profit or loss, but not in the currency risk effect calculations on equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

10% appreciation of the TL against the following currencies as at and for the period ended March 31, 2021 and March 31, 2020 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	Current Period - March 31, 2021		Prior Period- March 31, 2020	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	38,681	38,681	754,310	754,310
Euro	(121,719)	(22,759)	(74,373)	(15,995)
Other currencies	693	693	(2,836)	(2,836)
Total, net (**)	(82,345)	16,615	677,101	735,479

(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

(**) Associates, subsidiaries and jointly controlled partnerships are included in the currency risk effect calculations on profit or loss, but not in the currency risk effect calculations on equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. INTEREST RATE RISK

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

Bank’s interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

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

Current Period - March 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	4,315,052	-	-	-	-	64,285,253	68,600,305
Banks	-	892,542	-	77,434	-	15,762,647	16,732,623
Financial assets at fair value through profit/loss	269,345	367,942	3,403,843	4,395,098	-	384,493	8,820,721
Interbank money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	20,845,822	6,900,987	9,042,113	48,171,749	2,773,574	4,456	87,738,701
Loans and receivables (*)	151,374,948	76,574,422	100,898,711	70,754,103	48,693,432	16,974,378	465,269,994
Financial assets measured at amortized cost	34,862,687	345,613	1,512,419	16,359,752	5,636,603	-	58,717,074
Other assets (**)	3,511,240	8,065,685	774,374	259,932	1,984,029	254,457	14,849,717
Total assets	215,179,094	93,147,191	115,631,460	140,018,068	59,087,638	97,665,684	720,729,135
<i>Liabilities:</i>							
Bank deposits	16,843,209	4,734,936	314,734	-	-	1,264,775	23,157,654
Other deposits	237,131,708	62,409,930	23,377,314	446,376	283	83,796,537	407,162,148
Interbank money market takings	72,018,734	2,176,511	3,136,415	10,257,462	-	-	87,589,122
Miscellaneous payables	-	-	-	-	-	13,308,328	13,308,328
Securities issued (***)	2,174,979	7,643,440	9,745,202	43,780,869	5,165,102	-	68,509,592
Funds borrowed	2,321,164	35,882,810	8,695,074	4,061,976	4,291,763	1,838,981	57,091,768
Other liabilities (****)	835,885	4,935,257	349,030	141,814	2,122,240	55,526,297	63,910,523
Total liabilities	331,325,679	117,782,884	45,617,769	58,688,497	11,579,388	155,734,918	720,729,135
On balance sheet long position	-	-	70,013,691	81,329,571	47,508,250	-	198,851,512
On balance sheet short position	(116,146,585)	(24,635,693)	-	-	-	(58,069,234)	(198,851,512)
Off-balance sheet long position	4,677,842	8,560,465	-	-	-	-	13,238,307
Off-balance sheet short position	-	-	(1,517,877)	(948,850)	(1,276,883)	-	(3,743,610)
Net position	(111,468,743)	(16,075,228)	68,495,814	80,380,721	46,231,367	(58,069,234)	9,494,697

(*) Non-performing loans are shown in the “Non-Interest Bearing” column.

(**) Subsidiaries, associates and tangible and intangible assets, expected credit losses and deferred tax asset are included in non-interest bearing column.

(***) Subordinated debts are shown under securities issued.

(****) Equity is included in non-interest bearing column in other liabilities line.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. INTEREST RATE RISK

Prior Period - December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	12,125,735	-	-	-	-	81,063,051	93,188,786
Banks	-	864,828	-	73,185	-	1,646,906	2,584,919
Financial assets at fair value through profit/loss	-	2,989,523	1,929,602	2,080,875	-	330,931	7,330,931
Interbank money market placements	187,753	-	-	-	-	-	187,753
Financial assets at fair value through other comprehensive income	13,994,500	3,359,614	16,444,406	39,628,459	7,001,193	4,028	80,432,200
Loans and receivables (*)	144,317,421	70,789,988	88,535,065	70,331,545	48,069,140	17,444,257	439,487,416
Financial assets measured at amortized cost	33,331,650	1,398,703	2,352,692	16,327,735	5,336,472	-	58,747,252
Other assets (**)	1,118,946	3,154,273	3,377,619	199,622	1,935,742	7,151,659	16,937,861
Total assets	205,076,005	82,556,929	112,639,384	128,641,421	62,342,547	107,640,832	698,897,118
<i>Liabilities:</i>							
Bank deposits	16,980,113	4,416,355	-	-	-	1,604,981	23,001,449
Other deposits	226,976,870	69,654,439	15,318,685	160,575	184	78,931,341	391,042,094
Interbank money market takings	84,509,632	3,202,765	4,873,145	6,465,922	-	-	99,051,464
Miscellaneous payables	-	-	-	-	-	11,565,365	11,565,365
Securities issued (***)	2,171,827	4,384,022	12,918,347	36,496,832	9,000,737	-	64,971,765
Funds borrowed	1,395,785	30,104,302	9,192,967	4,198,275	457,530	1,637,939	46,986,798
Other liabilities (****)	1,154,376	2,248,016	3,144,167	115,335	1,813,217	53,803,072	62,278,183
Total liabilities	333,188,603	114,009,899	45,447,311	47,436,939	11,271,668	147,542,698	698,897,118
On balance sheet long position	-	-	67,192,073	81,204,482	51,070,879	-	199,467,434
On balance sheet short position	(128,112,598)	(31,452,970)	-	-	-	(39,901,866)	(199,467,434)
Off-balance sheet long position	3,114,500	8,115,216	-	-	-	-	11,229,716
Off-balance sheet short position	-	-	(2,342,817)	(815,150)	(1,813,464)	-	(4,971,431)
Net position	(124,998,098)	(23,337,754)	64,849,256	80,389,332	49,257,415	(39,901,866)	6,258,285

(*) Non-performing loans are shown in the “Non-Interest Bearing” column.

(**) Subsidiaries, associates and tangible and intangible assets, expected credit losses and deferred tax asset are included in non-interest bearing column.

(***) Subordinated debts are shown under securities issued.

(****) Equity is included in non-interest bearing column in other liabilities line.

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IV. INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments ^(*):

Current Period - March 31, 2021	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	13.50
Banks	0.03	0.04	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3.14	3.52	-	12.22
Loans and receivables	4.95	5.98	-	14.46
Financial assets measured at amortized cost	4.60	6.31	-	9.02
Liabilities:				
Bank deposits	0.59	1.53	-	18.83
Other deposits	0.84	1.70	-	15.64
Interbank money market takings	1.71	1.86	-	18.98
Miscellaneous payables	-	-	-	-
Securities issued (**)	4.04	6.06	-	15.01
Funds borrowed	1.77	2.53	-	11.77
Prior Period - December 31, 2020				
	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	12.00
Banks	0.08	0.11	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	17.68
Financial assets at fair value through other comprehensive income	3.43	3.61	-	12.38
Loans and receivables	5.04	6.16	-	13.07
Financial assets measured at amortized cost	4.60	6.27	-	10.57
Liabilities:				
Bank deposits	1.08	1.89	-	19.64
Other deposits	1.54	2.75	-	14.76
Interbank money market takings	1.73	1.86	-	17.08
Miscellaneous payables	-	-	-	-
Securities issued (**)	4.04	6.07	-	14.28
Funds borrowed	1.73	2.50	-	10.68

(*) The rates above are calculated over financial instruments with interest rates.

(**) Subordinated debts are shown under securities issued.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. STOCK POSITION RISKS

Stock position risks arising from banking book items

Information on separations of risks according to objectives including their relation with gains presented in equity and strategically reasons, accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

The accounting applications regarding to share investment that qualifications in associate and at fair value through profit or loss, at fair value through other comprehensive income subsidiary of are disclosed in Section 3 Note III and Note VII.

If carrying value is substantially different from fair value and for publicly traded shares if market value is substantially different from fair value, the comparison with the market prices are shown in the table below:

Current Period - March 31, 2021	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange^(*)	3,594,179	3,594,179	3,594,179
1.Stocks Investments Group A	3,594,179	3,594,179	3,594,179
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange	3,726,151	3,726,151	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

Prior Period - December 31, 2020	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange^(*)	1,720,028	1,720,028	1,720,028
1.Stocks Investments Group A	1,720,028	1,720,028	1,720,028
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange	3,660,060	3,660,060	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. STOCK POSITION RISKS (Continued)

Total unearned gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unearned gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio- Current Period- March 31, 2021	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	2,732,728	2,732,728
3. Other Stocks	-	1,644,374	1,644,374	-	-
4. Total	-	1,644,374	1,644,374	2,732,728	2,732,728

(*) Amounts are presented including the effect of deferred tax.

Portfolio- Prior Period - December 31, 2020	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	952,286	952,286
3. Other Stocks	-	1,644,609	1,644,609	-	-
4. Total	-	1,644,609	1,644,609	952,286	952,286

(*) Amounts are presented including the effect of deferred tax.

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - March 31, 2021	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	3,594,179	3,594,179	287,534
3.Other Stocks	3,726,151	3,594,757	287,581
4. Total	7,320,330	7,188,936	575,115

(*) In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

Portfolio-Prior Period - December 31, 2020	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	1,720,028	1,720,028	137,602
3.Other Stocks	3,660,060	3,536,902	282,952
4. Total	5,380,088	5,256,930	420,554

(*) In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the bank. The framework of liquidity risk of the bank is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Bank is managing liquidity risk according to risk capacity and the Bank’s risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Bank monitors the net liquidity position and liquidity requirements continuously and facing the future. The Bank takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Bank (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

Liquidity management in the Bank is carried out under Treasury Department in regard to the Bank’s strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, Bank’s balance sheet and income goals and strategies defined to meet these goals. Daily, weekly, and monthly cash flow statements are prepared in accordance with principles of profitability and prudence in the Bank’s liquidity management. Cash flow statements are evaluated and the Bank’s liquidity is managed in line with Treasury Department policies, daily TL and FC liquidity position Bank balance sheet and income goals.

Scenarios about where to make replacement funding in case of high amount outflows in daily liquidity management are made regularly, effects of probable outflows on liquidity level and legal ratios are evaluated and liquidity management is carried out by taking necessary actions.

The Bank utilizes liquidity ratios, liquidity gap analysis, scenario analysis and stress tests in internal measurement of liquidity risk. In the liquidity gap analysis and liquidity stress scenarios, the level of meeting the Bank's possible cash outflows in the short term of liquid assets is determined and the Bank's concentration on funding sources and fund uses are analyzed. Liquidity risk measurements are carried out by the Risk Management Department and measurement results, liquidity risk limits and early warning levels are monitored and regularly reported to the executive units responsible for the management of the related risk, and to the senior management and the Board of Directors.

It is taken as a basis that the Bank consistently monitors TL and FC liquidity positions and funding strategies. Necessary precautions are taken in line with liquidity needs by following stress circumstances. “Liquidity Emergency Action Plan” which is an important part of liquidity risk management of our Bank, consists of early warning indicators which play an important role in monitoring increases in liquidity risk and the prevention of a possible crisis, action plans to prevent a possible crisis and to be applied during a crisis. Furthermore, to fulfill our banks reserve deposits liability that it has to allocate in the presence of CBRT, alternative fund sources to provide liquidity that is needed in various stress circumstances and under which circumstances to apply these sources, precautions to minimize time maturity mismatch and provide necessary funds on time, how the mechanism is going to operate in cases of crisis and stress is included in the plan.

In line with the Covid-19 outbreak, which caused a serious slowdown in global and regional economic activities, liquidity adequacy is constantly monitored through stress tests and scenario analyzes. It is observed that the impact of the Covid-19 outbreak on the Bank's liquidity adequacy is limited.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the Bank's Liquidity Coverage Ratio calculated weekly for the last three months and the weeks when these values were observed are given in the table below. In accordance with the related regulation, consolidated and non-consolidated total and foreign currency minimum liquidity coverage ratios are determined as one hundred percent and eighty percent, respectively.

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	19 March 2021	109.72	12 March 2021	235.95
The highest value	15 January 2021	131.25	15 January 2021	456.40

Liquidity Coverage Ratio

Current Period - March 31, 2021		Total unweighted value		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			116,362,689	82,442,278
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	176,840,714	89,496,444	15,929,093	8,949,644
3	Stable deposits	35,099,559	-	1,754,978	-
4	Less stable deposits	141,741,155	89,496,444	14,174,115	8,949,644
5	Unsecured wholesale funding, of which:	204,518,180	87,635,108	82,538,954	37,430,957
6	Operational deposits	127,774,492	49,744,901	31,943,623	12,436,225
7	Non-operational deposits	61,446,411	32,119,941	35,387,192	19,312,604
8	Unsecured debt	15,297,277	5,770,266	15,208,139	5,682,128
9	Secured wholesale funding			-	-
10	Additional requirements of which:	24,668,647	6,969,498	24,668,647	6,969,498
11	Outflows related to derivative exposures and other collateral requirements	24,664,152	6,969,498	24,664,152	6,969,498
12	Outflows related to loss of funding on debt products	4,495	-	4,495	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	38,005,982	33,354,409	1,900,299	1,667,720
15	Other contingent funding obligations	113,827,986	28,851,877	9,390,311	2,085,028
16	TOTAL CASH OUTFLOWS			134,427,304	57,102,847
CASH INFLOWS					
17	Secured lending	47,790	-	-	-
18	Inflows from fully performing exposures	23,459,112	7,271,781	14,996,881	5,302,113
19	Other cash inflows	23,607,418	23,359,287	23,607,418	23,359,287
20	TOTAL CASH INFLOWS	47,114,320	30,631,068	38,604,299	28,661,400
Upper Limit Applied Amounts					
21	TOTAL HQLA			116,362,689	82,442,278
22	TOTAL NET CASH OUTFLOWS			95,823,005	28,441,447
23	LIQUIDITY COVERAGE RATIO (%)			121.62	301.54

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the Bank's Liquidity Coverage Ratio calculated weekly for the last three months and the weeks when these values were observed are given in the table below.

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	9 October 2020	118.00	13 November 2020	214.91
The highest value	18 December 2020	132.76	18 December 2020	428.50

		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
Prior Period - December 31, 2020					
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			123,732,027	86,329,444
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	173,056,352	89,185,064	15,509,684	8,918,506
3	Stable deposits	35,919,036	-	1,795,952	-
4	Less stable deposits	137,137,316	89,185,064	13,713,732	8,918,506
5	Unsecured wholesale funding, of which:	218,175,433	87,496,034	87,945,075	34,982,107
6	Operational deposits	123,825,140	51,721,701	30,956,285	12,930,425
7	Non-operational deposits	79,444,112	30,363,876	42,202,719	16,710,447
8	Unsecured debt	14,906,181	5,410,457	14,786,071	5,341,235
9	Secured wholesale funding			-	-
10	Additional requirements of which:	19,504,006	8,512,643	19,504,006	8,512,643
11	Outflows related to derivative exposures and other collateral requirements	19,504,006	8,512,643	19,504,006	8,512,643
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	41,871,234	37,640,118	2,093,562	1,882,006
15	Other contingent funding obligations	106,997,575	28,419,044	8,882,136	2,146,060
16	TOTAL CASH OUTFLOWS			133,934,463	56,441,322
CASH INFLOWS					
17	Secured lending	19,100	-	-	-
18	Inflows from fully performing exposures	27,242,762	8,386,835	16,222,934	5,782,699
19	Other cash inflows	18,746,496	18,622,292	18,746,496	18,622,292
20	TOTAL CASH INFLOWS	46,008,358	27,009,127	34,969,430	24,404,991
Upper Limit Applied Amounts					
21	TOTAL HQLA			123,732,027	86,329,444
22	TOTAL NET CASH OUTFLOWS			98,965,033	32,036,331
23	LIQUIDITY COVERAGE RATIO (%)			125.15	280.60

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

With the “Liquidity Coverage Rate” which is prepared under the framework of “Regulations Regarding Banks’ Calculations of Liquidity Coverage Rate” published by BRSA, the balance between banks’ net cash outflows and high quality liquid asset stock.

Bank’s high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Ministry of Treasury and Finance of the Republic of Turkey.

Whereas the Banks’ important fund sources are deposits, funds obtained from other financial institutions, marketable securities issued and funds obtained from repo transactions.

Derivatives transactions with 30 or less days to maturity are included into liquidity coverage calculation with cash outflows created by the transactions as of the calculated liquidity coverage rate. In case of a liability resulting from derivatives transactions and security fulfillment liability resulting from other liabilities, actions are taken accordingly to the related regulation.

Maturity analysis of assets and liabilities according to remaining maturities

Current Period – March 31, 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (1)	Total
Assets:								
Cash and balance with CBRT	68,600,305	-	-	-	-	-	-	68,600,305
Banks	15,762,647	-	892,542	-	77,434	-	-	16,732,623
Financial assets at fair value through profit/loss	42,597	269,345	367,942	3,403,843	4,395,098	-	341,896	8,820,721
Interbank money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	186,612	2,836,589	10,449,461	61,991,272	12,270,311	4,456	87,738,701
Loans and receivables	-	34,281,526	16,235,615	71,085,131	214,423,418	112,269,926	16,974,378	465,269,994
Financial assets measured at amortized cost	-	363,116	332,801	1,608,330	34,768,861	21,643,966	-	58,717,074
Other assets ⁽³⁾	12,185	4,270,559	5,929,977	1,592,332	1,006,487	4,368,134	(2,329,957) ⁽⁴⁾	14,849,717
Total assets	84,417,734	39,371,158	26,595,466	88,139,097	316,662,570	150,552,337	14,990,773	720,729,135
Liabilities:								
Bank deposits	1,264,775	16,843,209	4,734,936	314,734	-	-	-	23,157,654
Other deposits	83,796,537	237,131,708	62,409,930	23,377,314	446,376	283	-	407,162,148
Funds borrowed	-	1,128,823	9,101,679	14,426,358	15,564,013	16,870,895	-	57,091,768
Interbank money market takings	-	70,470,825	935,906	2,987,782	12,738,750	455,859	-	87,589,122
Securities issued ⁽²⁾	-	1,558,406	7,015,265	7,028,216	43,151,700	9,756,005	-	68,509,592
Miscellaneous payables	-	7,831,173	-	-	-	-	5,477,155	13,308,328
Other liabilities	-	833,746	4,935,664	347,772	142,131	2,125,098	55,526,112	63,910,523
Total liabilities	85,061,312	335,797,890	89,133,380	48,482,176	72,042,970	29,208,140	61,003,267	720,729,135
Liquidity gap	(643,578)	(296,426,732)	(62,537,914)	39,656,921	244,619,600	121,344,197	(46,012,494)	-
Net Off Balance Sheet Position	-	1,394,735	1,352,109	1,019,309	1,880,362	3,845,202	-	9,491,717
Receivables from Derivative Financial Instruments	-	39,992,172	32,285,110	13,190,734	11,559,148	53,359,896	-	150,387,060
Payables from Derivative Financial Instruments	-	38,597,437	30,933,001	12,171,425	9,678,786	49,514,694	-	140,895,343
Non-cash Loans	55,032,563	4,704,623	9,453,648	26,081,765	18,473,526	2,085,651	-	115,831,776
Prior Period – December 31, 2020								
Total assets	94,838,587	41,449,764	23,140,049	71,101,068	299,949,264	146,129,059	22,289,327	698,897,118
Total liabilities	80,536,322	339,989,526	84,242,214	54,770,565	54,973,856	26,550,905	57,833,730	698,897,118
Liquidity gap	14,302,265	(298,539,762)	(61,102,165)	16,330,503	244,975,408	119,578,154	(35,544,403)	-
Net Off Balance Sheet Position	-	(660,617)	297,648	827,039	1,407,502	1,798,650	-	3,670,222
Receivables from Derivative Financial Instruments	-	29,625,652	12,525,176	23,070,197	10,104,711	41,554,516	-	116,880,252
Payables from Derivative Financial Instruments	-	30,286,269	12,227,528	22,243,158	8,697,209	39,755,866	-	113,210,030
Non-cash Loans	46,985,533	4,613,173	8,968,987	20,361,207	18,123,777	2,183,360	-	101,236,037

(1) Subsidiaries, associates and tangible and intangible assets and deferred tax asset are stated in undistributed column.

(2) Subordinated debt are shown under securities issued.

(3) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationery, pre-paid expenses and non-performing loans are shown in this column

(4) Expected loss provisions for financial assets are shown under the undistributed column of Other Assets.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LEVERAGE RATIO

**Information on Issues that Cause Differences between Current Period and Previous Period
Leverage Ratios**

The Bank’s unconsolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as 6.92%. Increase in balance sheet assets and Tier I Capital transactions resulted in change in comparison with previous period (December 31, 2020: 6.83%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

Leverage ratio common disclosure template

	Current Period - March 31, 2021 ^(*)	Prior Period - December 31, 2020 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	686,706,761	676,109,078
2. Assets deducted in determining Basel III Tier 1 capital	(436,419)	(437,080)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	686,270,342	675,671,998
Derivative exposures		
4. Replacement cost	10,083,001	10,502,166
5. Add-on amount	1,691,571	1,484,025
6. Total derivative exposures	11,774,572	11,986,191
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	8,847,865	7,205,104
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	8,847,865	7,205,104
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	215,320,788	206,412,229
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(74,014,587)	(74,625,681)
12. Total off-balance sheet exposures	141,306,201	131,786,548
Capital and total exposures		
13. Tier 1 capital	58,709,666	56,493,405
14. Total exposures	848,198,980	826,649,841
Leverage ratio		
15. Leverage ratio	6.92	6.83

^(*) Calculated by using three month average of balances in Leverage Rate Notification table.

VII. SEGMENT REPORTING

The Bank operates in corporate, commercial, small business, retail, treasury and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, debtors current loans, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, overdraft facilities, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

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

Additionally, the Bank provides banking service to its personnel and enterprises which are active in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VII. SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	3,101,191	6,544,309	4,786,433	3,882	14,435,815
Interest Expense	2,802,860	4,388,905	4,507,688	56,038	11,755,491
Net Interest Income/Losses (Net)	298,331	2,155,404	278,745	(52,156)	2,680,324
Net Fees and Commissions Income	207,854	613,604	52,897	-	874,355
Dividend Income	-	-	15,764	-	15,764
Trading Income/ Losses (Net)	-	-	(505,334)	-	(505,334)
Other Income	-	-	-	3,512,861	3,512,861
Allowance for Expected Credit Losses	-	-	-	3,426,062	3,426,062
Other Expenses	-	-	-	2,149,495	2,149,495
Profit Before Taxes	506,185	2,769,008	(157,928)	(2,114,852)	1,002,413
Provision for taxes	-	-	-	-	(252,289)
Net Profit/ Loss					750,124
Segment Assets	110,235,334	264,263,828	318,887,428	20,368,567	713,755,157
Subsidiaries and Associates (Net)	-	-	6,973,978	-	6,973,978
TOTAL ASSETS	110,235,334	264,263,828	325,861,406	20,368,567	720,729,135
Segment Liabilities	167,874,425	242,112,934	239,564,088	23,190,049	672,741,496
Equity	-	-	-	47,987,639	47,987,639
TOTAL LIABILITIES	167,874,425	242,112,934	239,564,088	71,177,688	720,729,135
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	2,178,211	4,936,105	3,114,746	2,752	10,231,814
Interest Expense	1,404,211	1,532,542	2,376,523	10,141	5,323,417
Net Interest Income/Losses(Net)	774,000	3,403,563	738,223	(7,389)	4,908,397
Net Fees and Commissions Income	195,855	718,033	107,403	-	1,021,291
Dividend Income	-	-	151,402	-	151,402
Trading Income/ Losses (Net)	-	-	(641,828)	-	(641,828)
Other Income	-	-	-	2,545,911	2,545,911
Allowance for Expected Credit Losses	-	-	-	3,118,400	3,118,400
Other Expenses	-	-	-	2,738,952	2,738,952
Profit Before Taxes	969,855	4,121,596	355,200	(3,318,830)	2,127,821
Provision for taxes	-	-	-	-	(411,651)
Net Profit/ Loss					1,716,170
Segment Assets	109,512,341	248,269,220	317,505,563	18,564,454	693,851,578
Subsidiaries and Associates (Net)	-	-	5,045,540	-	5,045,540
TOTAL ASSETS	109,512,341	248,269,220	322,551,103	18,564,454	698,897,118
Segment Liabilities	154,812,133	238,746,950	237,582,854	21,270,523	652,412,460
Equity	-	-	-	46,484,658	46,484,658
TOTAL LIABILITIES	154,812,133	238,746,950	237,582,854	67,755,181	698,897,118

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT

The footnotes and related explanations published in the Official Gazette No. 29511 dated October 23, 2015 and prepared in accordance with the “Explanations Communique on Explanations to the Public Regarding Banks Risk Management” entered into force as of March 31, 2016 are given in this section. Since the Bank uses a standardized approach to capital adequacy calculations, there is no disclosure within the scope of the internal rating-based approach.

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The stress conditions that emerged with the Covid-19 outbreak were included in the evaluations in this period, and the possible effects on the Bank’s equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

The development of the risk culture by the Bank in parallel with the changes in economic conjuncture and risk perception is considered as an important factor, and it aims to provide risk awareness and sensitivity in the actions to be taken. In this direction, the training given to the personnel, risk measurements and reporting, risk reporting to the Board of Directors, Senior Management and committees, the risk appetite framework created by the Bank and the internal capital adequacy assessment process make a significant contribution to the dissemination of the risk culture.

Risk Weighted Amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- March 31, 2021	Prior Period - December 31, 2020	Current Period- March 31, 2021
1 Credit Risk (excluding counterparty credit risk) ^(*)	391,639,434	359,439,993	31,331,155
2 Standardised approach	391,639,434	359,439,993	31,331,155
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	13,158,315	11,764,135	1,052,665
5 Standardised approach for counterparty credit risk	13,158,315	11,764,135	1,052,665
6 Internal model method	-	-	-
7 Equity position in banking book under basic risk weighting or internal rating based	-	-	-
8 Equity investments in funds – look-through approach	42,597	411	3,408
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	3,022,453	2,612,406	241,796
17 Standardised approach	3,022,453	2,612,406	241,796
18 Internal model approaches	-	-	-
19 Operational Risk	29,601,490	23,878,837	2,368,119
20 Basic Indicator Approach	29,601,490	23,878,837	2,368,119
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	437,464,289	397,695,782	34,997,143

^(*) Amounts below the equity deduction thresholds and investments in KYK are excluded.

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Cash	1,771,053	1,649,376	1,681,202	1,416,757
Central Bank of the Republic of Turkey (*)	5,141,907	58,249,170	12,390,091	75,644,781
Other	552,770	1,236,029	590,716	1,465,239
Total	7,465,730	61,134,575	14,662,009	78,526,777

(*) TL 31,169,711 (December 31, 2020: TL 26,455,637) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

As per Communiqué on Required Reserve of CBRT, required reserve may be kept in TL, USD, EUR and standard gold. CBRT pays interest for required reserve kept in TL.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from %3 to %8 (December 31, 2020: ranging from %1 to %6). For foreign currency liabilities, all banks shall provide a reserve rate ranging from %5 to %22 in US Dollar or Euro (December 31, 2020: ranging from %5 to %22).

Balances with the Central Bank of Republic of Turkey

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Unrestricted demand deposits	4,716,916	27,079,459	12,069,426	36,135,248
Restricted demand deposits	286,855	-	259,120	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	13,053,896
Reserve Deposits	138,136	31,169,711	61,545	26,455,637
Total	5,141,907	58,249,170	12,390,091	75,644,781

2. Further information on financial assets at fair value through profit/loss

Financial assets at fair value through profit/loss given as collateral or blocked

As of March 31, 2021, the balance of financial assets at fair value through profit or loss given as collateral is TL 8,436,228. (31 December 2020: TL 7,000,000.)

Financial assets at fair value through profit/loss subject to repurchase agreements

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Positive differences on derivative financial assets held for trading purpose

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Forward transactions	237,996	1,074	50,686	9,940
Swap transactions	11,708,465	1,432,829	7,086,102	1,581,652
Futures	-	-	-	-
Options	1,086	123,294	1,420	1,343
Other	-	-	-	-
Total	11,947,547	1,557,197	7,138,208	1,592,935

The Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of 31 March 2021, the fair value of this transaction is TL 432,507, with a nominal amount of 120 million USD and an average maturity of 3.3 years. (As of 31 December 2020, the fair value of this transaction was TL 247,734 with a nominal amount of 120 million USD, and an average maturity of 4.6 years.)

3. Information on banks

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Banks				
Domestic	17	-	26	-
Foreign ^(*)	1,120,350	15,612,256	-	2,584,893
Foreign Head Offices and Branches	-	-	-	-
Total	1,120,367	15,612,256	26	2,584,893

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the collaterals given for the derivative transactions given by the Bank to foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, which are started to be accounted in the banks account as of the current period. As of 31 March 2021, the relevant amount is TL 13,460,716.

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

Financial assets at fair value through other comprehensive income given as collateral or blocked

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FP
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	108,496	41,848,616	4,241,350	34,972,671
Other	-	-	-	-
Total	108,496	41,848,616	4,241,350	34,972,671

Financial assets at fair value through other comprehensive income subject to repurchase agreements

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	14,477,305	4,167,985	13,031,822	3,901,929
Treasury bills	-	-	-	-
Other debt securities	-	6,553,541	-	8,811,133
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	14,477,305	10,721,526	13,031,822	12,713,062

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on financial assets at fair value through other comprehensive income

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Debt securities	88,586,432	80,798,466
Quoted on a Stock Exchange	88,422,852	80,710,286
Unquoted	163,580	88,180
Equity securities	4,456	4,028
Quoted on a Stock Exchange	-	-
Unquoted	4,456	4,028
Provisions for impairment losses (-)	852,187	370,294
Total	87,738,701	80,432,200

5. Information on loans

Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	32,744	-	32,511
Legal entities	-	32,744	-	32,511
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	441,428	-	470,993	-
Total	441,428	32,744	470,993	32,511

Information on loans classified as standart loans and under close monitoring loans that have been restructured

Current Period - March 31, 2021

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	411,616,382	20,110,417	2,930,912	13,637,905
Loans given to enterprises	149,643,191	10,585,441	2,137,460	13,056,547
Export loans	13,209,498	161,611	-	-
Import loans	-	-	-	-
Loans given to financial sector	6,971,394	1,355	-	312
Consumer loans	94,852,733	1,010,414	109,925	570,118
Credit cards	14,961,097	214,863	80,140	-
Other	131,978,469	8,136,733	603,387	10,928
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	411,616,382	20,110,417	2,930,912	13,637,905

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

All creditors, including the Bank, have agreed that the loans provided in scope of loan agreements to Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) shall be restructured. All creditors shall be direct or indirect partners to Levent Yapılandırma Yönetimi A.Ş., a special purpose company established in Turkish Republic, and 192,500,000,000 of A group shares, owned by OTAŞ pledged to be the warranty of current loans, which make up the 55% of issued capital of Türk Telekom, were taken over by LYY Telekomünikasyon AŞ as December 21, 2018. The Bank participated in LYY Telekomünikasyon AŞ with a 4.2559% share. At the Ordinary General Assembly Meeting of LYY dated September 23, 2019, it was decided that a portion of the loan would be converted to capital and added to the capital of LYY. In this context, the nominal value of the Bank's shares in LYY increased from TL 2 to TL 169,483. This amount is presented under "Financial assets at fair value through profit or loss" in the financial statements. As of 31 March 2021, the amount is TL 1,193,555 (31 December 2020: TL 1,067,728) and the provision is TL 346,074 (31 December 2020: TL 341,044).

Prior Period - December 31, 2020

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	388,012,748	18,603,500	2,840,854	12,586,057
Loans given to enterprises	142,380,085	10,267,775	2,123,492	11,878,202
Export loans	12,139,158	154,374	-	-
Import loans	-	-	-	-
Loans given to financial sector	8,319,904	869	-	227
Consumer loans	94,965,604	462,764	113,847	672,195
Credit cards	14,393,403	177,385	66,585	-
Other	115,814,594	7,540,333	536,930	35,433
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	388,012,748	18,603,500	2,840,854	12,586,057

Current Period - March 31, 2021

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,820,353	-
Significant Increase in Credit Risk	-	5,202,530

Prior Period - December 31, 2020

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,168,803	-
Significant Increase in Credit Risk	-	5,111,686

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Current Period - March 31, 2021	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,158,469	88,495,182	89,653,651
Housing loans	4,244	40,637,822	40,642,066
Automobile loans	6,812	560,663	567,475
General purpose loans	1,147,413	47,296,697	48,444,110
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	11,281,913	91,801	11,373,714
With instalment	4,185,256	89,896	4,275,152
Without instalment	7,096,657	1,905	7,098,562
Retail credit cards – FC	18,225	-	18,225
With instalment	-	-	-
Without instalment	18,225	-	18,225
Personnel loans – TL	7,023	315,862	322,885
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	7,023	315,862	322,885
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	117,821	549	118,370
With instalment	42,486	512	42,998
Without instalment	75,335	37	75,372
Personnel credit cards – FC	173	-	173
With instalment	-	-	-
Without instalment	173	-	173
Overdraft Checking Accounts – TL (Real person)	6,566,208	-	6,566,208
Overdraft Checking Accounts – FC (Real person)	446	-	446
Total	19,150,278	88,903,394	108,053,672

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards (Continued)

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,167,352	89,104,078	90,271,430
Housing loans	3,209	40,609,960	40,613,169
Automobile loans	4,902	473,614	478,516
General purpose loans	1,159,241	48,020,504	49,179,745
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	10,919,678	92,959	11,012,637
With instalment	4,430,552	89,060	4,519,612
Without instalment	6,489,126	3,899	6,493,025
Retail credit cards – FC	14,017	-	14,017
With instalment	-	-	-
Without instalment	14,017	-	14,017
Personnel loans – TL	9,505	334,082	343,587
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,505	334,082	343,587
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	126,608	592	127,200
With instalment	44,823	549	45,372
Without instalment	81,785	43	81,828
Personnel credit cards – FC	206	-	206
With instalment	-	-	-
Without instalment	206	-	206
Overdraft Checking Accounts – TL (Real person)	5,599,005	-	5,599,005
Overdraft Checking Accounts – FC (Real person)	388	-	388
Total	17,836,759	89,531,711	107,368,470

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - March 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	3,123,558	120,697,133	123,820,691
Real estate loans	5,468	1,242,397	1,247,865
Automobile loans	170,309	3,041,573	3,211,882
General purpose loans	2,947,781	116,413,163	119,360,944
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	403,011	403,011
Real estate loans	-	-	-
Automobile loans	-	17,269	17,269
General purpose loans	-	385,742	385,742
Other	-	-	-
Instalment-based commercial loans – FC	389,772	31,907,955	32,297,727
Real estate loans	-	-	-
Automobile loans	-	32,900	32,900
General purpose loans	389,772	31,875,055	32,264,827
Other	-	-	-
Corporate credit cards – TL	3,648,851	92,247	3,741,098
With instalment	1,269,114	83,918	1,353,032
Without instalment	2,379,737	8,329	2,388,066
Corporate credit cards – FC	4,520	-	4,520
With instalment	-	-	-
Without instalment	4,520	-	4,520
Overdraft Checking Accounts – TL (Corporate)	1,116,289	-	1,116,289
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	8,282,990	153,100,346	161,383,336
Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,743,103	117,586,396	120,329,499
Real estate loans	2,779	1,178,097	1,180,876
Automobile loans	137,470	2,635,208	2,772,678
General purpose loans	2,602,854	113,773,091	116,375,945
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	453,243	453,243
Real estate loans	-	-	-
Automobile loans	-	25,550	25,550
General purpose loans	-	427,693	427,693
Other	-	-	-
Instalment-based commercial loans – FC	249,088	27,218,678	27,467,766
Real estate loans	-	-	-
Automobile loans	-	31,494	31,494
General purpose loans	249,088	27,187,184	27,436,272
Other	-	-	-
Corporate credit cards – TL	3,382,956	97,503	3,480,459
With instalment	1,194,567	89,774	1,284,341
Without instalment	2,188,389	7,729	2,196,118
Corporate credit cards – FC	2,854	-	2,854
With instalment	-	-	-
Without instalment	2,854	-	2,854
Overdraft Checking Accounts – TL (Corporate)	943,370	-	943,370
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	7,321,371	145,355,820	152,677,191

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Allocation of domestic and overseas loans (*)

	Current Period- March 31, 2021	Prior Period - December 31, 2020
Domestic loans	447,596,800	421,400,244
Foreign loans	698,816	642,915
Total	448,295,616	422,043,159

(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Direct loans to associates and subsidiaries	1,903,030	3,582,369
Indirect loans to associates and subsidiaries	-	-
Total	1,903,030	3,582,369

Specific provisions accounted for loans (Stage 3)

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Loans and receivables with limited collectability	86,091	304,135
Loans and receivables with doubtful collectability	690,330	1,338,598
Uncollectible loans and receivables	12,633,695	11,664,516
Total	13,410,116	13,307,249

Information on non-performing loans (Net)

Information on non-performing loans and other receivables restructured

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current period - March 31, 2021			
Gross Amounts Before The Reserves	46,321	298,281	919,093
Loans Which Are Restructured	46,321	298,281	919,093
Prior Period - December 31, 2020			
Gross Amounts Before The Reserves	30,266	257,285	1,001,815
Loans Which Are Restructured	30,266	257,285	1,001,815

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period - March 31, 2021			
Balance at the beginning of the period	486,196	2,378,547	14,579,514
Additions (+)	654,123	50,061	45,334
Transfers from other categories of loans under follow-up (+)	-	961,158	1,879,150
Transfers to other categories of loans under follow-up (-)	961,158	1,879,150	-
Collections (-) ^(*)	51,202	294,020	874,175
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	127,959	1,216,596	15,629,823
Provision (-)	86,091	690,330	12,633,695
Net balance	41,868	526,266	2,996,128

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period - December 31, 2020			
Balance at the beginning of the period	3,171,887	3,470,044	10,672,297
Additions (+)	4,336,204	86,691	1,179,406
Transfers from other categories of loans under follow-up (+)	-	6,703,801	5,761,562
Transfers to other categories of loans under follow-up (-)	6,703,801	5,761,562	-
Collections (-) ^(*)	318,094	2,120,427	2,142,962
Write-offs (-) ^(**)	-	-	890,789
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	486,196	2,378,547	14,579,514
Provision (-)	304,135	1,338,598	11,664,516
Net balance	182,061	1,039,949	2,914,998

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

^(**) As of 31 December 2020, the Bank has written-off loans and provisions for these loans, which were classified in the “Group V Loans” (Loans Classified as Loss) amounting to 890,789, unsecured, do not have reasonable expectations for recovery and with 100% provision, in accordance with the Amendments Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by BRSA. Following the writren-off loans, the Bank’s non-performing loan ratio decreased from 4.16% to 3.97%.

Uncollectible loans and receivables are collected by liquidation of collaterals and legal follow-up.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - March 31, 2021			
Balance at the end of the period	6,718	150,636	4,634,508
Provision (-)	5,319	97,894	3,394,712
Net balance on balance sheet	1,399	52,742	1,239,796
Prior Period - December 31, 2020			
Balance at the end of the period	237,897	1,335,243	3,209,434
Provision (-)	155,609	724,493	2,465,661
Net balance on balance sheet	82,288	610,750	743,773

Non-performing foreign currency denominated loans are followed in TL accounts.

Loan customer concentration of gross and net amounts of non-performing loans

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - March 31, 2021			
Current Period (Net)	41,868	526,266	2,996,128
Consumer and Commercial Loans (Gross)	127,913	1,214,075	15,606,018
Provision (-)	86,047	687,814	12,609,912
Consumer and Commercial Loans (Net)	41,866	526,261	2,996,106
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	46	2,521	23,805
Provision (-)	44	2,516	23,783
Other Loans and Receivables (Net)	2	5	22

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2020			
Current Period (Net)	182,061	1,039,949	2,914,998
Consumer and Commercial Loans (Gross)	485,060	2,377,140	14,555,704
Provision (-)	303,001	1,337,194	11,640,724
Consumer and Commercial Loans (Net)	182,059	1,039,946	2,914,980
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,136	1,407	23,810
Provision (-)	1,134	1,404	23,792
Other Loans and Receivables (Net)	2	3	18

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on interest accruals, discounts and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their provisions.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net) - March 31, 2021	4,233	58,798	381,743
Interest accruals and valuation differences	14,078	135,689	1,624,264
Provision (-)	9,845	76,891	1,242,521
Prior Period (Net) - December 31, 2020	10,442	84,433	658,148
Interest accruals and valuation differences	25,935	201,036	1,786,371
Provision (-)	15,493	116,603	1,128,223

6. Information on other financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	43,848,399	8,149,058	44,159,655	7,895,261
Treasury bills	-	-	-	-
Other securities issued by the governments	-	6,454,645	-	6,447,138
Total	43,848,399	14,603,703	44,159,655	14,342,399

Information on financial assets measured at amortized cost

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Debt Securities	58,717,074	58,747,252
Quoted at stock exchanges	58,552,239	58,598,242
Unquoted at stock exchanges	164,835	149,010
Impairment losses (-)	-	-
Total	58,717,074	58,747,252

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

The movement table of other financial assets measured at amortized cost

	Current Period - March 31, 2021	Prior Period- December 31, 2020
Balances at the beginning of the period	58,747,252	47,014,633
Foreign currency differences on monetary assets	1,056,009	3,415,268
Purchases during the period	-	10,980,105
Disposals through sales/redemptions	(1,492,981)	(5,718,504)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	406,794	3,055,750
Balances at the end of the period	58,717,074	58,747,252

(*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period - March 31, 2021				
Collateralized/blocked investment securities	1,609,602	4,533,607	1,994,555	4,694,199
Investments subject to repurchase agreements	27,460,509	9,405,519	35,490,877	9,764,796
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	4,537,837	183,956	6,421,917	350,730
Total	33,607,948	14,123,082	43,907,349	14,809,725

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

	Cost		Carrying Value	
	TL	FC	TL	FC
Prior Period - December 31, 2020				
Collateralized/blocked investment securities	5,025,295	4,255,426	7,421,128	4,522,402
Investments subject to repurchase agreements	23,856,260	9,231,311	28,591,836	9,566,589
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	5,366,141	433,569	8,205,641	439,656
Total	34,247,696	13,920,306	44,218,605	14,528,647

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

7. Information on investments in associates

Information on investments in associates

Title	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ ^(*)	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/ Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ	İstanbul/ Turkey	4.75	4.75
5 KKB Kredi Kayıt Bürosu AŞ ^(*)	İstanbul/ Turkey	9.09	9.09
6 Güçbirliği Holding AŞ ^(**)	İzmir/ Turkey	0.07	0.07
7 İzmir Enternasyonel Otelcilik AŞ ^(*)	İstanbul/ Turkey	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ ^(*)	İstanbul/ Turkey	4.37	4.37
9 Kredi Garanti Fonu AŞ ^(*)	Ankara/ Turkey	1.49	1.49
10 Türkiye Ürün İhtisas Borsası AŞ ^(*)	Ankara/ Turkey	3.00	3.00
11 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ^(*)	İstanbul/ Turkey	33.33	33.33
12 JCR Avrasya Derecelendirme AŞ ^(*)	İstanbul/ Turkey	2.86	2.86
13 Birleşik İpotek Finansmanı AŞ ^(*)	İstanbul/ Turkey	8.33	8.33
14 Tasfiye Halinde World Vakıf UBB Ltd. ^(***)	Lefkoşa/KKTC	83.00	83.59

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	1,687,573	114,748	9,365	37,139	989	4,205	4,118	-
2	59,682,734	6,077,283	1,339,268	743,342	193,426	227,110	152,411	3,791,200
3	6,634,978	3,274,797	1,269,147	21,328	-	839,229	529,953	8,460,000
4	317,815	262,940	90,033	7,428	-	27,999	8,961	-
5	493,445	292,956	289,294	9,516	31	76,416	22,180	-
6	150,372	(131,399)	88,098	1	-	(28,485)	(17,998)	-
7	84,165	(205,336)	78,368	7	-	(70,428)	(39,741)	-
8	25,388,236	2,562,447	157,759	399,171	116,760	539,374	612,346	-
9	1,028,588	819,619	16,760	15,881	-	38,643	23,122	-
10	98,125	83,206	14,467	3,409	-	7,393	1,079	-
11	188,825	153,740	16,548	2,009	-	3,675	13,276	-
12	34,723	27,961	26,022	487	-	2,467	6,146	-
13	51,021	50,248	757	985	146	248	-	-
14	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

^(*)The financial statement information provided for these associates is taken from the financial statements dated December 31, 2020.

^(**) The financial statement information provided for these associates is taken from the financial statements dated September 30, 2020.

^(***)The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

Movement table of investments in associates

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the period	1,394,406	1,001,717
Movements during the period	(100,395)	392,689
Transfers	-	-
Acquisitions	-	70,692
Bonus shares received	-	10,193
Share of current year profit	-	-
Sales/liquidations	-	(700)
Fair value changes	-	312,504
Impairment losses	(100,395)	-
Balance at the end of the period	1,294,011	1,394,406
Capital commitments	3,150	3,150
Share percentage at the end of period (%)	-	-

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the prior period, it has been decided to increase the paid-in capital of Bileşim Finansal Teknolojiler ve Ödeme Sistemler A.Ş. from TL 26,000 to TL 145,000 TL 104,987 of the capital increase made was paid, where TL 14,013 part of it was paid from internal resources. The shares amounting to TL 34,992 corresponding to the share of the Bank are shown under Acquisition in the Movement Table of Investments in Associates, the shares amounting to TL 4,671 corresponding to the share of the Bank are shown under Bonus Shared Received in the Movement Table of Investments in Associates.

In the prior period, the Bank transferred its 2.47% of its shares in Keskinöğlü Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret AŞ, to the former shareholder of the firm by the decision of the firm's Board of Directors.

In the prior period, it has been decided to increase the capital of Birleşik İpotek Finansmanı from TL 10,000 to TL 50,000. The shares amounting to TL 3,333 corresponding to the share of the Bank are shown under Acquisition in the Movement Table of Investments in Associates.

In the prior period, the difference amounting to TL 32 corresponding to the Bank's share due to the corrections made in the JCR Avrasya Rating AŞ's paid in capital records, is shown in the transaction table of the subsidiaries under the Purchases

In the prior period, at the Ordinary General Assembly of one of the Bank's affiliates Bankalararası Kart Merkezi, it has been decided to increase firm's capital from TL 30,000 to TL 177,493 TL, by funding TL 56,950 of it internally and for the part of TL 90,543 by increasing the pre-emptive rights of the existing shareholders. The bonus share amounting to TL 5,522, which corresponds to the bank share, is shown in Bonus Shares in the transaction table of subsidiaries.

In the prior period, the Bank's subsidiaries in Türkiye Ürün İhtisas Borsası AŞ's Ordinary General Meeting held on March 2, 2020, it was decided to reduce the company's charter capital in the amount of TL 50,000 to TL 100,000. As of September 30, 2020, the Bank's remaining capital debt has been paid and 750 TL of shares have been included in the Purchases table of Affiliates.

In the prior period Platform Ortak Kartlı Sistemler AŞ joined to Türkiye Varlık Fonu on February 12, 2020, as a new partner. Due to the transfer of the Bank's nominal capital share from 7,000 TL to 1,400 TL to TVF, the nominal capital share has decreased to 5,600 TL. 350 TL shares sold are shown in the movement table of subsidiaries.

In the prior period, PTT AS joined the Platform Ortak Kartlı Sistemler A.Ş. on June 3, 2020. Nominal share of capital has decreased to TL 4,200 due to the transfer of the Bank's nominal share part of TL 1,400 of TL 5,600 to PTT A.Ş. TL 350 shares sold are shown in Sales in the transaction table of subsidiaries.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Banks	358,127	458,523
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	11,825	11,825
Total	369,952	470,348

Quoted associates

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	317,607	418,003
Quoted at international stock exchanges	-	-
Total	317,607	418,003

Investments in associates disposed during the period

In the current period, all of the 39.30% shares owned by the Bank in Keskinöglü Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, which was followed under the Subsidiaries Account in the Bank's balance sheet, was transferred to T.C. Ziraat Bankası AŞ and the Bank does not have any shares left in the company as of January 8, 2021.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

In the prior period, the Bank has become a shareholder of Keskinöglü Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret AŞ on September 3, 2020. The Bank's nominal share in the capital is TL 45,952 and the bank's share ratio is 41.77%. In the previous period, the Bank transferred 2.47% of its shares in Keskinöglü Tavukçuluk ve Damız İşletmeleri Sanayi Ticaret AŞ, one of its subsidiaries, to the former shareholders upon the Board of Directors decision taken by the Company.

In the prior period, the Bank has participated in establishment of the Birleşik İpotek Finansmanı AŞ., which was established with a capital of 10,000 TL. The nominal share of the bank is 833 TL and the share rate is 8.33%. Transactions regarding the establishment of the company were registered in the trade registry on March 17, 2020. The Bank's shares amounting to 833 TL are shown in the Purchases in the movement table of the subsidiaries.

In the prior period, the Bank has become a partner to Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, in 7 February 2020, by the agreement signed with the People's Bank of Turkey to transfer nominal shares of 8,666 TL and which corresponds to 33.33% share ratio. The shares amounting to 27,997 TL corresponding to the Bank's share are shown in the movement table of the subsidiaries.

In the prior period, the Bank became a partner of JCR Avrasya Derecelendirme AŞ. with a capital of 1,000 TL on January 17, 2020. The nominal share in the capital is 29 TL and the share rate is 2.86%. The Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Bank's share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The amount of 2,066 TL, which corresponds to 3/4 of the Bank's share in the current period, is shown in the movement table of the subsidiaries. The Bank has paid JCR Avrasya Rating A.Ş. the second remaining installment of the capital it has undertaken as of 30 June 2020. The amount of 689 TL, which corresponds to one fourth of the Bank's share, is shown under Purchases in the movement table of subsidiaries.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Current Period - March 31, 2021						
Paid in Capital	311,248	200,000	100,000	250,000	460,000	30,000
Share Premium	-	9,044	137	-	300,577	121
Equity share premiums	-	-	-	-	278,978	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	9,044	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	31,581	(628)	4,397	(79)	(35)
Other accumulated comprehensive income that will be reclassified in profit or loss	1,293,218	-	11,637	-	-	-
Profit Reserves	17,882	54,290	23,089	120,688	130,828	408
Legal Reserves	17,882	11,317	10,390	18,286	9,056	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	42,973	12,699	102,402	121,225	13
Other Profit Reserves	-	-	-	-	547	-
Profit/Loss	108,009	15,160	353,298	96,034	88,657	(809)
<i>Prior Period's Profit/Loss</i>	100,665	1,455	282,437	67,998	61,260	(1,401)
<i>Current Period's Profit/Loss</i>	7,344	13,705	70,861	28,036	27,397	592
Minority Rights	-	-	-	-	-	-
Total Core Capital	1,730,357	310,075	487,533	471,119	979,983	29,685
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	1,730,357	310,075	487,533	471,119	979,983	29,685
NET AVAILABLE EQUITY	1,730,357	310,075	487,533	471,119	979,983	29,685

(*) Financials that are based to consolidation as of March 31, 2021 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries (Continued)

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Prior Period - December 31, 2020						
Paid in Capital	311,248	200,000	100,000	250,000	460,000	30,000
Share Premium	-	9,044	137	-	300,577	121
Equity share premiums	-	-	-	-	278,978	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	9,044	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	31,506	(628)	4,397	(13)	(40)
Other accumulated comprehensive income that will be reclassified in profit or loss	1,207,608	-	11,637	-	-	-
Profit Reserves	17,882	54,290	23,089	120,688	130,828	408
Legal Reserves	17,882	11,317	10,390	18,286	9,056	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	42,973	12,699	102,402	121,225	13
Other Profit Reserves	-	-	-	-	547	-
Profit/Loss	100,665	1,455	281,938	67,998	61,260	(1,399)
<i>Prior Period's Profit/Loss</i>	42,062	(57,263)	124,550	(18,796)	10,351	(1,737)
<i>Current Period's Profit/Loss</i>	58,603	58,718	157,388	86,794	50,909	338
Minority Rights	-	-	-	-	-	-
Total Core Capital	1,637,403	296,295	416,173	443,083	952,652	29,090
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	1,637,403	296,295	416,173	443,083	952,652	29,090
NET AVAILABLE EQUITY	1,637,403	296,295	416,173	443,083	952,652	29,090

(^c) Reviewed BRSA financial statements as of December 31, 2020 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every six months as an independent audit, in line with the “Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies” Serial: V, No:34 of the Capital Markets Board.

Information on investments in subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Faktoring AŞ	İstanbul/Turkey	78.39	80.62
2 Vakıf Finansal Kiralama AŞ	İstanbul/Turkey	58.71	58.71
3 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/Turkey	99.25	99.40
4 VakıfBank International AG	Viyana/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/Turkey	17.37	17.37
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	45.71	45.71
7 Vakıf Enerji ve Madencilik AŞ	Ankara/Turkey	65.50	80.48
8 Taksim Otelcilik AŞ	İstanbul/Turkey	51.00	51.00
9 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/Turkey	86.97	88.89
10 Vakıf Gayrimenkul Değerleme AŞ	İstanbul/Turkey	97.14	97.14

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 3,674,306	501,063	4,985	205,573	-	27,872	26,914	565,140
2 4,404,755	368,924	29,095	74,120	-	13,688	23,958	4,381,800
3 1,571,597	487,533	43,760	84	5,524	70,861	46,911	596,972
4 8,815,997	1,620,939	1,469	45,418	-	18,619	11,429	989,599
5 30,066	29,684	196	614	(2,946)	586	(732)	236,610
6 3,007,539	1,474,301	932,535	36,813	-	29,891	2,937	1,449,920
7 345,551	224,093	245,123	588	-	(3,399)	(2,312)	37,128
8 420,598	409,069	194,136	7,806	-	7,815	1,626	483,397
9 105,653	86,460	14,376	4,881	-	4,653	5,269	82,045
10 42,810	33,122	416	1,584	-	(2,287)	(1,421)	37,120

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of December 31, 2020.

Movement table of investments in subsidiaries

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the period	3,651,134	1,799,559
Movements during the period	2,028,833	1,851,575
Transfers	-	-
Acquisitions	-	223,782
Bonus shares received	-	102,205
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	2,127,694	1,528,136
Impairment losses	(98,861)	(2,548)
Balance at the end of the period	5,679,967	3,651,134
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the prior period, it has been decided to increase the capital of Vakıf Faktoring AŞ from 170,000 TL to TL 250,000. The bonus shares amounting to TL 62,714 corresponding to the share of the Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, the capital of “Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ” was increased from TL 20,000 to TL 30,000. After the addition 3,314 VKFYO shares, the Bank's pre-emptive right was fully exercised for TL 3,473 nominal share in the company's capital. The shares amounting to TL 1,737 corresponding to the share of the bank are shown under Acquisitions in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 75,000 to TL 100,000. Bonus shares amounting to TL 24,813 corresponding to the share of the Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 175,000 to TL 200,000. Bonus shares amounting to TL 14,678 corresponding to the share of the Bank are included under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, which was TL 230,000 within the registered capital ceiling of TL 1,000,000, was increased to TL 460,000 with an increase of TL 230,000. Total shares amounting to TL 148,741 are presented under Purchases in the movement table of subsidiaries.

In the prior period, one of the Vakıfbank International AG partners, all of the 10% shares of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı was acquired by the Bank for TL 57,083, in March 24 2020. Shares are shown in themovement table relating to subsidiaries.

In the prior period, the paid-in capital of Vakıf Gayrimenkul Değerleme A.Ş., which was 14,000 TL, is increased by 16,000 TL to 30,000 TL. The share of the bank is TL 15,543 shown in purchases in the movement table of subsidiaries.

In the prior period, The Bank has paid TL 678 for TL 400 nominal share of Vakıf Emeklilik ve Hayat AŞ one of the partners of Vakıf Gayrimenkul Değerleme AŞ, on January 16, 2020. The shares are shown in the movement table related to subsidiaries in the purchases.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Methods to measure investments in subsidiaries

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Measured at cost	-	-
Measured at fair value ^(*)	5,679,967	3,651,134
Equity method of accounting	-	-
Total	5,679,967	3,651,134

^(*) Valuation amounts of 31 December 2020 have been taken for the unquoted subsidiaries.

Sectoral distribution of investments in financial subsidiaries

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Banks	989,599	935,314
Factoring companies	443,029	443,029
Leasing companies	2,572,651	502,224
Financing companies	-	-
Other financial subsidiaries	1,296,416	1,392,295
Total	5,301,695	3,272,862

Quoted subsidiaries

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	3,276,572	1,302,025
Quoted at international stock exchanges	-	-
Total	3,276,572	1,302,025

Investments in subsidiaries disposed during the period

The Bank has no subsidiaries that were disposed in the current period.

Investments in subsidiaries acquired during the period

The Bank has no subsidiaries acquired in the current period.

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

12. Information on investment properties

None.

13. Information on deferred tax assets

The deferred tax asset of the Bank as of March 31, 2021 is TL 1,036,721 (31.12.2020: 1,125,282). Accounting policies applied for deferred tax assets and deferred tax liabilities are shown in the financial statements by being netted. Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of March 31, 2021 and December 31, 2020 is as follows:

	Current Period - March 31, 2021	Prior Period - December 31, 2020
As of 1 January	1,125,282	747,323
Deferred tax income/(loss)	(252,289)	470,328
Deferred tax that is accounted under Equity	166,979	(86,658)
Other	(3,251)	(5,711)
Deferred tax asset/(Liability)	1,036,721	1,125,282

14. Information on assets held for sale and assets related to the discontinued operations

As of March 31, 2021, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 1,197,680 (December 31, 2020: TL 1,263,718) and the provision for impairment is TL 7,238 (December 31, 2020: TL 7,467). The amount of other assets held for sales and discontinued operations is TL 3 (31 December 2020: 3.)

15. Information on other assets

As at March 31, 2021 and December 31, 2020 “Other Asset” item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

16. Information on expected loss provisions for financial assets and financial assets measured at amortized cost financial assets measured at amortized cost

	Current Period - March 31, 2021	Prior Period - March 31, 2021
Balances with the Central Bank	714	990
Banks	4,603	1,739
Total	5,317	2,729
Financial Assets Measured at Amortized Cost	6,720	6,596
Total	12,037	9,325

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits

Current Period March 31, 2021	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	11,096,025	-	10,461,475	52,581,573	2,145,388	1,048,122	1,079,700	8,765	78,421,048
Foreign currency deposits	27,282,112	-	29,620,704	101,059,259	5,856,788	3,873,039	8,268,847	-	175,960,749
Residents in Turkey	25,971,680	-	29,239,383	97,895,884	4,980,785	2,887,807	3,958,863	-	164,934,402
Residents in abroad	1,310,432	-	381,321	3,163,375	876,003	985,232	4,309,984	-	11,026,347
Public sector deposits	11,792,443	-	7,313,814	10,263,168	1,108,157	452,062	125,092	-	31,054,736
Commercial deposits	7,105,779	-	25,173,061	30,899,556	1,587,285	890,071	362,074	-	66,017,826
Other	9,166,832	-	2,966,143	18,135,928	2,847,056	2,434,764	1,043,033	-	36,593,756
Precious metal deposits	17,353,346	-	1,350	15,878	-	1,570,590	172,869	-	19,114,033
Bank deposits	1,264,775	-	9,478,539	11,892,102	207,504	41,287	273,447	-	23,157,654
Central Bank	299	-	-	-	-	-	-	-	299
Domestic banks	727,259	-	8,953,408	1,851,803	207,504	-	-	-	11,739,974
Foreign banks	311,758	-	525,131	10,040,299	-	41,287	273,447	-	11,191,922
Participation banks	225,459	-	-	-	-	-	-	-	225,459
Other	-	-	-	-	-	-	-	-	-
Total	85,061,312	-	85,015,086	224,847,464	13,752,178	10,309,935	11,325,062	8,765	430,319,802

Prior Period December 31, 2020	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	10,033,091	-	9,141,056	49,160,575	1,414,287	309,055	717,266	8,924	70,784,254
Foreign currency deposits	25,786,582	-	23,946,240	100,992,729	4,488,116	2,943,414	7,772,530	-	165,929,611
Residents in Turkey	24,614,391	-	23,552,235	98,182,126	3,659,298	1,956,144	3,640,307	-	155,604,501
Residents in abroad	1,172,191	-	394,005	2,810,603	828,818	987,270	4,132,223	-	10,325,110
Public sector deposits	9,869,935	-	16,555,520	9,056,028	835,740	172,860	122,980	-	36,613,063
Commercial deposits	6,891,407	-	24,952,915	31,747,855	199,071	510,308	271,607	-	64,573,163
Other	9,124,141	-	2,401,792	20,331,158	1,278,713	362,348	851,775	-	34,349,927
Precious metal deposits	17,226,185	-	2,231	4,909	-	1,385,635	173,116	-	18,792,076
Bank deposits	1,604,981	-	14,161,699	6,881,876	322,934	29,959	-	-	23,001,449
Central Bank	3,418	-	-	-	-	-	-	-	3,418
Domestic banks	655,960	-	13,871,431	1,180,543	322,934	-	-	-	16,030,868
Foreign banks	253,437	-	290,268	5,701,333	-	29,959	-	-	6,274,997
Participation banks	692,166	-	-	-	-	-	-	-	692,166
Other	-	-	-	-	-	-	-	-	-
Total	80,536,322	-	91,161,453	218,175,130	8,538,861	5,713,579	9,909,274	8,924	414,043,543

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Current Period – March 31, 2021		Prior Period – December 31, 2020	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	37,215,929	41,205,119	34,549,132	36,235,122
Foreign currency saving deposits	25,547,625	63,905,752	26,578,612	57,449,267
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	62,763,554	105,110,871	61,127,744	93,684,389

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Deposits and other accounts at foreign branches	106,531	68,685
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	11,468	9,753
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Forwards	225,070	10,690	46,128	1,739
Swaps	3,256,260	2,421,659	4,015,689	2,019,300
Futures	-	-	-	-
Options	1,085	123,352	1,367	1,091
Other	-	-	-	-
Total	3,482,415	2,555,701	4,063,184	2,022,130

3. Information on funds borrowed

a) *Information on banks and other financial institutions*

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	162,800	1,539,795	162,800	1,346,184
Domestic banks and institutions	270,074	6,769,064	293,228	5,952,876
Foreign banks, institutions and funds	351,168	47,998,867	340,202	38,891,508
Total	784,042	56,307,726	796,230	46,190,568

b) *Maturity information of funds borrowed*

	Current Period – March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Short-term (*)	421,144	1,859,625	455,228	2,269,424
Medium and Long-term (*)	362,898	54,448,101	341,002	43,921,144
Total	784,042	56,307,726	796,230	46,190,568

(*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for %8.49 ((December 31, 2020: %7.20) of the Bank’s liabilities. There is no risk concentration on funding sources of the Bank.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
4 May 2020	367	USD	312	Libor+2.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C)	Mizuho Bank, LTD.
	367	EUR	589.5	Euribor+2.00 %	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C)	Mizuho Bank, LTD.
7 December 2020	367	USD	160	Libor + 2,50%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)
	367	EUR	421	Euribor + 2,25%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions)	Loan Type
13.May.11	15 June 2023	USD	346.5	Based on international remittance flows
4 October 2016	15 September 2021	USD/EUR	354.4	Based on international remittance flows
	15 June 2023	USD/EUR	535.7	Based on international remittance flows / Based on treasury financing transactions
04.May.18	15 March 2023	USD/EUR	380	Based on international remittance flows
5 October 2018	15 September 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
15 October 2019	15 December 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions
22 March 2021	15 March 2027	USD	461.5	Based on international remittance flows / Based on treasury financing transactions
	15 March 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	200	Based on international remittance flows / Based on treasury financing transactions
	15 September 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	50	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	USD	115.4	Based on international remittance flows / Based on treasury financing transactions

As of March 31, 2021, the total securitization balance is equivalent of USD 1,895 million and EUR 399 million. (31 December 2020: USD 1,175 million and EUR 168 million).

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on securities issued

On 5 February 2020, a new bond issuance amounting to USD 750 million with 5-year maturity, 5.25 percent coupon rate and 5.375 percent final return rate was realized. In the transaction, the largest bond issue in the history of the bank, US \$ 4.3 billion has been collected worldwide.

As of December 8, 2020 with 5 year maturity date, the yield and the coupon rate has been set at 6.625% and 6.50% respectively amounting to USD 750 Million which is the first Sustainable Eurobond issuance among deposit banks in Turkey.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - March 31, 2021				
Nominal	5,666,809	5,180,500	821,998	35,720,398
Cost	5,544,217	5,180,500	821,487	35,551,202
Net Book Value	5,618,694	5,345,639	825,657	36,149,355
	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Prior Period - December 31, 2020				
Nominal	5,169,940	5,180,500	2,177,273	32,494,250
Cost	5,043,291	5,180,500	2,175,570	32,339,042
Net Book Value	5,150,249	5,301,603	2,188,163	32,872,952

4. Components of “other external resources payable” in the financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments

Other external resources payable in the financials do not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under financial leasing

The amounts recognized under TFRS 16 as of March 31, 2021 and December 31, 2020 are presented below.

March 31, 2021	Service Buildings	Vehicles	Total
Lease payables	1,362,495	29,264	1,391,759
Deferred rental expenses(-)	403,306	3,797	407,103
Lease payables (Net)	959,189	25,467	984,656
Right of use assets	884,247	24,225	908,472
December 31, 2020	Service Buildings	Vehicles	Total
Lease payables	1,322,486	21,988	1,344,474
Deferred rental expenses(-)	366,940	2,741	369,681
Lease payables (Net)	955,546	19,247	974,793
Right of use assets	878,265	18,284	896,549

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, 18,082 TL of lease payments were made in the related period. (December 31, 2020: TL 16,345).

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Obligations under financial leasing (Continued)

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	Gross	Net	Gross	Net
Under 1 year	24,071	23,034	24,228	23,200
1-4 Years	367,401	313,347	338,843	293,475
Over 4 years	1,000,287	648,275	981,403	658,118
Total	1,391,759	984,656	1,344,474	974,793

With the “IFRS 16 Leases” standard, effective as of January 1, 2019, the difference between operational lease and financial lease has been eliminated, and leasing transactions have started to be disclosed under the “liabilities from leasing transactions” line.

6. Information on derivative financial liabilities held for risk management purpose

Negative fair values of hedging purpose derivatives

None.

7. Information on Provision

Information on employee rights

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of March 31, 2021, TL 824,159 (December 31, 2020: TL 781,077) provision for severance pay and TL 95,983 (December 31, 2020 TL 88,612) provision for unused vacation are stated in financial statements under employee rights provision.

Provision for currency exchange loss on foreign currency indexed loans

	Current Period - December 31, 2020	Prior Period – December 31, 2019
Provision for currency exchange loss on foreign currency indexed loans	1,116	5,871

Provisions for non-cash loans that are not indemnified and not converted into cash

As of March 31, 2021, Bank has recorded TL 37,654 (December 31, 2020: TL 43,756) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of March 31, 2021, the free provision in the financial statements amounted to a total of TL 1,472,000, of which is constituted by TL 400,000 in the current period and TL 1,072,000 in the prior periods. (31 December 2020: TL 1,072,000)

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation

Current taxes

Tax provision

As of March 31, 2021, the Bank's corporate tax payable is TL 3,948 (December 31, 2020: TL 360,486).

Information on taxes payable

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Corporate taxes payable	3,948	360,486
Taxation on securities	344,232	283,597
Capital gains tax on property	2,008	1,561
Banking and Insurance Transaction Tax (BITT)	213,117	196,109
Taxes on foreign exchange transactions	9,672	8,002
Value added tax payable	6,626	6,957
Other	107,104	41,467
Total	686,707	898,179

Information on premiums payable

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	3,675	1,441
Unemployment insurance- employer share	7,350	2,882
Other	-	-
Total	11,025	4,323

Information on deferred tax liabilities

The Bank does not have deferred tax debts as of March 31, 2021. (31 December 2020: None)

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

10. Information on subordinated debt instruments

As of March 31, 2021, subordinated debt instruments total balance sheet value is TL 20,570,247 as of March 31, 2021 (December 31, 2020: TL 19,458,798).

	Current Period – March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	4,993,575	7,097,323	5,144,984	6,627,849
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,993,575	7,097,323	5,144,984	6,627,849
Debt instruments to be included in the additional capital calculation	1,256,573	7,222,776	1,256,477	6,429,488
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,256,573	7,222,776	1,256,477	6,429,488
Total	6,250,148	14,320,099	6,401,461	13,057,337

(*) Detailed explanations on subordinated loans are given in the Section IV - "Information on Instruments to be Included in Equity Calculation".

11. Information on equity

Paid-in capital

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Common Stock	3,905,622	3,905,622
Preferred Stock	-	-

Paid-in capital of the Bank amounted to TL 3,905,622 TL is divided into groups comprised of 27.52% Group (A), 10.00% Group (B), 10.35% Group (C) and 52.13% Group (D).

Board of Directors' members; three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	3,905,622	10,000,000

At the resolutions of Board of Directors dated January 2, 2015 and 61st Ordinary Meeting of the General Assembly dated March 30, 2015, Bank's ceiling per registered share capital has been increased from TL 5,000,000 to TL 10,000,000.

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no capital and capital share increase made in the current period.

In the prior period, the Bank increased its paid-in capital from TL 2,500,000 to TL 3,905,622, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated 11 May 2020. Accordingly, the amendment made in the related article of the Articles of Association was registered on 09 June 2020.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and the general purpose of these commitments and the estimated resources required for these commitments

None.

Prior period indicators of the Bank’s income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	4,300,677	(4,302)	2,520,234	(4,066)
Financial assets at fair value through other comprehensive income	(284,412)	80,656	138,957	700,035
Foreign exchange differences	80,727	-	80,727	-
Total	4,096,992	76,354	2,739,918	695,969

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Commitments for credit card limits	24,030,174	21,320,698
Loan granting commitments	26,699,600	26,086,273
Commitments for cheque payments	6,242,036	5,723,932
Asset purchase sale commitments	5,270,903	11,842,849
Other	2,533,374	2,537,078
Total	64,776,087	67,510,830

Type and amount of possible losses from off-balance sheet items including those referred to below

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The Bank provided specific provision amounting to TL 424,639 (December 31, 2020: TL 473,440) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 37,654 (December 31, 2020: TL 43,756).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Provisional letters of guarantee	1,997,652	2,300,586
Final letters of guarantee	28,984,552	26,707,408
Letters of guarantee for advances	8,024,723	6,997,981
Letters of guarantee given to custom offices	2,386,972	2,335,826
Other letters of guarantee	41,529,540	36,742,124
Total	82,923,439	75,083,925

2. Non-cash loans

	Current Period - March 31, 2021	Prior Period - December 31, 2020
Non-cash loans given for cash loan risks	19,996,707	23,475,004
<i>With original maturity of 1 year or less</i>	7,173,343	3,761,496
<i>With original maturity of more than 1 year</i>	12,823,364	19,713,508
Other non-cash loans	95,835,069	77,761,033
Total	115,831,776	101,236,037

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)

3. Sectoral risk concentrations of non-cash loans

	Current Period - March 31, 2021				Prior Period - December 31, 2020			
	TL	%	FC	%	TL	%	FC	%
Agricultural	94,717	0.21	860,587	1.22	92,169	0.21	711,771	1.23
Farming and Cattle	87,623	0.20	812,550	1.15	85,536	0.20	663,623	1.15
Forestry	5,053	0.01	-	-	4,980	0.01	-	-
Fishing	2,041	-	48,037	0.07	1,653	-	48,148	0.08
Manufacturing	14,416,311	31.74	40,680,187	57.78	14,223,619	32.77	32,550,812	56.28
Mining	960,835	2.12	358,438	0.51	943,206	2.17	377,971	0.65
Production	8,821,640	19.42	36,981,666	52.53	8,627,927	19.88	29,210,184	50.51
Electric, gas and water	4,633,836	10.20	3,340,083	4.74	4,652,486	10.72	2,962,657	5.12
Construction	10,089,231	22.21	9,147,093	12.99	9,697,538	22.34	7,984,351	13.81
Services	19,671,409	43.31	17,954,671	25.50	18,169,868	41.87	15,093,021	26.09
Wholesale and retail trade	8,232,040	18.13	10,224,315	14.52	7,509,189	17.30	8,560,076	14.80
Hotel, food and beverage Services	452,703	1.00	541,161	0.77	399,272	0.92	596,204	1.03
Transportation and telecommunication	3,817,504	8.40	4,907,206	6.97	3,508,135	8.08	3,935,289	6.80
Financial institutions	3,970,775	8.75	381,314	0.54	3,597,437	8.29	315,020	0.54
Real estate and renting Services	1,718,854	3.78	1,634,289	2.32	1,652,822	3.81	1,310,291	2.27
Self-employment services	1,149,768	2.53	259,321	0.37	1,179,304	2.72	369,557	0.64
Education services	87,773	0.19	1,075	0.00	67,596	0.16	1,012	0.00
Health and social services	241,992	0.53	5,990	0.01	256,113	0.59	5,572	0.01
Other	1,148,948	2.53	1,768,622	2.51	1,221,017	2.81	1,491,871	2.59
Total	45,420,616	100.00	70,411,160	100.00	43,404,211	100.00	57,831,826	100.00

4. Information on the first and second group of non-cash loans

Current Period - March 31, 2021	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	43,558,210	36,760,290	1,295,488	885,258
Confirmed Bills of Exchange and Acceptances	4,258	8,131,107	-	-
Letters of Credit	364,826	24,104,637	-	175,320
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	127,743	-	-
Non-Cash Loans	43,927,294	69,123,777	1,295,488	1,060,578

Prior Period - December 31, 2020	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	41,583,843	30,826,591	1,323,090	895,488
Confirmed Bills of Exchange and Acceptances	4,258	5,098,493	-	-
Letters of Credit	253,982	20,506,928	-	155,028
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	114,896	-	-
Non-Cash Loans	41,842,083	56,546,908	1,323,090	1,050,516

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)

5. Contingent assets and liabilities

Bank allocates TL 61,141 as provision for lawsuits against the Bank (December 31, 2020: TL 37,141).

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Bank’s custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period - March 31, 2021		Prior Period - March 31, 2020	
	TL	FC	TL	FC
Short-term Loans	2,493,980	159,143	1,490,500	146,212
Medium and Long-Term Loans	6,789,954	1,604,161	5,137,725	1,320,549
Non-performing Loans	141,917	-	195,269	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	9,425,851	1,763,304	6,823,494	1,466,761

Information on interest income received from banks

	Current Period - March 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	3,732	-	1,112	5,198
Foreign Banks	-	1,905	-	20,990
Foreign Head Office and Branches	-	-	-	-
Total	3,732	1,905	1,112	26,188

Information on interest income received from marketable securities portfolio

	Current Period - March 31, 2021		Prior Period - March 31, 2020	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	-	24,765	-	12,849
Financial assets at fair value through other comprehensive income	1,096,199	433,490	664,218	73,235
Financial assets measured at amortized cost	1,364,169	178,663	989,906	154,043
Total	2,460,368	636,918	1,654,124	240,127

As stated in Section 3 Note VII, “Fair value through other comprehensive income” and “measured at amortized cost” securities portfolios of the Bank include Consumer Price Indexed (CPI) Bonds. As stated in the CPI Indexed Bonds Investor Guide of the Ministry of Treasury and Finance of the Republic of Turkey, the reference indices used in the calculation of the actual coupon payment amounts of these securities are constituted according to the CPI of two months anterior. The Bank determines the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. In this context, as of March 31, 2021, the valuation of the related securities was based on an annual inflation forecast of 9.40%. If the valuation of these securities indexed to CPI was made according to the reference index valid for March 31, 2021, the Bank’s equity valuation differences on equity would decrease by TL 265 million and the net profit for the period would increase TL 1,11 million.

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

Information on interest income received from associates and subsidiaries

	Current Period - March 31, 2021	Prior Period - March 31, 2020
Interest Received from Associates and Subsidiaries	96,140	19,170

2. Interest expense

Interest expense on funds borrowed

	Current Period - March 31, 2021		Prior Period - March 31, 2020	
	TL	FC	TL	FC
Banks	21,060	244,383	24,107	326,133
Central Bank of Republic of Turkey	4,015	2,342	-	491
Domestic Banks	8,316	35,818	8,913	19,558
Foreign Banks	8,729	206,223	15,194	306,084
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	13,325	-	17,740
Total	21,060	257,708	24,107	343,873

Interest expense paid to associates and subsidiaries

	Current Period - March 31, 2021	Prior Period - March 31, 2020
Interest Paid to Associates and Subsidiaries	68,492	33,963

Interest expense on securities issued

Interest paid to securities issued as at for the period ended March 31, 2021 is TL 1,322,106 (TL 618,914 and 703,192 FC). (March 31, 2020: TL 1,134,755 (TL 631,800 and 502,955 FC)).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

Maturity structure of the interest expense on deposits

Current Period March 31, 2021	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	63,278	108,281	-	-	-	-	171,559
Saving deposits	-	316,174	2,119,577	52,438	12,211	29,620	173	2,530,193
Public sector deposits	8,060	349,415	267,768	23,559	6,917	2,200	-	657,919
Commercial deposits	-	991,187	1,372,547	26,046	23,963	10,117	-	2,423,860
Other deposits	-	65,691	695,559	56,211	22,516	25,899	-	865,876
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	8,060	1,785,745	4,563,732	158,254	65,607	67,836	173	6,649,407
<i>FC</i>								
Foreign currency deposits	5,799	85,626	475,158	27,155	15,960	22,084	-	631,782
Interbank deposits	1,666	20,824	35,632	-	-	-	-	58,122
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	10	-	1,439	201	-	1,650
Total	7,465	106,450	510,800	27,155	17,399	22,285	-	691,554
Grand Total	15,525	1,892,195	5,074,532	185,409	83,006	90,121	173	7,340,961

Prior Period - March 31, 2020	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	64,965	24,192	-	24,261	-	-	113,418
Saving deposits	-	213,285	923,774	62,598	7,645	84,643	293	1,292,238
Public sector deposits	4,235	142,258	135,103	54,237	16,486	665	-	352,984
Commercial deposits	-	304,692	336,721	32,292	21,913	29,334	-	724,952
Other deposits	-	27,136	162,260	64,803	6,522	3,411	-	264,132
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	4,235	752,336	1,582,050	213,930	76,827	118,053	293	2,747,724
<i>FC</i>								
Foreign currency deposits	3,019	27,310	162,149	15,000	4,921	21,952	-	234,351
Interbank deposits	3,970	9,234	3,439	-	3,448	-	-	20,091
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	16	-	561	150	-	727
Total	6,989	36,544	165,604	15,000	8,930	22,102	-	255,169
Grand Total	11,224	788,880	1,747,654	228,930	85,757	140,155	293	3,002,893

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

3. Information on trading income/loss

	Current Period - March 31, 2021	Prior Period - March 31, 2020
Profit	33,439,914	20,562,835
Income from capital market operations	436,832	170,728
Income from derivative financial instruments	29,952,179	17,732,588
Foreign exchange gains	3,050,903	2,659,519
Losses	(33,945,248)	(21,204,663)
Loss from capital market operations	(38,067)	(21,532)
Loss from derivative financial instruments	(30,988,387)	(17,993,411)
Foreign exchange loss	(2,918,794)	(3,189,720)
Net trading profit/loss	(505,334)	(641,828)

Net loss arising from changes in foreign exchange rates that relate to the Bank’s foreign exchange rate based derivative financial instruments is amounting to TL 778,101 as at and for the year ended December 31, 2020 (March 31, 2020: TL 22,107 net loss).

4. Information on other operating income

	Current Period - March 31, 2021	Prior Period - March 31, 2020
Income from reversal of the specific provisions for loans from prior periods	3,286,449	2,369,086
Communication income	5,628	6,220
Gain on sale of assets	145,427	114,007
Rent income	2,056	2,137
Other income	73,301	54,461
Total	3,512,861	2,545,911

5. Expected Credit Loss and Other Provision Expenses

	Current Period - March 31, 2021	Prior Period - March 31, 2020
Expected Credit Loss	3,024,128	3,086,386
12 month expected credit loss (stage 1)	969,582	847,302
Significant increase in credit risk (stage 2)	1,220,635	763,086
Non-performing loans (stage 3)	833,911	1,475,998
Marketable Securities Impairment Expense	1,934	32,014
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1,934	32,014
Investments in Associates, Subsidiaries and Held-to-maturity	-	-
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other^(*)	400,000	-
Total	3,426,062	3,118,400

(*) Free provision amount provided in 2021.

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

6. Information on other operating expenses

	Current Period - March 31, 2021	Prior Period - March 31, 2020
Reserve for Employee Termination Benefits	42,890	32,156
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	114,787	114,113
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	10,369	8,072
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	613,610	600,378
<i>Leasing expenses related to TFRS 16 exceptions</i>	18,082	16,345
<i>Repair and maintenance expenses</i>	23,870	14,165
<i>Advertisement expenses</i>	25,606	26,606
<i>Other expenses</i>	546,052	543,262
Loss on sale of assets	528	664
Other ^(*)	430,344	1,203,608
Total	1,212,528	1,958,991

^(*) Other operating expenses amounting to TL 430,344 (March 31, 2020: TL 1,203,608) is comprised of provision expenses for dividends to the personnel amounting to TL 88,446 (March 31, 2020: TL 77,824), there is no written off loans and receivables in current period (March 31, 2020: TL 888,478), tax, fees and funds expenses amounting to TL 82,887 (March 31, 2020: TL 76,631), “Saving Deposits Insurance Fund” expenses amounting to TL 119,298 (March 31, 2020: TL 67,723) and other operating expenses amounting to TL 139,713 (March 31, 2020: TL 92,962).

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

7. Information on income/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-6 in this section.

8. Information on tax provision from discontinued and continuing operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 9 in this section.

9. Information on net profit/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information on net profit/loss from continuing operations is presented in disclosures 1-12 in this section.

10. Provision for taxes

Current period taxation benefit or charge and deferred tax benefit or charge

No tax provision expense has been incurred for the Bank in the current period within the framework of the regulations in force. (March 31, 2020: TL 82,162)

Deferred tax benefit of the Bank is detailed in the table below.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

Sources of deferred tax benefit/charge	Current Period - March 31, 2021	Prior Period - March 31, 2020
Arising from Origination / (Reversal) of Deductible Temporary Differences	586,191	(50,788)
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(838,480)	(278,701)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from Tax Rate Change	-	-
Total	(252,289)	(329,489)

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

11. Information on net profit and loss

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

The Bank has earned TL 14,435,815 interest income, TL 11,755,491 interest expenses, TL 874,355 net fees and commissions income, from ordinary banking transactions (March 31, 2020: TL 10,231,814 interest income, TL 5,323,417 interest expenses, TL 1,021,291 net fees and commissions income).

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

None.

12. Information related to the 20% of the sub-accounts belonging to components of other items in the statement of income exceeding 10% of the group total

Banks’ other commissions income mainly consists of credit card fee and commissions, insurance commissions and intelligence commissions.

Banks’ other commissions expense mainly consists of credit card fee and commissions and commissions given for foreign banks credits.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP

1. Information on the volume of transactions with the Bank’s risk group, lending and deposits outstanding at period end and income and expenses in the current period

Information on loans and other receivables held by the Bank’s risk group

Current Period - March 31, 2021	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	3,582,369	772,579	-	32,511	63,311	64,767
Balance at the end of the year	1,903,030	780,171	-	32,744	31,242	70,744
Interest and commission income	96,140	422	-	-	3,109	43

Prior Period - March 31, 2021	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	921,932	868,629	-	29,783	334,910	57,317
Balance at the end of the year	3,582,369	772,579	-	32,511	63,311	64,767
Interest and commission income	19,170	974	-	-	39	24

Information on deposits held by the Bank’s risk group

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	2,682,838	1,443,698	2,237,815	298,861	117,989	89,490
Balance at the end of the year	4,807,849	2,682,838	3,071,923	2,237,815	86,601	117,989
Interest on deposits	68,492	33,963	110,501	-	1,971	1,408

Information on forwards and option agreements and other similar agreements made with the Bank’s risk group

Bank’s Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	161,728	-	-	-	-	-
Total profit/loss	297	-	-	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP (Continued)

2. Disclosures of transactions with the Bank’s risk group

Relations with entities in the risk group of/ or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

Information on Benefits Provided to Directors

In the accounting period ending on March 31, 2021, a total amount of TL 10,336 was paid to the Bank's top management. (March 31, 2020: TL 8,574).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

As per the resolution of 67th Annual General Assembly held on March 26, 2021, the net profit of year 2020 has been decided to be distributed as follows:

Profit Distribution Table of Year 2020	
Bank’s unconsolidated profit in its statutory financial statements	5,010,456
Deferred tax credits	-
Net profit of the year subject to distribution	5,010,456
Legal reserves	501,046
<i>First Legal Reserves</i>	250,523
<i>Reserves allocated according to banking law and articles of association.</i>	250,523
Net profit of the year subject to distribution	4,509,410
Gain on sale of immovable and shares of associates and subsidiaries	163,415
Extraordinary reserves	4,345,995
Dividends to shareholders	-

It is planned to transfer 654,718 TL of the amount of 900,871 TL, which was accounted in prior years’ gains, into special fund within the scope of Article 5/1-e of the Corporate Tax Law numbered 5520 and 90,087 TL was to be allocated to legal reserves, and the remaining amount of 156,066 TL to Extraordinary Reserves.

II. INFORMATION ON THE BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

February 2021^(*)	Fitch Ratings
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	BB-
Short Term Local Currency	B
Local Currency Outlook	Stable
National Long Term	AA (tur)
National Outlook	Stable
Support	4
Support Rating Floor	B
Viability Note	b+
December 2020^(*)	Moody’s Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2/NP
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B2/NP
Foreign Currency Outlook	Negative
August 2018^(*)	JCR Eurasia
Long Term International FC	BBB- (Negative)
Short Term International FC	A-3 (Negative)
Long Term International TL	BBB-
Short Term International TL	A-3
Long Term NSR	AAA (Stable)
Short Term NSR	A-1 + (Stable)
Support	1
Independancy from Shareholders	A

(*) The dates indicate the last grade change dates.

OTHER DISCLOSURES (Continued)

III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE THAT ARE NOT RESULTED

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A temporary article has been added to the Corporate Tax Law No. 5520 with the Law No. 7316 on the Procedure for the Collection of Public Claims and the Law on Amendment to Certain Laws published in the Official Gazette dated April 22, 2021. The stated amendment will be applied to the declarations to be submitted as of July 1, 2021 and entered into force as of April 22, 2021 starting from the fiscal period of January 1, 2021, and the corporate tax rate, which is 20% in the current law, is 25% for 2021, it has been decided to apply as 23% for the revenues of 2022. Accordingly, corporate tax will be applied as 20% in the first advance tax period of 2021, and 25% as of the second temporary taxation period.

**SECTION SEVEN
INDEPENDENT AUDITORS’ REVIEW REPORT**

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The Bank’s unconsolidated financial statements and footnotes as at and for three-month period ended March 31, 2021 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). It was noted in their review report dated May 6, 2021 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the Bank’s financial position and results of its operations.

I. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

**SECTION EIGHT
INFORMATION ON THE INTERIM ANNUAL REPORT**

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Assessment of the Chairman of the Board

Dear stakeholders,

We have left behind a year in coronavirus pandemic. In this period, combat against pandemics remained the top agenda. Economies worldwide have started to recover, after the strong fluctuations in 2020, thanks to positive developments in vaccination in the first quarter of 2021. However, problems in vaccination supply, and mutation of the virus increased the concerns for the periods ahead. On the other hand, Central Banks in many countries continued to implement supportive policies to maintain the economic recovery.

In the first quarter of 2021, US economy grew by 6.4% with the contribution of powerful financial aids and the pace of vaccination. Eurozone shrank by 1.8% in the first quarter as vaccination proceeded slow and as the incentive packages were not as strong as those in the US. On the other hand, Chinese economy was among the fastest recovering countries after pandemics, growing by 18.5% with the strengthening production and investment activities.

Economy in our country has shown 1.8% growth performance in 2020 despite all negative effects of the pandemics. Thus, we were among the rare countries completing 2020 with positive growth. Incentive packages and the policies supported economic recovery. Leading indicators announced in the first quarter of 2021 suggest the continuation of this recovery.

In the first quarter of 2021, Turkish Banking industry maintained its strong structure. Total assets of the industry grew by 6.25% compared to 2020 year-end, reaching TL 6,488 billion. As of the end of March, industry’s capital adequacy ratio is 17.99%.

We at VakıfBank proceeded with robust growth in this period. Our total assets increased to TL 720,729 million, while cash loans, having the highest share in our total assets, have increased by 6.22% to TL 448,296 million. Deposits, our main funding source, have increased to TL 430,320 million.

We at VakıfBank will continue to support the sustainable and strong growth of Turkish economy, as always. I would like to take this opportunity to thank our valuable customers, and our shareholders and investors for their confidence in us, and our employees for their efforts.

Best regards,

**Mustafa SAYDAM
Chairman of the Board**

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INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

General Manager’s Assessment

Dear stakeholders,

Covid-19 pandemics continued to impact the whole world, from the US to Eurozone, and emerging Asian economies to Africa in this period, causing unprecedented stagnation in many industries and the worldwide trade. In 2021, positive developments in vaccination and supportive policies implemented by governments helped many economies to recover from recession. In the first quarter, economy in the US and China grew, while Eurozone shrank with the effect of long-lasting lockdowns. Turkish economy completed the year 2020 with 1.8% growth despite severity of pandemics, thus being one of the rare economies which completed 2020 with positive growth. In the first quarter of 2021, successful policies, developments in vaccination process, and the improvements in global economy, positively affected Turkish economy.

We at VakıfBank continued to support our national economy in the first quarter of the year. In this period, our total assets increased by 3.12% to TL 720,729 million, with highest contribution in the growth of our assets from loans. Cash loans increased by 6.22% with the contribution of commercial loans increasing by 8.12%. Our support to national economy with cash loans and non-cash credits exceeded support TL 564 billion.

We offered innovative solutions to customer needs differentiating during pandemics. We introduced Çıpa (Anchor) Loan for companies in industries having strategic importance, in order to support the production environment, ensure the implementation of investments without delay, and to increase employment. On the other hand, we provided long term funds of USD 250 million from the World Bank, and used such funds in a comprehensive support package for SME’s which are affected from pandemics, called VakıfBank Pandemics Support Package, aiming at financing the operating requirements and investments of SME’s.

In the first quarter of 2021, deposits continued to be the main funding source of our Bank. Deposits in our Bank increased by 3.93% to TL 430,320 million with the contribution of diversity in deposit products and services. In terms of non-deposit funding, we undertook the largest ever securitization in a single transaction in Turkish banking industry, under the securitization program based on international remittance flows. Thus, we imported USD 1 billion 750 million at low-cost. With this successful transaction, we have confirmed once again the credibility of VakıfBank and our country’s banking industry in international markets.

Our Bank maintained strong capital structure in this period. Our capital adequacy ratio in the first quarter of 2021 is 15.50%. Our net profit for the quarter is TL 750 million.

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INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

General Manager’s Assessment (Continued)

Pandemics changed the customer habits and behaviour. Millions of people now live their lives digitally or trying to adapt to that. We implemented many new applications in order to instantly respond to changing needs, and further facilitate the lives of our customers. In this periods, we are the first bank to apply face recognition technology in banking transactions such as increasing limits, code, account definition and activation. In line with our inclusive approach of handicap-free banking, we commenced services with sign language at our video call center for our hearing-impaired customers. In addition, we provide the means for becoming a VakıfBank customer instantly via our mobile application, without wet signature, and without visiting a branch. In line with our sustainability strategy, we proceeded with our efforts in many fields from the environment to social life. In this period, we signed a “Green Mortgage Loan” worth 200 million Euros, with Agence Française de Développement (AFD - French Development Agency). Thus, we incentivize high energy-efficiency and eco-sensitive constructions, in an attempt to contribute in housing industry and sustainable development. In March, we provided the youth with the opportunity to display their digital skills in the online event ‘Hack to the Future’ within the scope of ‘Shape the Future of Digital Finance’ concept. As inheritors of foundations culture, we continued to add value to our people, with the volunteering activities as well as social responsibility projects. Within the scope of İyilik Kumbarası (Coin Bank of Goodness) project implemented with the support of our personnel, we met the needs of 11 schools. In addition, VakıfBank Finance Group contributed in “Geleceğe Nefes (Breath for the Future) Campaign” initiated throughout Turkey by OGEM Foundation and the General Directorate of Forestry, collecting donations for 10,280 tillers. Such tillers are planted in Hassa borough of Hatay in early 2021.

We at VakıfBank will continue to create value in every field, and to contribute in the sustainable growth of our country’s economy, as always. I would like to take this opportunity to thank our customers and shareholders for their confidence in us, and our employees for their efforts, and the Board of Directors and all other social stakeholders for their support.

Regards,

Abdi Serdar ÜSTÜNSALIH
General Manager and
Executive Director

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

Significant Financial Indicators

BALANCE SHEET (Million TL)	MARCH 2021	DECEMBER 2020	CHANGE (%)
TOTAL ASSETS	720,729	698,897	3.12
SECURITIES PORTFOLIO	155,276	146,510	5.98
LOANS (*)	448,296	422,043	6.22
- Commercial Loans	340,242	314,675	8.12
- Retail Loans	108,054	107,368	0.64
DEPOSITS	430,320	414,044	3.93
- Term Deposits	345,258	333,507	3.52
- Demand Deposits	85,061	80,536	5.62
FUNDS BORROWED	57,092	46,987	21.51
SUBORDINATED DEBT INSTRUMENTS	20,570	19,459	5.71
SECURITIES ISSUED (NET)	47,939	45,513	5.33
SHAREHOLDERS' EQUITY	47,988	46,485	3.23
NON-CASH LOANS	115,832	101,236	14.42

INCOME STATEMENT SUMMARY (Million TL)	MARCH 2021	MARCH 2020	CHANGE (%)
Financial period's Net Profit/ Loss	750	1,716	(56.29)

INDICATOR RATIOS (%)	MARCH 2021	DECEMBER 2020
TOTAL LOANS/ ASSETS (*)	62.20	60.39
LOANS/DEPOSITS (*)	104.18	101.93
NON-PERFORMING LOANS RATIO	3.65	3.97
CAPITAL ADEQUACY RATIO	15.50	16.44
RETURN ON AVERAGE ASSETS (ROAA) (**)	0.42	0.90
RETURN ON AVERAGE EQUITY (ROAE) (**)	6.35	12.60

(*) Loans excluding legal proceedings.

(**) Calculations are annualized.

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INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

2021 1st Quarter Assessment

Having continued to grow in the first quarter of 2021, our Bank has increased its total assets by 3.12% to TL 720,729 million. In this period, our performing loans have increased by 6.22% to TL 448,296 million, where the share of performing loans in total assets is 62.20%. Breakdown own loans shows that commercial loans have reached TL 340,242 million, and individual loans have reached TL 108,054 million.

In the first quarter of 2021, our Bank has increased deposits by 3.93% to TL 430,320 million.

In addition to deposits, our Bank has issued commercial papers with a total nominal value of TL 4,822 million in the first quarter of 2021, through public offer and to be sold to qualified investors in Turkey. Funds obtained from abroad have reached USD 2,109 million this year.

Within the scope of securitization based on international remittance flows, our Bank has newly issued a total of USD 1 billion 750 million, in Euros and Dollars, in maturities varying between 5 and 7 years, from 7 different correspondent banks from around the world. Said transaction is the largest amount of securitization ever in a single run in Turkish banking industry.

In the first quarter of 2021, our Bank has earned TL 750 million net profit for the period. Our Bank’s capital adequacy ratio is 15.50%.

As of 31 March 2021, our Bank’s number of branches is 938 with a headcount of 16,721.

The international credit ratings agency Fitch Ratings has revised Turkey’s long term outlook from Negative to Stable on 19 February 2021. Subsequently, on 26 February 2021, all ratings of VakıfBank were confirmed, with long term local currency outlook being revised from Negative to Stable.

Other Significant Developments

- Results of the Ordinary General Assembly Meeting of our Bank held on 26 March 2021 have been registered with Istanbul Trade Registry Office on 19 April 2021.
- At our Bank’s 67th Ordinary General Assembly Meeting held on 26 March 2021, it has been resolved with majority of votes, on continuation of Abdülkadir AKSU as independent member of the Board of Directors; and Mustafa SAYDAM be appointed as member of the Board of Directors for 3 years, in place of Hamza YERLİKAYA.
- At our Bank’s Board of Directors’ Meeting held on 26 March 2021, it has been resolved with unanimous decision, in accordance with relevant articles of our Bank’s Articles of Association, to;

- Mr. Mustafa SAYDAM was appointed as the Chairman of the Board,
- Mr. Cemil Ragıp ERTEM was appointed as the Vice Chairman of the Board,
- Mr. Abdi Serdar ÜSTÜNSALİH was appointed as the General Manager.

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INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

Other Significant Developments (Continued)

- At our Bank’s Board of Directors’ Meeting held on 26 March 2021, it has been resolved with unanimous decision, in accordance with relevant articles of our Bank’s Articles of Association, to;
 - Mr. Serdar TUNÇBİLEK and Mrs. Dilek YÜKSEL were appointed to the Audit Committee,
 - Mr. Abdi Serdar ÜSTÜNSALİH was appointed to the Credit Committee as the natural member and Mr. Serdar TUNÇBİLEK and Mr. Şahin UĞUR were appointed as the principal members, and Mr. Adnan ERTEM and Mr. Dilek YÜKSEL were appointed as the alternate members,
 - Mrs. Dilek YÜKSEL, Mr. Abdülkadir AKSU and Mr. Sadık YAKUT were appointed to the Corporate Governance Committee, and in accordance with Article 11 of Corporate Governance Communiqué, Mr. Ali TAHAN, the Head of International Banking and Investor Relations and Mr. Korhan TURGUT, Head of General Accounting and Financial Affairs, were appointed as members of the Corporate Governance Committee,
 - Mr. Mustafa SAYDAM and Mr. Adnan ERTEM were appointed as members of the Remuneration Committee.
- Qatar Financial Centre Regulatory Authority (QFCRA) has permitted commencement of the activities of our branch as of 2 February 2021.
- 25th Period Collective Agreement negotiations between our Bank and the Banking, Finance and Insurance Workers Union (BASS) have been concluded with the agreement dated 12.03.2021, covering the period from 01.05.2021 - 30.04.2023.

Amendments of the Articles of Association

There has been no amendment to the Articles of Incorporation during the term.