CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND
AUDITOR REPORT
ORIGINALLY ISSUED IN TURKISH

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2020 WITH INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türk Ekonomi Bankası AŞ.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Türk Ekonomi Bankası AŞ (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Opinion

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

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Impairment of loans in accordance with TFRS 9 Financial Instruments Standard ("TFRS 9") Impairment of loans is a key area of judgment for the management. The Group has the total loans and receivables amounting to TL 85,265,773 thousands, which comprise 60% of the Group's total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 4,064,933 as at 31 December 2020. As of 1 January 2018, the Group has started to recognize provisions for impairment in accordance with TFRS 9 and also "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions. The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects. fulfilling Not the requirements of the TFRS 9 is a potential risk for the Group. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter. Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.	As part of our audit work, the following procedures were performed: We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures. We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples. We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation. We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable regarding with Covid 19 effects, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates. We have tested historical loss data to validate the completeness and accuracy of key parameters. We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods. We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation. Based on our discussions with the Group management, we evaluated whether the key assumptions and other

Key Audit Matters	How the matter was addressed in the audit
	judgements considering Covid 19 effects underlying the estimations of impairments were reasonable. We assessed expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management considering Covid 19 effects. Our specialists are involved in all procedures related to models and assumptions. We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loans and receivables and related impairment provisions.
Pension Fund Obligations Defined benefit pension plan that the Group provides to its employees is managed by Fortis Bank AŞ Mensupları Emekli Sandığı ("Plan") which is established by the 20th provisional article of the Social Security Law numbered 506 (the "Law"). As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Group that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds' members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation voucher. As of 31 December 2020, the Group's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates. As described in Section V Note II.8.c2 considering the subjectivity of key judgments and assumptions, plus the	Our audit work included the following procedures: We involved external experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates. It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used. In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Group's actuary. We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable.

Key Audit Matters	How the matter was addressed in the audit
uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.	
Information Technologies Audit The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.	Procedures within the context of our information technology audit work: • We identified and tested the Group's controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: • Security management • Change management • Operations management • We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

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

Group Management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

5) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Group’s set of accounts for the period 1 January - 31 December 2020 does not comply with TCC and the provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Yaman Polat.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Group’s financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat, SMMM
Partner

İstanbul, 5 February 2021

CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
AS OF AND 31 DECEMBER 2020

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The consolidated financial report for the year-end period, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information about the Parent Bank
- Consolidated Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in The Related Period
- Information on Financial Structure and Risk Management of the Group which is under Consolidation
- Disclosures and Footnotes on Consolidated Financial Statements
- Other explanations
- Independent Auditor's Audit Report

The subsidiaries, associates and jointly controlled entities, financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	**Associates**	**Jointly Controlled Entities**
1	TEB Yatırım Menkul Değerler A.Ş.	-	-
2	TEB Faktoring A.Ş.	-	-
3	TEB Portföy Yönetimi A.Ş.	-	-

The accompanying audited consolidated financial statements for the year-end, related disclosures and footnotes which have been audited and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance, and incompliance with the financial records of the Parent Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi	Nicolas de Baudinet de Courcelles	Ayşe Aşardağ	Ümit Leblebici	M. Aşkın Dolaştır	Hatice Ertuğral
Chairman of the Board of Directors	Chairman of the Audit Committee	Vice Chairman of the Audit Committee	Chief Executive Officer	Assistant General Manager Responsible of Financial Reporting	Regulatory Reporting Senior Manager

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title: Aslıhan Kaya / External Reporting Senior Manager
Tel No : (0216) 635 24 51
Fax No : (0216) 636 36 36

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

SECTION ONE

GENERAL INFORMATION

I. History of the Parent Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status

Türk Ekonomi Bankası Anonim Şirketi ("The Bank" or "TEB"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009, BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

II. Explanation on the Parent Bank's Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Parent Bank's Belongs to

As of 31 December 2020 and 31 December 2019 the shareholders' structure and their respective ownerships are summarized as follows:

	31 December 2020		31 December 2019	
Name of shareholders	**Paid in capital**	**%**	**Paid in Capital**	**%**
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Ticaret Odası	501	0.02	501	0.02
	2,204,390	**100.00**	**2,204,390**	**100.00**

As of 31 December 2020, the Parent Bank's paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Parent Bank They Possess

Name	Title	Education
Board of Directors;		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr. Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Hans Wilfried J. Broucke	Member of the Board of Directors	Master
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	Chief Executive Officer and the Executive Member	Master
Assistant General Managers;		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr. Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
Bade Sipahioğlu Işık	Assistant General Manager Responsible from Human Resources Group	Master
Group Heads (*);		
Nimet Elif Akpınar	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
Internal Audit(*);		
Hakan Tıraşın	Internal Audit Group	University

(*) Group Heads and Head of Internal Audit are in Assistant General Manager status.

There are no Bank shares owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants.

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

IV. Information on the Parent Bank's Qualified Shareholders

Name/Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,415	55.00%	1,212,415	-
BNPP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23%	467,879	-

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas Fortis Yatırımlar Holding A.Ş., while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNPP Yatırımlar Holding A.Ş. are controlled by BNP Paribas SA.

V. Summary on the Parent Bank's Functions and Lines of Activity

The Parent Bank's operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 December 2020, the Parent Bank has 451 local branches and 4 foreign branches (31 December 2019: 467 local branches, 4 foreign branches). As of 31 December 2020, the number of employees of the Group is 9,129 (31 December 2019: 9,248).

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about the Entities Subject to Full Consolidation or Proportional Consolidation and Entities which are deducted from Equity or Entities which are not Included in These Three Methods

There is no difference for the Bank, except for the non-financial subsidiary, between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

The Parent Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş, it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

TEB ARF Teknoloji A.Ş., a non-financial subsidiary owned 100% and by the Parent Bank, was registered in the Trade Registry Gazette on 16 July 2020. The Parent Bank presents TEB ARF Teknoloji A.Ş. in the subsidiaries line in its financial statements.

VII. Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between Parent Bank and its Subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

I. Consolidated Balance Sheet
II. Consolidated Statement of Off-Balance Sheet Items
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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS			Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019	
		Section 5 Note	TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**20,312,342**	**22,622,956**	**42,935,298**	**8,094,017**	**22,014,859**	**30,108,876**
1.1	**Cash and Cash Equivalents**		**11,584,929**	**18,216,953**	**29,801,882**	**2,642,723**	**18,717,809**	**21,360,532**
1.1.1	Cash and Balances with Central Bank	(I-1)	3,431,921	13,519,382	16,951,303	716,054	11,239,917	11,955,971
1.1.2	Banks	(I-4)	1,974,393	4,709,711	6,684,104	1,087,213	7,488,841	8,576,054
1.1.3	Money Markets		6,180,886	-	6,180,886	840,304	-	840,304
1.1.4	Expected Loss Provision (-)		2,271	12,140	14,411	848	10,949	11,797
1.2	**Financial Assets at Fair Value Through Profit or Loss**		**511,090**	**1,119,802**	**1,630,892**	**426,085**	**869,339**	**1,295,424**
1.2.1	Government Debt Securities	(I-2)	463,550	984,266	1,447,816	385,317	782,677	1,167,994
1.2.2	Equity Securities		47,540	135,536	183,076	40,768	84,258	125,026
1.2.3	Other Financial Assets		-	-	-	-	2,404	2,404
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(I-5)**	**5,629,411**	**3,022,986**	**8,652,397**	**3,324,896**	**2,216,475**	**5,541,371**
1.3.1	Government Debt Securities		5,618,530	3,022,986	8,641,516	3,317,001	2,216,475	5,533,476
1.3.2	Equity Securities		10,881	-	10,881	7,895	-	7,895
1.3.3	Other Financial Assets		-	-	-	-	-	-
1.4	**Derivative Financial Assets**		**2,586,912**	**263,215**	**2,850,127**	**1,700,313**	**211,236**	**1,911,549**
1.4.1	Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,520,531	232,078	1,752,609	1,473,795	196,247	1,670,042
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	1,066,381	31,137	1,097,518	226,518	14,989	241,507
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)**		**77,577,144**	**16,143,819**	**93,720,963**	**58,026,785**	**14,346,010**	**72,372,795**
2.1	**Loans**	**(I-6)**	**69,418,968**	**13,342,867**	**82,761,835**	**56,568,956**	**12,490,850**	**69,059,806**
2.2	**Lease Receivables**	**(I-11)**	**-**	**-**	**-**	**-**	**-**	**-**
2.3	**Factoring Receivables**	**(I-18)**	**1,548,931**	**955,007**	**2,503,938**	**1,209,538**	**873,720**	**2,083,258**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(I-7)**	**10,197,854**	**2,325,087**	**12,522,941**	**3,549,987**	**1,356,631**	**4,906,618**
2.4.1	Government Debt Securities		10,197,854	2,325,087	12,522,941	3,549,987	1,356,631	4,906,618
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Loss (-)**	**(I-6,18)**	**3,588,609**	**479,142**	**4,067,751**	**3,301,696**	**375,191**	**3,676,887**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		**112,859**	**-**	**112,859**	**131,362**	**-**	**131,362**
3.1	Held for Sale Purpose	(I-17)	112,859	-	112,859	131,362	-	131,362
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**55**	**-**	**55**	**5**	**-**	**5**
4.1	**Investments in Associates (Net)**	**(I-8)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	**Subsidiaries (Net)**	**(I-9)**	**50**	**-**	**50**	**-**	**-**	**-**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		50	-	50	-	-	-
4.3	**Joint Ventures (Net)**	**(I-10)**	**5**	**-**	**5**	**5**	**-**	**5**
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		5	-	5	5	-	5
V.	**PROPERTY AND EQUIPMENT (Net)**	**(I-13)**	**845,976**	**91**	**846,067**	**884,141**	**677**	**884,818**
VI.	**INTANGIBLE ASSETS (Net)**	**(I-14)**	**572,547**	**-**	**572,547**	**561,432**	**-**	**561,432**
6.1	Goodwill		421,124	-	421,124	421,124	-	421,124
6.2	Other		151,423	-	151,423	140,308	-	140,308
VII.	**INVESTMENT PROPERTIES (Net)**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**19,678**	**-**	**19,678**	**14,810**	**-**	**14,810**
IX.	**DEFERRED TAX ASSET**	**(I-16)**	**651,589**	**-**	**651,589**	**667,146**	**-**	**667,146**
X.	**OTHER ASSETS (Net)**	**(I-19)**	**2,232,039**	**1,638,672**	**3,870,711**	**2,375,393**	**2,097,796**	**4,473,189**
	TOTAL ASSETS		**102,324,229**	**40,405,538**	**142,729,767**	**70,755,091**	**38,459,342**	**109,214,433**

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

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	LIABILITIES	Section 5 Note	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**(II-1)**	**49,589,731**	**44,152,172**	**93,741,903**	**34,470,683**	**37,707,169**	**72,177,852**
II.	**FUNDS BORROWED**	**(II-3)**	**1,562,891**	**10,348,393**	**11,911,284**	**1,067,418**	**9,127,278**	**10,194,696**
III.	**MONEY MARKET FUNDS**	**(II-4)**	**4,016,659**	**2,717,468**	**6,734,127**	**1,323,300**	**327,167**	**1,650,467**
IV.	**SECURITIES ISSUED (Net)**	**(II-3)**	**4,810,637**	**-**	**4,810,637**	**2,333,877**	**-**	**2,333,877**
4.1	Bills		4,766,623	-	4,766,623	2,333,877	-	2,333,877
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		44,014	-	44,014	-	-	-
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**3,135,153**	**208,026**	**3,343,179**	**3,404,041**	**107,517**	**3,511,558**
7.1	Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	2,067,218	193,125	2,260,343	1,486,334	100,250	1,586,584
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-7)	1,067,935	14,901	1,082,836	1,917,707	7,267	1,924,974
VIII.	**FACTORING LIABILITIES**	**(II-14)**	**91**	**8,888**	**8,979**	**274**	**538**	**812**
IX.	**LEASE LIABILITIES (Net)**	**(II-6)**	**552,899**	**51,975**	**604,874**	**617,693**	**39,964**	**657,657**
X.	**PROVISIONS**	**(II-8)**	**778,091**	**226,726**	**1,004,817**	**678,877**	**168,521**	**847,398**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		505,168	29,963	535,131	372,735	22,713	395,448
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		272,923	196,763	469,686	306,142	145,808	451,950
XI.	**CURRENT TAX LIABILITY**	**(II-9)**	**343,527**	**-**	**343,527**	**222,365**	**-**	**222,365**
XII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(II-10)**	-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Held From Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(II-11)**	**-**	**4,194,951**	**4,194,951**	**-**	**3,190,503**	**3,190,503**
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	4,194,951	4,194,951	-	3,190,503	3,190,503
XV.	**OTHER LIABILITIES**		**4,079,335**	**262,481**	**4,341,816**	**4,037,263**	**480,077**	**4,517,340**
XVI.	**SHAREHOLDERS' EQUITY**	**(II-12)**	**11,640,673**	**49,000**	**11,689,673**	**9,894,657**	**15,251**	**9,909,908**
16.1	Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2	Capital Reserves		391,754	-	391,754	391,754	-	391,754
16.2.1	Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		389,189	-	389,189	389,189	-	389,189
16.3	Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		276,629	-	276,629	310,864	-	310,864
16.4	Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		(363,855)	49,000	(314,855)	(884,644)	15,251	(869,393)
16.5	Profit Reserves		7,843,996	-	7,843,996	6,728,424	-	6,728,424
16.5.1	Legal Reserves		490,587	-	490,587	434,338	-	434,338
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		7,161,377	-	7,161,377	6,284,394	-	6,284,394
16.5.4	Other Profit Reserves		192,032	-	192,032	9,692	-	9,692
16.6	Profit or Loss		1,272,252	-	1,272,252	1,134,463	-	1,134,463
16.6.1	Prior Periods' Profit / Loss		9,497	-	9,497	9,497	-	9,497
16.6.2	Current Periods' Profit / Loss		1,262,755	-	1,262,755	1,124,966	-	1,124,966
16.7	Minority Shares	(II-13)	15,507	-	15,507	9,406	-	9,406
	TOTAL LIABILITIES		**80,509,687**	**62,220,080**	**142,729,767**	**58,050,448**	**51,163,985**	**109,214,433**

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

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2020 AND 2019

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

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

			Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
		Section 5 Note	TL	FC	Total	TL	FC	Total
A.	**OFF BALANCE SHEET COMMITMENTS (I+II+III)**		**82,225,686**	**89,376,868**	**171,602,554**	**67,741,200**	**87,362,056**	**155,103,256**
I.	**GUARANTEES AND WARRANTIES**	**(III-1)**	**7,480,648**	**16,764,598**	**24,245,246**	**9,129,803**	**13,244,967**	**22,374,770**
1.1	Letters of Guarantee		6,051,549	8,131,845	14,183,394	6,480,389	7,071,936	13,552,325
1.1.1	Guarantees Subject to State Tender Law		80,715	89,820	170,535	93,314	79,406	172,720
1.1.2	Guarantees Given for Foreign Trade Operations		344,482	545,346	889,828	319,439	417,745	737,184
1.1.3	Other Letters of Guarantee		5,626,352	7,496,679	13,123,031	6,067,636	6,574,785	12,642,421
1.2	Bank Acceptances		-	16,573	16,573	-	12,915	12,915
1.2.1	Import Letter of Acceptance		-	16,573	16,573	-	12,915	12,915
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	5,025,525	5,025,525	260	2,623,591	2,623,851
1.3.1	Documentary Letters of Credit		-	3,656,589	3,656,589	-	1,119,305	1,119,305
1.3.2	Other Letters of Credit		-	1,368,936	1,368,936	260	1,504,286	1,504,546
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		1,428,395	2,548,277	3,976,672	2,649,033	2,382,926	5,031,959
1.9	Other Collaterals		704	1,042,378	1,043,082	121	1,153,599	1,153,720
II.	**COMMITMENTS**	**(III-1)**	**17,192,418**	**2,831,971**	**20,024,389**	**16,824,116**	**3,460,708**	**20,284,824**
2.1	Irrevocable Commitments		17,192,418	2,831,971	20,024,389	16,824,116	3,460,708	20,284,824
2.1.1	Asset Purchase Commitments		916,964	2,114,054	3,031,018	1,406,402	2,278,420	3,684,822
2.1.2	Deposit Purchase and Sale Commitments		-	94,524	94,524	-	759,924	759,924
2.1.3	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		5,498,822	237,748	5,736,570	5,059,676	174,696	5,234,372
2.1.5	Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		1,741,408	-	1,741,408	1,769,641	-	1,769,641
2.1.8	Tax and Fund Liabilities from Export Commitments		47,494	-	47,494	71,566	-	71,566
2.1.9	Commitments for Credit Card Limits		8,978,512	-	8,978,512	8,506,931	-	8,506,931
2.1.10	Commitments for Credit Cards and Banking Services Promotions		5,767	-	5,767	4,975	-	4,975
2.1.11	Receivables from Short Sale Commitments on Securities					-	-	-
2.1.12	Payables for Short Sale Commitments on Securities					-	-	-
2.1.13	Other Irrevocable Commitments		3,451	385,645	389,096	4,925	247,668	252,593
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(III-2)**	**57,552,620**	**69,780,299**	**127,332,919**	**41,787,281**	**70,656,381**	**112,443,662**
3.1	Derivative Financial Instruments for Hedging Purposes		14,112,081	9,895,360	24,007,441	16,303,838	9,650,297	25,954,135
3.1.1	Fair Value Hedge		1,991,418	4,258,649	6,250,067	-	1,740,184	1,740,184
3.1.2	Cash Flow Hedge		12,120,663	5,636,711	17,757,374	16,303,838	7,910,113	24,213,951
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Held for Trading Transactions		43,440,539	59,884,939	103,325,478	25,483,443	61,006,084	86,489,527
3.2.1	Forward Foreign Currency Buy/Sell Transactions		6,698,057	10,100,110	16,798,167	3,905,504	6,836,778	10,742,282
3.2.1.1	Forward Foreign Currency Transactions-Buy		4,420,031	4,234,382	8,654,413	2,186,296	3,210,603	5,396,899
3.2.1.2	Forward Foreign Currency Transactions-Sell		2,278,026	5,865,728	8,143,754	1,719,208	3,626,175	5,345,383
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		35,101,585	43,210,657	78,312,242	18,588,736	48,542,952	67,131,688
3.2.2.1	Foreign Currency Swap-Buy		1,723,908	25,735,907	27,459,815	4,003,482	25,326,796	29,330,278
3.2.2.2	Foreign Currency Swap-Sell		20,517,677	10,825,732	31,343,409	12,453,254	16,946,840	29,400,094
3.2.2.3	Interest Rate Swaps-buy		6,430,000	3,324,509	9,754,509	1,066,000	3,134,658	4,200,658
3.2.2.4	Interest Rate Swaps-Sell		6,430,000	3,324,509	9,754,509	1,066,000	3,134,658	4,200,658
3.2.3	Foreign Currency, Interest Rate and Securities Options		1,050,757	3,069,974	4,120,731	2,952,821	5,548,060	8,500,881
3.2.3.1	Foreign Currency Options-Buy		729,259	1,370,067	2,099,326	1,726,935	2,562,617	4,289,552
3.2.3.2	Foreign Currency Options-Sell		321,498	1,699,907	2,021,405	1,225,886	2,985,443	4,211,329
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		590,140	543,771	1,133,911	36,362	35,164	71,526
3.2.4.1	Foreign Currency Futures-Buy		2,957	541,030	543,987	36,362	-	36,362
3.2.4.2	Foreign Currency Futures-Sell		587,183	2,741	589,924	-	35,164	35,164
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	2,960,427	2,960,427	20	43,130	43,150
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**176,730,851**	**44,287,540**	**221,018,391**	**165,611,452**	**35,349,359**	**200,960,811**
IV.	**ITEMS HELD IN CUSTODY**		**33,848,445**	**5,782,810**	**39,631,255**	**32,624,537**	**3,374,145**	**35,998,682**
4.1	Customer Fund and Portfolio Balances		4,218,738	-	4,218,738	7,318,390	-	7,318,390
4.2	Investment Securities Held In Custody		15,992,767	4,231,162	20,223,929	14,503,776	1,926,086	16,429,862
4.3	Cheques Received for Collection		12,745,727	957,162	13,702,889	10,011,245	929,338	10,940,583
4.4	Commercial Notes Received for Collection		544,908	81,946	626,854	507,526	129,914	637,440
4.5	Other assets Received for Collection		125	512,540	512,665	125	388,807	388,932
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items under Custody		346,180	-	346,180	283,475	-	283,475
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**139,684,038**	**38,119,680**	**177,803,718**	**128,531,847**	**31,315,316**	**159,847,163**
5.1	Marketable Securities		306,697	459,121	765,818	362,798	100,651	463,449
5.2	Guarantee Notes		50,620,121	25,752,717	76,372,838	49,046,126	21,152,188	70,198,314
5.3	Commodity		142,587	108,608	251,195	50,194	-	50,194
5.4	Warranty		-	-	-	-	-	-
5.5	Immovables		77,966,304	8,026,196	85,992,500	69,856,979	7,236,289	77,093,268
5.6	Other Pledged Items		10,648,329	3,773,038	14,421,367	9,215,750	2,826,188	12,041,938
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL, GUARANTEES AND WARRANTIES**		**3,198,368**	**385,050**	**3,583,418**	**4,455,068**	**659,898**	**5,114,966**
	TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		**258,956,537**	**133,664,408**	**392,620,945**	**233,352,652**	**122,711,415**	**356,064,067**

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

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	INCOME AND EXPENSE ITEMS	Section 5 Notes	Audited Current Period 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
I.	**INTEREST INCOME**	**(IV-1)**	**11,452,376**	**12,604,416**
1.1	Interest Income on Loans		8,681,796	10,625,264
1.2	Interest Income on Reserve Requirements		83,562	108,777
1.3	Interest Income on Banks		173,774	235,855
1.4	Interest Income on Money Market Transactions		146,441	249,456
1.5	Interest Income on Securities Portfolio		2,147,832	1,131,843
1.5.1	Financial Assets at Fair Value Through Profit or Loss		178,384	187,881
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		800,272	331,120
1.5.3	Financial Assets Measured at Amortised Cost		1,169,176	612,842
1.6	Financial Lease Income		-	-
1.7	Other Interest Income	(IV-12)	218,971	253,221
II.	**INTEREST EXPENSE (-)**	**(IV-2)**	**5,199,210**	**7,039,703**
2.1	Interest Expense on Deposits		3,686,992	5,643,369
2.2	Interest Expense on Funds Borrowed		591,500	627,280
2.3	Interest Expense on Money Market Transactions		244,396	123,913
2.4	Interest Expense on Securities Issued		454,149	514,885
2.5	Interest Expense on Leases		99,463	104,433
2.6	Other Interest Expenses		122,710	25,823
III.	**NET INTEREST INCOME (I - II)**		**6,253,166**	**5,564,713**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**1,331,799**	**1,582,629**
4.1	Fees and Commissions Received		1,957,703	2,470,514
4.1.1	Non-cash Loans		260,229	285,265
4.1.2	Other	(IV-12)	1,697,474	2,185,249
4.2	Fees and Commissions Paid (-)		625,904	887,885
4.2.1	Non-cash Loans		7,186	5,880
4.2.2	Other	(IV-12)	618,718	882,005
V.	**DIVIDEND INCOME**	**(IV-3)**	**3,557**	**1,326**
VI.	**TRADING INCOME / LOSS (Net)**	**(IV-4)**	**(1,736,637)**	**(1,010,117)**
6.1	Securities Trading Gains / Losses		(52,483)	125,350
6.2	Gains / Losses on Derivative Financial Instruments		(1,059,395)	(912,199)
6.3	Foreign Exchange Gains / Losses		(624,759)	(223,268)
VII.	**OTHER OPERATING INCOME**	**(IV-5)**	**129,397**	**132,609**
VIII.	**GROSS OPERATING PROFIT (III+IV+V+VI+VII)**		**5,981,282**	**6,271,160**
IX.	**EXPECTED CREDIT LOSS (-)**	**(IV-6)**	**752,055**	**1,407,353**
X.	**OTHER PROVISION EXPENSES (-)**	**(IV-6)**	**(22,683)**	**89,173**
XI.	**PERSONNEL EXPENSE (-)**		**1,664,416**	**1,517,717**
XII.	**OTHER OPERATING EXPENSES (-)**	**(IV-7)**	**1,910,574**	**1,765,124**
XIII.	**NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)**		**1,676,920**	**1,491,793**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-
XV.	**INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUTY METHOD**		-	-
XVI.	**INCOME/LOSS ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)**	**(IV-8)**	**1,676,920**	**1,491,793**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(IV-9)**	**(408,014)**	**(364,604)**
18.1	Current Tax Provision		(523,814)	(541,836)
18.2	Deferred Tax Income Effect (+)		(1,312,557)	(212,472)
18.3	Deferred Tax Expense Effect (-)		1,428,357	389,704
XIX.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)**	**(IV-10)**	**1,268,906**	**1,127,189**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses from Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**	**(IV-8)**	-	-
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**	**(IV-9)**	-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**	**(IV-10)**	-	-
XXV.	**NET INCOME/LOSS (XIX+XXIV)**	**(IV-11)**	**1,268,906**	**1,127,189**
25.1	Group's Profit / Loss		1,262,755	1,124,966
25.2	Minority Interest Profit / Loss (-)		6,151	2,223
	Earnings per Share		0.5728	0.5103

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

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited Current Period 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
I.	**CURRENT PERIOD INCOME/LOSS**	**1,268,906**	**1,127,189**
II.	**OTHER COMPREHENSIVE INCOME**	**510,859**	**(992,114)**
2.1	**Other Comprehensive Income that will not be Reclassified through Profit or Loss**	**(43,674)**	**11,186**
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 Remeasurement of Defined Benefit Plans	(55,205)	10,299
2.1.4	Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	500	3,061
2.1.5	Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	11,031	(2,174)
2.2	**Other Comprehensive Income that will be Reclassified to Profit or Loss**	**554,533**	**(1,003,300)**
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	(132,449)	201,511
2.2.3	Income (loss) related with Cash Flow Hedges	829,370	(1,463,374)
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 through Other Profit or Loss	-	-
2.2.6	Taxes Relating to Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	(142,388)	258,563
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**1,779,765**	**135,075**

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	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								
	Audited	**Paid-in Capital**	**Share Premiums**	**Share Cancellation Profit**	**Other Capital Reserves**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period Profit or (Loss)**	**Current Period Profit or (Loss)**	**Total Equity Except from Minority Shares**	**Minority Shares**	**Total Shareholders' Equity**
	Prior Period – 01.01-31.12.2019																
I.	**Prior Period End Balance**	**2,204,390**	**2,565**	**-**	**485,536**	**266,122**	**31,706**	**1,796**	**-**	**(139,731)**	**273,733**	**5,675,707**	**1,062,214**	**-**	**9,864,038**	**8,589**	**9,872,627**
II.	**Corrections According to TAS 8**	**-**	**-**	**-**	**(96,347)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(96,347)**	**-**	**(96,347)**
2.1	The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The Effects of Changes in Accounting Policy	-	-	-	(96,347)	-	-	-	-	-	-	-	-	-	(96,347)	-	(96,347)
III.	**New Balance (I+II)**	**2,204,390**	**2,565**	**-**	**389,189**	**266,122**	**31,706**	**1,796**	**-**	**(139,731)**	**273,733**	**5,675,707**	**1,062,214**	**-**	**9,767,691**	**8,589**	**9,776,280**
IV.	**Total Comprehensive Income**	**-**	**-**	**-**	**-**	**-**	**8,293**	**2,947**	**-**	**157,088**	**(1,160,483)**	**-**	**-**	**1,124,966**	**132,811**	**2,264**	**135,075**
V.	**Capital Increase by Cash**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Sources**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid-in Capital Inflation Adjustment Difference**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Shares**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase/Decrease by Other Changes**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,052,717**	**(1,052,717)**	**-**	**-**	**(1,447)**	**(1,447)**
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,447)	(1,447)
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1,052,717	(1,052,717)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance 31.12.2019 (III+IV+V+VI+VII+VIII+IX+X+XI)	**2,204,390**	**2,565**	**-**	**389,189**	**266,122**	**39,999**	**4,743**	**-**	**17,357**	**(886,750)**	**6,728,424**	**9,497**	**1,124,966**	**9,900,502**	**9,406**	**9,909,908**
	Current Period – 01.01-31.12.2020																
I.	**Prior Period End Balance**	**2,204,390**	**2,565**	**-**	**389,189**	**266,122**	**39,999**	**4,743**	**-**	**17,357**	**-886,750**	**6,728,424**	**1,134,463**	**-**	**9,900,502**	**9,406**	**9,909,908**
II.	**Corrections According to TAS 8**																
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**	**2,204,390**	**2,565**	**-**	**389,189**	**266,122**	**39,999**	**4,743**	**-**	**17,357**	**-886,750**	**6,728,424**	**1,134,463**	**-**	**9,900,502**	**9,406**	**9,909,908**
IV.	**Total Comprehensive Income**	**-**	**-**	**-**	**-**	**-**	**-44,119**	**490**	**-**	**-105,508**	**660,046**	**-**	**-**	**1,262,755**	**1,773,664**	**6,101**	**1,779,765**
V.	**Capital Increase by Cash**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Sources**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid-in Capital Inflation Adjustment Difference**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Shares**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase/Decrease by Other Changes**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**	**-**	**-**	**-**	**-**	**9,394**	**-**	**-**	**-**	**-**	**-**	**1,115,572**	**-1,124,966**	**-**	**-**	**-**	**-**
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,115,572	-1,124,966	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance 31.12.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)	**2,204,390**	**2,565**	**-**	**389,189**	**275,516**	**(4,120)**	**5,233**	**-**	**(88,151)**	**(226,704)**	**7,843,996**	**9,497**	**1,262,755**	**11,674,166**	**15,507**	**11,689,673**

1. Increase/decrease from tangible assets accumulated revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and / or classification gains / losses of financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedge gains / losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Section 5 Notes	Audited Current Period 01.01-31.12.2020	Audited Prior Period 01.01-31.12.2019
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**4,708,110**	**6,108,327**
1.1.1	Interest received		10,899,819	12,189,963
1.1.2	Interest paid		(5,008,327)	(7,341,806)
1.1.3	Dividend received		3,557	1,326
1.1.4	Fees and commissions received		1,541,980	2,440,386
1.1.5	Other income		129,697	2,325,852
1.1.6	Collections from previously written off loans		1,610,390	1,077,528
1.1.7	Payments to personnel and service suppliers		(1,664,416)	(1,497,992)
1.1.8	Taxes paid		(365,266)	(763,127)
1.1.9	Others	(VI-1)	(2,439,324)	(2,323,803)
1.2	**Changes in operating assets and liabilities**		**7,838,255**	**(532,007)**
1.2.1	Net (increase) / decrease in financial asset at fair value through profit or loss		(329,359)	(676,908)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		(83,717)	68
1.2.3	Net (increase) in loans		(10,977,082)	(1,886,668)
1.2.4	Net (increase) in other assets	(VI-1)	(1,111,815)	(251,877)
1.2.5	Net increase in bank deposits		12,138,988	1,647,957
1.2.6	Net increase in other deposits		5,465,653	5,027,115
1.2.7	Net increase / (decrease) in financial asset at fair value through profit or loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		1,723,403	(2,934,379)
1.2.9	Net increase / (decrease) in matured payables		-	-
1.2.10	Net (decrease) / increase in other liabilities		1,012,184	(1,457,315)
I.	**Net cash provided from banking operations**		**12,546,365**	**5,576,320**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(9,615,146)**	**(4,431,612)**
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		(50)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3	Cash paid for purchase of tangible assets		(208,351)	(280,432)
2.4	Cash obtained from sale of tangible assets		4,446	22,434
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(6,174,641)	(4,627,548)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		3,621,407	2,281,659
2.7	Cash paid for purchase of financial assets measured at amortised cost		(7,591,794)	(1,726,438)
2.8	Cash obtained from sale of financial assets measured at amortised cost		823,184	-
2.9	Others	(VI-1)	(89,347)	(101,287)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from financing activities**		**2,186,190**	**1,672,581**
3.1	Cash obtained from funds borrowed and securities issued		14,631,331	15,002,839
3.2	Cash used for repayment of funds borrowed and securities issued		(12,196,805)	(13,101,686)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	(1,447)
3.5	Payments for financial leases		(248,336)	(227,125)
3.6	Others		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-1)**	**1,432,624**	**475,011**
V.	**Net increase in cash and cash equivalents**		**6,550,033**	**3,292,300**
VI.	**Cash and cash equivalents at beginning of the period**		**16,352,454**	**13,060,154**
VII.	**Cash and cash equivalents at end of the period**	**(VI-2)**	**22,902,487**	**16,352,454**

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

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

VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

		Current Audited Period 31.12.2020(*)	Prior Audited Period 31.12.2019(*)
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	-	-
1.2	TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1	Corporate tax (Income tax)	-	-
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	-	-
1.3	PRIOR YEARS’ LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	-	-
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (pre-emptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (pre-emptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (pre-emptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE**		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PREFERRED SHARES	-	-
3.4	TO OWNERS OF PREFERRED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PREFERRED SHARES	-	-
4.4	TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) The Bank does not distribute profit on consolidated accounts.

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards ("TAS") and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The consolidated 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 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Financial Reporting Standards (TFRS) put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") for those matters not regulated by the aforementioned regulations. 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. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The new type of coronavirus (COVID-19), first emerging in China, has been classified as a pandemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and it still maintains uncertainty about the future stands. While many countries announce economic and financial programs in order to limit the damage caused by the virus, Turkey also set regulatory fiscal and monetary actions in motion to support the companies and households in such difficult conditions. Additional regulatory measures are continued to be announced to tackle adverse impacts on companies and certain sectors.

The effects of this global pandemic on the Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the consolidated financial statements as of 31 December 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 31 December 2020, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements:

The accounting policies and valuation principles used in the preparation of the financial statements are subject to the regulations, communiqués, annotations and circulars issued by BRSA on accounting and financial reporting principles and the TFRS ("BRSA Accounting and Financial Reporting Legislation") which has been put into force by the POA on issues not regulated by the BRSA determined according to the principles.

The accounting policies and valuation principles applied in the preparation of the current period financial statements are explained between notes II and XXV.

c. Different accounting policies applied in the preparation of consolidated financial statements:

In case the accounting policies used by the subsidiaries are different from the Parent Bank, the differences are adjusted in the financial statements considering the materiality criterion.

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

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Group aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Parent Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

The Group aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Group, risk bearing short term positions of currency, interest or price movements is performed only by the Asset-Liability Management and Treasury Group using the limits defined by the Board of Directors. The Asset-Liability Committee of the Parent Bank manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors of the Parent Bank allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Parent Bank's foreign currency asset and liability balances are valuated with the Parent Bank's exchange buying rate at the reporting date and recognized as "Foreign Exchange Gains / Losses" within statement of income.

The Parent Bank's hedging activities for the currency risk due to foreign currency available for sale equity instruments are described under the Currency Risk section; and the Parent Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Parent Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the Parent Bank's balance sheet structure.

III. Information about the Parent Bank and its Consolidated Subsidiaries

The Parent Bank, with no difference in practice between TAS and TFRS, and the subsidiaries are consolidated by using line-by-line consolidation method. Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method. The Parent Bank and the entities included in the consolidation are referred to as "the Group" in this report.

The accompanying consolidated financial statements are prepared in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

Explanations on Consolidation Method and Scope

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions:

Commercial Name	Head Office
TEB Faktoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

Line-by-line consolidation method is used for all the financial institutions included in the consolidation.

It has been publicly announced that the decision regarding the liquidation of "Stichting TEB Diversified Payment Rights" and "TEB Diversified Payment Rights S.A." has been taken on 19 July 2019. "TEB Diversified Payment Rights S.A." liquidation was completed on 23 July 2019. Bank has been notified that the liquidation of "Stichting TEB Diversified Payment Rights S.A." was completed on 7 April 2020.

The financial statements of subsidiaries were prepared as of 31 December 2020 and 31 December 2019.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

Pursuant to "TFRS 9 Financial Instruments" ("TFRS 9"), derivative financial instruments of the Parent Bank are classified as "Derivative financial assets at fair value through profit or loss" or "Derivative financial assets at fair value through other comprehensive income".

Assets and liabilities arising from derivative transactions are recorded in off-balance sheet through their contractual amounts. Derivative transactions are measured at fair value after initial recognition. In accordance with the classification of derivative financial instruments, they are disclosed under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" in financial statements. Differences arising from the fair value changes of derivative financial instruments at fair value through profit or loss are recognized under "Gains / Losses on Derivative Financial Instruments" in "Trading Income / Loss" in the statement of profit or loss. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Derivative financial instruments are booked under off-balance sheet items. Derivative financial instruments where the underlying asset is money or commodity are booked based on the amounts to be received/paid at the maturity date. Derivative financial instruments based on interest rate are booked with the principal amount on which the interest rate is calculated.

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market.

The cash flows of forward, currency swap, interest rate swap, and cross currency swap transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. Valuation is calculated by discounting the cash flows with the market interest rate and foreign currencies are converted into Turkish Lira with exchange rates at the valuation date.

Derivative financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives are reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income/expense accounts.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date of maturity. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

The Parent Bank has adopted fair value and cash flow hedge accounting. Hedge accounting can be applied in order to prevent short-term fluctuations in the income statement resulting from differences between valuation methods of assets and liabilities exposed to interest rate risk and their hedging derivative instruments.

A part of the Parent Bank's fixed income foreign currency securities and Turkish Lira loans are subject to fair value hedge accounting. The fair value risk of the related financial assets with fixed interest rate is hedged by currency swaps and cross currency swaps. The Parent Bank is also hedging the cash flow risk arising from financial debts, with interest rate swaps and cross currency swaps.

The hedge effectiveness between the derivative instruments/transactions used for hedging and hedged item are measured regularly, and the results are documented. In case of ineffectiveness of hedge accounting, the hedge accounting is terminated.

During period where the relation between hedging instrument and the hedged item is measured;

a) Within the scope fair value hedge accounting, the fair value change of the hedged item is recognized in profit and loss,

b) Within the scope of cash flow hedge accounting, the fair value change of the hedged item is recognized in other comprehensive income and the ineffective part of the gain or loss arisen from the hedging instrument is booked in profit or loss.

IV. Explanations on Forward and Option Contracts and Derivative Instruments (Continued)

In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39. Within this context, the Parent Bank will continue to apply the hedge accounting provisions of TAS 39.

While the Parent Bank recognizes the fair value changes of the hedged items in the "Other Interest Income" and "Other Interest Expense" accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the "Gains/Losses on Derivative Financial Instruments" account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in "Other Interest Income" and "Other Interest Expense" accounts.

V. Explanations on Interest Income and Expenses

Interest income and expenses are recorded on accrual basis. As the interest income and expense is accrued, all tax liabilities are fulfilled.

Financial assets and liabilities for which the future cash payments and collections are known, are discounted by using effective interest rate.

Accrued but not collected interests and rediscounts of loans, those classified as non-performing (Stage 3) are not reversed and included in interest income.

The interest amount representing the time value of the future collections of the non-performing loans is recognized under interest income and fully provisioned. The income effect arising from the discount of the estimates of expected collection as getting closer to the estimated date of collection, is recorded under interest income.

VI. Explanations on Fees and Commission Income and Expenses

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in commissions on cash loans account and are recognized as income over the period of the loan by discounting with effective interest rate.

For Bank assurance services provided by the Parent Bank commissions from insurance companies are recorded as income on accrual basis.

The commissions related with non-cash loans or periodic banking services are deferred and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities and which create operational costs are discounted by effective interest rate and are recorded as expense in relevant period according to the cut-off principle.

VII. Explanations on Financial Assets

The Group classifies and recognizes its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of "TFRS 9 Financial Instruments" standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured "at fair value through profit or loss", transaction costs are added or deducted to/from their fair value.

The Parent Bank recognizes a financial asset in the financial statement when, and only when, the Parent Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the ("settlement date"). When the Parent Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to hold to collect and hold & sell the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit / loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

The Group may elect, at initial recognition, to irrevocably designate an equity investments at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

VII. Explanations on Financial Assets (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income (continued)

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Financial Assets Measured at Amortised Cost

Financial investments measured at amortised cost:

A financial asset is classified as a financial asset measured at amortized cost when the Parent Bank's policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at "Amortized cost" by using the "Effective interest (IRR) rate method". Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Loans:

Loans are financial assets with fixed or determinable payment terms which are not traded on an active market and measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the "Effective interest (IRR) rate method".

VIII. Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" which came into force starting from 1 January 2018. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

- Time value of Money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

The Parent Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets are divided into "3 stage categories" depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

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

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined based on the instrument's lifetime expected credit losses. Following criterias have been taken into account in classification a financial asset as Stage 2:

- Loans having past due more than 30 days and less than 90 days
- Restructured loans
- Concordatum files
- Significant deterioration in probability of default

In the case of the occurrence of any of the first three items above, it is classified under Stage 2 loans regardless of the comparison between probabilities of default.

Significant deterioration in probability of default is considered as significant increase in credit risk and the financial asset is classified under Stage 2 loans. In this regard, it is assumed that the probability of default deteriorates, if the probability of default exceeds the thresholds defined by the Bank's internal rating based credit rating models.

BRSA had increased the default definition on loans from 90 days to 180 days with the decision dated 17 March 2020 that would be valid until 31 December 2020. According to the BRSA decision dated 8 December 2020 and numbered 9312 this date is extended until 30 June 2021. Following the BRSA decision, The Bank regularly reviews probability of default rates for loans those are overdue between 90-180 days and continued to be followed in Stage 2 and makes the necessary updates. The effects of these updates are reflected in the financial statements. The regulation change does not include loans those are overdue more than 90 days before 17 March 2020.

The Parent Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948.

The Parent Bank computed an increased expected credit loss provision or simulated Stage 3 level expected credit loss provision to Corporate and SME loan customers which are not subject to individual assessment by considering how many times the customer had delay more than 90 days in total after June 2020. In other segments, the expected credit loss was computed at Stage 3 level.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

VIII. Explanations on Impairment of Financial Assets (Continued)

Expected Credit Loss Calculation

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3 stage impairment model based on the change in credit quality. The Parent Bank uses two different calculations considering 12 month and lifetime probability of default of the financial instruments.

If there is a significant increase in credit risk between the origination date and the reporting date of the loan, the lifetime probability of default is used and if there is no significant increase in credit risk the 12 month probability of default is used.

There are mainly 3 loan portfolios as Commercial portfolios, Retail portfolios and Public portfolios.

While the Bank uses the internal credit ratings for commercial portfolios, the internal behavioural scores is used for the retail portfolios. It is determined significant increase in credit risk by comparing the credit ratings/behavioural scores at the origination date and reporting date for both portfolios.

Default Definition: Debts having past due more than 90 days; in addition, the fact that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

In addition, due to COVID-19, the "more than 90 days delay" condition, which was used in the definition of default for the classification of loans, began to be applied as "more than 180 days delay" in accordance with the BRSA decision as of 17 March 2020. This implementation will be valid until 30 June 2021. Consistent with the subjected change, provision has been provided in accordance with the Parent Bank's risk policies.

As of 31 December 2020, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

The Bank does not have any financial asset as purchased or originated credit-impaired.

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and behavioural scores. PDs and LGDs used in the ECL calculation are (point in time, PIT) based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

- 12-Month PD: as the estimated probability of default occurring within the next 12 months
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer's financial information and the answers to the qualitative question set. Behavioural score cards used in the retail portfolio include the behavioural data of the customer and the product in the Bank, the demographic information of the customer and the behavioural data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

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

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements based on historical data, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date. The collaterals in the calculation are taken into account by considering the credit conversion factors. The collaterals included in "Communique on Credit Risk Mitigation Techniques" is taken into account with their rules in the communique. The remaining part is considered as unsecured portfolio and loss given default rate determined for this portfolio is applied.

VIII. Explanations on Impairment of Financial Assets (Continued)

Expected Credit Loss Calculation (continued)

Exposure at Default (EAD): The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. The expected default amount is calculated by discounting the principal and interest repayments for cash loans and income accruals by effective interest method while it refers to the value calculated through using credit conversion factors for non-cash loans and commitments. It shows the risk of the borrower at the date of default.

Effective interest rate: the discount factor which reflects the time value of money.

Lifetime ECL is calculated by taking into account the period during which the Parent Bank will be exposed to credit risk. The maturity information defined for all cash and non-cash loans is used in the calculation of the expected credit loss along with their maturity and payment plans. The maturity refers to the contractual life of a financial instruments unless there is the legal right to call it earlier. The maturity analysis and credit risk mitigation processes such as cancellation/revision of the limits have been developed for the definition of behavioural maturity for loans that do not have maturity information and revolving loans.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as "Base", "Adverse" and "Favourable" and the weighted average of the results of these scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Expected Credit Loss Calculation of Stage 1 Loans: It is calculated by considering 12 month (1 year) PDs for the financial assets measured at amortized cost, which do not reflect a significant increase in credit risk. Therefore, it is a part of the lifetime expected credit losses. Such expected 12 month PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills, Government Bonds and CBRT balances are classified under Stage 1 loans. In addition, the institutions related to risk group of the Bank and other banks' placements are classified under Stage 1 loans.

Expected Credit Loss Calculation of Stage 2 Loans: It is calculated by considering lifetime PDs for the loans which has shown a significant increase in credit risk since origination. Such expected lifetime PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In determining of the significant increase in credit risk, qualitative and quantitative assessments are performed.

Qualitative assessments:

The loans with a delay on repayment more than 30 days are classified under Stage 2 loans. In addition, the restructured loans are classified under this stage. Also, all the customers declaring concordatum are classified under this stage.

The Parent Bank periodically reviews the parameters included in the calculation and updates them when necessary.

The Parent Bank continued to classify loans with delay of 90 to 180 days as Stage 2, valid from 17 March 2020 until 31 December 2020, in accordance with the BRSA decision dated 17 March 2020 and numbered 8948.

Increased expected loss provision or simulated Stage 3 expected loan loss provision was allocated to Corporate and SME loan customers which are not subject to individual assessment by considering how many times the customer had delay more than 90 days in total after June 2020. In other segments, the expected credit loss provision was allocated as Stage 3 level.

VIII. Explanations on Impairment of Financial Assets (Continued)

Expected Credit Loss Calculation (continued)

Quantitative assessments:

"Significant increase in credit risk" is quantitatively based on the comparison the risk of default at the reporting date with the risk of default at the date of initial recognition. Where the change is above the defined threshold it is considered as significant increase in the credit risk, meaning that the credit is classified under Stage 2 loans.

In the case of the internal credit rating of the loan is above a defined threshold, "high risk portfolio", without comparison with the origination date, the related loans are classified under Stage 2 loans.

Expected Credit Loss Calculation of Stage 3 Loans: Lifetime expected credit losses are booked for the loans considered as impaired. When calculating the provisions by discounting the individual cash flow expectations for financial instruments which are above a defined threshold, loss given default rates are taken into account in case of default for financial instruments which are below the defined threshold.

IX. Explanations on Offsetting of Financial Assets and Liabilities

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

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financials assets measured at amortized cost according to the classification of marketable securities subject to repurchase agreement, and are valued according to the measurement rules of the relevant category. Funds obtained through repurchase agreements are booked in a separate liability account, namely funds provided under repurchase agreements under money market balances. Income and expenses arisen from these transactions are booked in "Interest Income on Marketable Securities Portfolio" and "Interest Expense on Money Market Borrowings" in income statement.

Securities purchased under repurchase agreements ("Reverse repos") are accounted under "Money Market Placements" in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 December 2020, the Group has TL 3,679,810 reverse repo transaction (31 December 2019: TL 840,304).

As of 31 December 2020, the Group does not have any marketable securities lending transaction (31 December 2019: None).

XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Non-current assets held for sale consists of property, plant and equipment acquired for impairment and accounted in financial statements convenient with "TFRS 5 Assets Held for Sale and Discontinued Operations".

As of 31 December 2020, assets held for sale and discontinued operations of the Group are TL 112,859 (31 December 2019: TL 131,362). As per the appraisals performed for the real estates held for sale included "Assets Held for Sale" in the financial statements, TL 5,330 (31 December 2019: TL 10,598) has been reserved as provision for impairment losses.

As of 31 December 2020, the Group has no discontinued operations.

XII. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

As explained in footnote 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Newspaper 12 February 2011 dated and numbered as 27844, all rights, receivables, (assets and liabilities) of Fortis Bank A.Ş. would be transferred to the Parent Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 Business Combination, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. In this context, the Parent Bank has measured the identifiable assets acquired and the identifiable liabilities acquired in the date of the merger of Fortis Bank A.Ş. at fair value and presented in the financial statements as related items. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements and the equity impact is shown under other shareholder's equity section.

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Parent Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Group comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software's used are mainly developed within the Parent Bank by the Parent Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

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

XIII. Explanations on Tangible Fixed Assets

Tangible assets of the Group are accounted for at their restated cost until 31 December 2004 and afterwards, the acquisition cost and any other cost incurred to prepare the asset ready for use are reflected, less reserve for impairment, if any.

Depreciation rates are defined according to the economic life of the relevant assets.

Depreciation is calculated using the straight line method, without taking residual values into consideration based on the number of months that the asset is used. No amendment has been made to the depreciation method in the current period. The economic useful lives of the tangible fixed assets are as follows:

Buildings	50 years
Furniture, Fixtures and Office Equipment and Others	5-15 years

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset and other maintenance costs are expensed. Leasehold improvements amount is subject to depreciation during leasing period. This period is taken into consideration maximum five years. For the branches this period is considered as three years in parallel with the Parent Bank's business plans.

The Parent Bank employs independent appraisers in determining the current fair values of its real estate's when there is any indication of impairment in value of real estates.

XIV. Explanations on Leasing Transactions

"TFRS 16 Leases" was promulgated in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and faithful representation. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements. The Bank has started to apply the related standard for the first time on 1 January 2019 by reflecting the application effects to the equity accounts.

Lease obligations under the contract in the amount of liabilities on the balance sheet equal to the sum of all cash payments and offset with the form shown gross interest expense arising from the contract. The right of use arising from the leasing transactions, at the date of commencement, the present value of the lease payments which have not been paid at that date is measured. In this measurement, if the interest can be easily determined, the implied interest rate in the lease is used. If this ratio is not easily determined, the Bank's alternative borrowing interest rate announced by the Asset and Liability Management Department is used.

Public Oversight Authority (POA) made amendments in TFRS 16 "Leases" standard by publishing the Concessions Granted in Lease Payments Regarding COVID-19 – "amendments regarding TFRS 16 Leases" on 5 June 2020. With this amendment, exception is granted to lessee on the subject of not evaluating whether the privileges granted on lessees' lease payments due to COVID-19 are changes on leasing or not. The subjected changes did not have a significant impact on the Parent Bank's financial position or performance.

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under "Tangible Assets" as an asset (tenure) and under "Lease Payables" as a liability.

XV. Explanations on Provisions and Contingent Liabilities

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

Provisions are determined by using the Group's best expectation of expenses in fulfilling the obligation as of the balance sheet date and discounted to present value if material. Provisions and contingent liabilities, excluding specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (TAS 37) regarding Provisions, Contingent Liabilities and Contingent Assets.

XVI. Explanations on Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

Contingent assets are disclosed in the financial statements' notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. In case 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.

XVII. Explanations on Liabilities Regarding Employee Benefits

In accordance with existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over 1 year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Parent Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 Employee Benefits.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Employees transferred to the Parent Bank following the business combination defined in "General Information" of the Parent Bank and Fortis Bank A.Ş. are the members of "Fortis Bank A.Ş. Mensupları Emekli Sandığı" (the "Pension Fund") which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No. 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the "Actuary Regulations" issued based on the same article. As of 31 December 2020, the Pension Fund has 1,505 employees and 1,191 pensioners (31 December 2019: 1,552 employees and 1,139 pensioners).

Provisional Article 23 (1) of Banking Law No. 5411 (the "Banking Law") published in the Official Gazette repeated No. 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the "SSI") within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No. 5411 was annulled based on the Constitutional Court's ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No. 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers' resolution dated 24 February 2014 issued in the Official Gazette No:28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers' resolution dated 8 April 2013 issued in the Official Gazette No:28636 on 3 May 2013. 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 23 April 2015 numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2020. Since the Parent Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Parent Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Parent Bank.

XVIII. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate has been applied as 22% for 3 the years between 2018-2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter, the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are taken into account in the Tax Statement according to Article 22 of the Preventation of Double Taxation Treaty signed between Northern Cyprus and the Turkish Republic.

50% portion of the gains derived from the sale of immovable (from 5 December 2017) which have been acquired due to loans under follow-up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and pre-emption rights is tax exempt. 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for 5 years.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Asset / Liability

The Group calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

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

Deferred tax asset is calculated over temporary differences arisen from expected credit loss provision in line with TFRS 9 principles from 1 January 2018.

Deferred tax income balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XIX. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

XX. Explanations on Issued Equity Securities

There is no share issued in the year 2020.

XXI. Explanations on Bill Guarantees and Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XXII. Explanations on Government Incentives

There is no government incentive utilized by the Group.

XXIII. Explanations on Reporting According to Segmentation

The operating segments of the Parent Bank include retail and private banking, SME banking, corporate banking, treasury and asset-liability management.

Retail and private banking lines of the Parent Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Parent Bank also provides account products like Marifetli, Fırsat and CEPTETEB along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In regard to investment needs for customers, retail and private banking offers brokerage services for treasury bill transactions, government bonds, Eurobonds, foreign exchange purchases/sales, a wide-range of investment funds, private pension funds and equity securities transactions. It also provides practical account, credit deposit account, automatic bill/regular payment options, safe-deposit boxes and insurance services beside credit and debit cards offering advantages in shopping and banking transactions. These products and services are provided to customers through widespread physical branches and ATM network and also via a 24/7 call center, internet and mobile banking.

Corporate banking provides financial solutions and banking services to large-scale local firms, holdings and their group companies, and multinational companies operating in Turkey. In addition to the bank deposit services provided to corporate customers, corporate banking also develops tailored solutions and products for standard cash and non-cash loans, investment loans, cash management services in line with customer needs and demands and foreign trade financing. Foreign exchange purchase and sale transactions, corporate financing services, derivative products and solutions to manage foreign exchange and interest rate risk and commodity financing are other services provided by the Parent Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialized in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Parent Bank, which specifically designed its services for different segments in the field of SME Banking, has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Parent Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and Eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorizations. The Parent Bank also carries out activities related to providing medium and long-term funding, enabling funding at a price below the price reflecting the country risk price, diversifying funding resources, and creating an international investor base in this field.

The Financial Markets Group provides structured financial solutions to hedge foreign exchange/interest rate risks of customers and provides the most appropriate price for the market instruments offered to customers by monitoring market conditions.

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

XXIII. Explanations on Reporting According to Segmentation (Continued)

The details of the income statement and the balance sheet which the Group operates as a business line:

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	32,308	(28,751)	3,557
Profit Before Tax	416,020	394,058	88,170	809,102	(30,430)	1,676,920
Tax Provision (-)	-	-	-	408,098	(84)	408,014
Net Profit for the Period	**416,020**	**394,058**	**88,170**	**401,004**	**(30,346)**	**1,268,906**

Current Period	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	29,758,990	33,737,144	17,917,969	61,694,952	(379,343)	142,729,712
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	126,652	(126,597)	55
Total Assets	**29,758,990**	**33,737,144**	**17,917,969**	**61,821,604**	**(505,940)**	**142,729,767**
Segment Liabilities	57,562,522	30,630,337	8,208,073	35,019,049	(379,887)	131,040,094
Shareholders' Equity	-	-	-	11,815,726	(126,053)	11,689,673
Total Liabilities	**57,562,522**	**30,630,337**	**8,208,073**	**46,834,775**	**(505,940)**	**142,729,767**

Prior Period (31.12.2019)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Dividend Income	-	-	-	19,502	(18,176)	1,326
Profit before Tax	656,105	911,375	(269,219)	212,779	(19,247)	1,491,793
Tax Provision (-)	-	-	-	364,629	(25)	364,604
Net Profit for The Period	**656,105**	**911,375**	**(269,219)**	**(151,850)**	**(19,222)**	**1,127,189**

Prior Period (31.12.2019)	Retail and Private Banking	Corporate Banking	SME Banking	Other	Elimination	Total
Segment Assets	25,906,561	22,913,607	17,290,247	43,401,275	(297,262)	109,214,428
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	124,923	(124,918)	5
Total Assets	**25,906,561**	**22,913,607**	**17,290,247**	**43,526,198**	**(422,180)**	**109,214,433**
Segment Liabilities	51,517,147	16,048,947	6,479,553	25,556,598	(297,720)	99,304,525
Shareholders' Equity	-	-	-	10,034,368	(124,460)	9,909,908
Total Liabilities	**51,517,147**	**16,048,947**	**6,479,553**	**35,590,966**	**(422,180)**	**109,214,433**

XXIV. Explanations on Other Matters

It has been resolved in the Ordinary General Assembly dated 26 March 2020 of the Parent Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as Special Reserves, TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

XXV. Reclassifications

In order to comply with the presentation of the financial statements dated 31 December 2020, some classifications were made on the statement of income and statement of cash flows dated 31 December 2019.

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Consolidated Shareholders’ Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks” and decision of BRSA dated 23 March 2020 and 3397 numbered, dated 16 April 2020 and 3984 numbered. According to the latest regulation changes;

In calculating the amount subject to credit risk; exchange buying rate which was used for the financial statements dated 31 December 2019 are used for calculating the foreign currency valuation.

In case that the net valuation differences of the securities owned by Banks which are included in the "Securities with Fair Value through Other Comprehensive Income" portfolio as of 23 March 2020 are negative, these differences are not taken into account in the amount of equity.

In accordance with the Standard Approach, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511.

As of 31 December 2020, Group’s total capital has been calculated as TL 16,717,321 (31 December 2019: TL 14,538,530) and Capital Adequacy Ratio is 18.25% (31 December 2019: 16.74%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “standard approach”, the market risk of purchase and sale accounts by using the “standard method”, counterparty credit risk of derivative and repo transactions by using the “fair value method”, credit valuation adjustments of over the counter derivative transactions by using the “standard model” and operational risk by using the “basic indicator approach”.

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

I. Explanations Related to Components of Consolidated Shareholders' (Continued)

Information related to the Components of Consolidated Shareholders' Equity:

Common Equity Tier 1 Capital	Current Period 31.12.2020	Amount related to treatment before 01.01.2014(*)
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	8,472,235	
Gains Recognized in Equity as per TAS	63,530	
Profit	1,272,252	
Current Period Profit	1,262,755	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	
Minority interest	530	795
Common Equity Tier 1 Capital Before Deductions	**12,216,291**	
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	23,436	
Leasehold Improvements on Operational Leases	38,571	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	139,502	139,502
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 value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
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	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions from common equity Tier 1 Capital	**622,633**	
Total Common Equity Tier 1 Capital	**11,593,658**	

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

I. Explanations Related to Components of Consolidated Shareholders' (Continued)

Information related to the Components of Consolidated Shareholders' Equity: (continued)

	Current Period 31.12.2020	Amount related to treatment before 01.01.2014(*)
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third Parties Share in the Additional Tier 1 Capital	114	
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	114	
Additional Tier 1 Capital before deductions	**114**	
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
Items to be deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
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 Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
Total Deductions from Additional Tier 1 Capital	**-**	
Total Additional Tier 1 Capital	**114**	
Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)	**11,593,772**	
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	4,137,063	
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	-	
Third parties' share in the Tier 2 Capital	151	
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	151	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	990,921	
Tier 2 Capital Before Deductions	**5,128,135**	
Deductions from Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of 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	**-**	
Total Tier 2 Capital	**5,128,135**	
Total Capital (The sum of Tier 1 and Tier 2 Capital)	**16,721,907**	

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

I. Explanations Related to Components of Consolidated Shareholders' (Continued)

Information related to the Components of Consolidated Shareholders' Equity: (continued)

	Current Period 31.12.2020	Amount related to treatment before 01.01.2014(*)
The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	1,046	
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	-	
Other items to be defined by the BRSA	3,540	
Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period	-	
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 I Capital, Tier II 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 I and Tier II 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 I Capital and Tier II 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	16,717,321	
Total Risk Weighted Assets	91,603,777	
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.66	
Tier 1 Capital Adequacy Ratio (%)	12.66	
Capital Adequacy Ratio (%)	18.25	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
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	4.15	
Amounts below the Excess Limits as per the Deduction Principles		
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	182,843	
Amounts arising from the net long positions of investments made in Tier I 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)	651,589	
Limits related to provisions considered in Tier II Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2,000,390	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (**)	990,921	
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 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	177,147	

(*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.
(**) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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

I. Explanations Related to Components of Consolidated Shareholders' Equity (Continued)

Information related to the Components of Consolidated Shareholders' Equity: (continued)

Common Equity Tier 1 Capital	**Prior Period 31.12.2019**	**Amount Related to treatment before 01.01.2014(*)**
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	7,478,812	
Gains Recognized in Equity as per TAS	23,065	
Profit	1,134,463	
Current Period Profit	1,124,966	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	
Minority interest	309	464
Common Equity Tier 1 Capital Before Deductions	**11,044,393**	
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	3,536	
Leasehold Improvements on Operational Leases	45,335	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	130,077	130,077
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 value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
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	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions from common equity Tier 1 Capital	**600,072**	
Total Common Equity Tier 1 Capital	**10,444,321**	

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

I. Explanations Related to Components of Consolidated Shareholders' Equity (Continued)

Information related to the Components of Consolidated Shareholders' Equity: (continued)

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014(*)
ADDITIONAL TIER 1 CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third Parties Share in the Additional Tier 1 Capital	67	
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	67	
Additional Tier 1 Capital before deductions	**67**	
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with the article 7 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
Items to be deducted from Tier I Capital during the Transition Period	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
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 Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
Total Deductions from Additional Tier 1 Capital	-	
Total Additional Tier 1 Capital	**67**	
Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)	**10,444,388**	
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	3,145,908	
Bank's borrowing instruments and related issuance premium (in the scope of temporary Article 4)	-	
Third parties' share in the Tier 2 Capital	88	
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	88	
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	956,837	
Tier 2 Capital Before Deductions	**4,102,833**	
Deductions from Tier 2 Capital		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of 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	-	
Total Tier 2 Capital	**4,102,833**	
Total Capital (The sum of Tier 1 and Tier 2 Capital)	**14,547,221**	

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

I. Explanations Related to Components of Consolidated Shareholders' Equity (Continued)

Information related to the Components of Consolidated Shareholders' Equity: (continued)

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014(*)
The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	2,467	
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	-	
Other items to be defined by the BRSA	6,224	
Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period	-	
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 I Capital, Tier II 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 I and Tier II 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 I Capital and Tier II 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	14,538,530	
Total Risk Weighted Assets	86,848,849	
Capital Adequacy Ratios		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.03	
Tier 1 Capital Adequacy Ratio (%)	12.03	
Capital Adequacy Ratio (%)	16.74	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
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 (%)	3.52	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	124,855	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Limits related to provisions considered in Tier II Calculation	667,146	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)		
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (**)	1,507,423	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	956,837	
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 1 January 2018 and 1 January 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	-	
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 (%)	265,721	

(*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

(**) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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

I. Explanations Related to Components of Consolidated Shareholders' Equity (Continued)

Information related to the Components of Consolidated Shareholders' Equity: (continued)

	T	T-1	T-2	T-3	T-4
CAPITAL ITEMS					
Common Equity Tier 1 Capital	11,593,658	11,563,600	11,278,641	10,751,132	10,444,321
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	11,416,511	11,386,453	11,101,494	10,573,985	10,178,600
Tier 1 Capital	11,593,772	11,563,674	11,278,711	10,751,193	10,444,388
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	11,416,625	11,386,527	11,101,564	10,574,046	10,178,667
Capital	16,717,321	16,717,156	15,858,763	15,256,150	14,538,530
Capital where the transition impact of TFRS 9 has not been applied (c)	16,540,174	16,540,009	15,681,616	15,079,003	14,272,809
TOTAL RISK WEIGHTED ASSETS					
Total Risk Weighted Assets	91,603,777	88,968,214	89,255,953	99,483,130	86,848,849
CAPITAL ADEQUENCY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.66	13.00	12.64	10.81	12.03
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	12.46	12.80	12.44	10.63	11.72
Tier 1 Capital Adequacy Ratio (%)	12.66	13.00	12.64	10.81	12.03
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	12.46	12.80	12.44	10.63	11.72
Capital Adequacy Ratio (%)	18.25	18.79	17.77	15.34	16.74
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	18.06	18.59	17.57	15.16	16.43
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	186,259,132	182,140,647	167,749,013	169,502,593	150,407,442
Leverage Ratio	6.16%	6.25%	6.69%	6.23%	6.94%
FTA not Applied Leverage Ratio (d)	6.06%	6.15%	6.58%	6.12%	6.77%

Basic information for the TFRS 9 transition process

a: Common equity Tier 1 capital if temporary Article 5 of the Regulation on equities of banks has not applied.
b: Tier 1 capital if temporary Article 5 of the Regulation on equities of banks has not applied.
c: Total capital if temporary Article 5 of the Regulation on equities of banks has not applied.
ç: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.
d: The leverage ratio calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

Explanations on Reconciliation of Capital Items to Balance Sheet:

Total Capital per Balance Sheet	**11,689,673**
Hedging Funds (effective portion)	226,704
Deductions Made Under Regulation	(625,750)
Transition Impact of TFRS 9 (Temporary 5th Article)	177,147
Accumulated revaluation and / or classification on gains / losses of financial assets with fair value through comprehensive income	125,884
Common Equity Tier 1 Capital	**11,593,658**
Additional Tier 1 Capital	114
Tier 1 Capital	**11,593,772**
General Provisions (Stage 1 and 2)	990,921
Bank's Borrowing Instruments	4,137,063
Deductions Made Under Regulation	(4,586)
Share of Third Parties in Capital	151
Total Equity	**16,717,321**

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

I. Explanations Related to Components of Consolidated Shareholders' Equity (Continued)

Information related to debt instruments included in equity calculation:

All of the debt securities included in the equity calculation are issued by the Parent Bank.

Issuer	**TEB**	**TEB**	**TEB**	**TEB**
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865
Governing law(s) of the instrument	Türkiye	Türkiye	Türkiye	Türkiye
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at consolidated /unconsolidated/ consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,551.5	907.2	544.3	1,134
Par value of instrument (TL Currency in mil)	1,551.5	907.2	544.3	1,134
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	05.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	05.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	05.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
Coupons/dividends				
Fixed or floating dividend/coupon	Fixed	Floating	Floating	Floating
Coupon rate and any related index	10.40%	6mEuribor+7.10%	6mEuribor+7.10%	6mEuribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks' shareholders equity law that are not possessed (*)	-	-	-	-

(*) Under article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.

II. Explanations Related to the Consolidated Credit Risk

Credit risk is the risk and financial loss that the Parent Bank is a party in a contract whereby the counterparty fails to meet its obligation and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Parent Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Parent Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Parent Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué numbered 29750 dated 22 June 2016 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

A restructuring is defined as the privilege due to the borrower's encountered or likely to encountered financial difficulties. The privileges granted to the borrower assumed to be in financial difficulty are;

- A change in the terms and conditions of the loan or
- Partially or completely refinancing of the loan in favour of the debtor.

In order to be subject to restructuring, the firm must be confronted with the difficulty of payment. The difficulty should be supported by concrete developments or findings. Each restructuring request is evaluated on transaction basis by the authorized credit allocation unit according to the activity of the firm, the income generation structure by the sectoral operation.

Restructuring of the loans supported by Credit Guarantee Fund ("CGF loans") is evaluated in accordance with the current legislation. The principles regarding to restructuring of Treasury-Back CGF loans in the scope of 11 October 2018 dated Presidential Decree are taken into account.

Non-required delay time loans that is not classified as Stage III Loans defined in "Regulation on Procedures and Principles for Classification of Loans And Provisions to be Set Aside" published in the Official Gazette numbered 29750 dated 22 June 2016, amended by the regulation published in the Official Gazette dated 14 December 2016 and numbered 29918, whose principal and interest payment collection delayed more than 30 days are considered as "past-due loan" in the Accounting Practice; group III, IV and V loans defined in the mentioned communiqué are considered as "impaired receivables" without considering refinancing or addition of the accrued interest and quasi-interest principal amount.

The Parent bank provides specific reserves to Group III, IV and V loans in accordance with "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside".

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

In calculating the amount subject to credit risk; exchange buying rate which was used for the financial statements dated 31 December 2019 are used for calculating the foreign currency valuation in accordance with BRSA decisions dated 23 March 2020 and numbered 3391, dated 16 April 2020 and numbered 3984.

In accordance with the Standard Approach, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511.

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types for the relevant period:

Exposure classifications	Current Period Risk Amount (*)	Average Risk Amount (*,**)
Conditional and unconditional receivables from central governments or central banks	35,631,103	29,775,440
Conditional and unconditional receivables from regional or local governments	1,198,712	1,205,215
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,417,384	9,460,631
Conditional and unconditional corporate receivables	44,684,444	41,969,955
Conditional and unconditional retail receivables	36,184,067	35,242,205
Conditional and unconditional secured mortgage receivables	10,955,985	11,894,801
Past due receivables	1,281,949	1,620,673
Receivables in high risk category defined by BRSA	-	-
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	3,720,404	4,028,443
Investments in equities	167,257	145,104

(*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(**) Average risk amount is calculated by taking the arithmetic average of balances on quarterly prepared to the end of the month.

Exposure classifications	Prior Period Risk Amount (*)	Average Risk Amount (*,**)
Conditional and unconditional receivables from central governments or central banks	20,831,054	20,547,036
Conditional and unconditional receivables from regional or local governments	1,249,725	1,058,763
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12,087,705	8,920,736
Conditional and unconditional corporate receivables	36,384,925	39,232,786
Conditional and unconditional retail receivables	32,868,263	32,188,225
Conditional and unconditional secured mortgage receivables	12,654,892	10,925,747
Past due receivables	1,874,933	1,576,011
Receivables in high risk category defined by BRSA	-	-
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	4,259,299	3,713,329
Investments in equities	132,920	114,471

(*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(**) Average risk amount is calculated by taking the arithmetic average of balances on quarterly prepared to the end of the month.

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

For the positions of the Parent Bank in terms of forward transactions and other similar contracts, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfilment of the benefits and proceeds related to forward transactions can be realized at maturity. However, in order to minimize the risk, back to back positions of existing risks are entered into the market due to necessity.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements of the Parent Bank, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Parent Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are considered to be not material to the financial structure of the Parent Bank.

The Group does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2020, the receivables of the Group from its top 100 and top 200 cash loan customers share in total cash loans respectively 25.70% and 33.52% (31 December 2019: 20.93% and 26.44%).

As of 31 December 2020, the receivables of the Group from its top 100 and top 200 non-cash loan customers share of 72.30% and 83.41% respectively in the total non-cash loans (31 December 2019: 58.36% and 66.46%).

As of 31 December 2020, the share of cash and non-cash receivables of the Group from its top 100 and top 200 loan customers in total balance sheet and off-balance sheet assets is 10.33% and 13.80% respectively (31 December 2018: 8.31% and 10.77%).

As of 31 December 2020, the general loan loss provision related with the credit risk taken by the Group is TL 2,000,390 (31 December 2019: TL 1,507,423).

Credit Rating System

Credit risk is evaluated according to the internal rating system of the Parent Bank, which is linked to the rating scale, and loans are classified from the best rating to the lowest rating according to the probability of default. As of 31 December 2020 Retail, Business and Agricultural Banking loans are excluded from the internal rating system of the Parent Bank and these loans constitute 29.70% of the total cash and non-cash loan portfolio (31 December 2019: 31.05%). Application and behavioral scorecards are used for the Individual and Business segments, however behavioral scorecard is used for the Agricultural segment.

The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the Total % 31.12.2020	Share in the Total % 31.12.2019
1st Category	The borrower has a very strong financial structure	47.06	40.39
2nd Category	The borrower has a good financial structure	25.30	25.38
3rd Category	The borrower has an intermediate level of financial structure	20.35	24.95
4th Category	The financial structure of the borrower must be closely monitored in the medium term	7.29	9.28
	Total	**100.00**	**100.00**

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Profile of significant exposures in major regions:

	Exposure Categories (***)																	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
Current Period																		
Domestic	70,174	598,426	-	-	-	1,687,114	32,089,110	24,799,232	5,455,931	1,080,285	-	-	-	-	-	1,700,831	167,257	67,648,360
European Union (EU) Countries	-	-	-	-	-	378,459	297,664	18,590	2,445	1,202	-	-	-	-	-	-	-	698,360
OECD Countries (*)	-	-	-	-	-	29,410	355,299	770	278	-	-	-	-	-	-	397	-	386,154
Off-Shore Banking Regions (****)	389,970	-	-	-	-	8	211,528	104,878	22,704	7,739	-	-	-	-	-	432	-	737,259
USA, Canada	-	-	-	-	-	195,970	380	803	311	27	-	-	-	-	-	-	-	197,491
Other Countries	-	-	-	-	-	15,929	16,122	2,588	482	27	-	-	-	-	-	-	-	35,148
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-	55
Unallocated Assets /Liabilities (**)	-	935	-	-	-	561,081	10,616,055	2,208,847	424,648	90,173	-	-	-	-	-	2,889	-	13,904,628
Total	**460,144**	**599,361**	**-**	**-**	**-**	**2,867,971**	**43,586,158**	**27,135,708**	**5,906,799**	**1,179,453**	**-**	**-**	**-**	**-**	**-**	**1,704,604**	**167,257**	**83,607,455**

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

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

(***) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(****) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Profile of significant exposures in major regions: (continued)

	Exposure Categories (***)																	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	Total
Prior Period																		
Domestic	4,286,981	623,819	-	-	-	2,224,321	21,812,533	22,158,625	6,477,806	1,685,806	-	-	-	-	-	1,557,582	132,920	60,960,393
European Union (EU) Countries	-	-	-	-	-	1,379,647	260,448	11,080	4,904	1,752	-	-	-	-	-	191	-	1,658,022
OECD Countries (*)	-	-	-	-	-	148,208	472,147	11,862	413	3	-	-	-	-	-	540	-	633,173
Off-Shore Banking Regions (****)	399,811	-	-	-	-	9	234,520	106,298	43,444	6,187	-	-	-	-	-	306	-	790,575
USA, Canada	-	-	-	-	-	42,234	1,112	901	345	10	-	-	-	-	-	-	-	44,602
Other Countries	-	-	-	-	-	14,220	42,219	1,968	799	20	-	-	-	-	-	-	-	59,226
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	5
Unallocated Assets/Liabilities (**)	-	1,050	-	-	-	557,445	12,245,386	2,352,342	490,801	115,221	-	-	-	-	-	2,649	-	15,764,894
Total	**4,686,792**	**624,869**	**-**	**-**	**-**	**4,366,084**	**35,068,365**	**24,643,076**	**7,018,512**	**1,808,999**	**-**	**-**	**-**	**-**	**-**	**1,561,273**	**132,920**	**79,910,890**

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

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

(***) Risk amounts after conversion rate to credit are given before Credit Risk Mitigation.

(****) Northern Cyprus Turkish Republic balances are included in Off-Shore Banking Regions.

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Risk profile by Sectors or Counterparties:

	Exposure Categories (**)																			
Current Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL (*)	FC	Total
Agriculture	-	-	-	-	-	-	497,239	444,468	158,475	112,604	-	-	-	-	-	-	-	1,139,886	72,900	1,212,786
Farming and Stockbreeding	-	-	-	-	-	-	468,762	435,107	157,781	111,728	-	-	-	-	-	-	-	1,103,087	70,291	1,173,378
Forestry	-	-	-	-	-	-	10,728	1,134	-	21	-	-	-	-	-	-	-	10,330	1,553	11,883
Fishery	-	-	-	-	-	-	17,749	8,227	694	855	-	-	-	-	-	-	-	26,469	1,056	27,525
Manufacturing	-	-	-	-	-	-	26,159,429	4,969,726	1,764,334	334,923	-	-	-	-	-	5	-	23,207,924	10,020,493	33,228,417
Mining and Quarrying	-	-	-	-	-	-	1,617,044	202,706	81,468	21,774	-	-	-	-	-	2	-	1,677,373	245,621	1,922,994
Production	-	-	-	-	-	-	23,048,009	4,738,652	1,504,491	296,287	-	-	-	-	-	3	-	20,367,623	9,219,819	29,587,442
Electricity, Gas and Water	-	-	-	-	-	-	1,494,376	28,368	178,375	16,862	-	-	-	-	-	-	-	1,162,928	555,053	1,717,981
Construction	-	-	-	-	-	-	2,584,007	588,306	262,209	184,284	-	-	-	-	-	-	-	2,032,301	1,586,505	3,618,806
Services	460,144	599,361	-	-	-	2,867,971	14,055,115	5,157,305	2,431,353	481,460	-	-	-	-	-	1,655,242	166,544	19,738,285	8,136,210	27,874,495
Wholesale and Retail Trade	-	-	-	-	-	-	5,932,918	2,574,752	767,050	210,394	-	-	-	-	-	86	-	7,728,307	1,756,893	9,485,200
Accommodation and Dining	-	-	-	-	-	-	461,759	390,331	827,844	56,062	-	-	-	-	-	-	-	944,103	791,893	1,735,996
Transportation and Telecom.	-	-	-	-	-	-	1,843,637	1,030,270	345,067	70,356	-	-	-	-	-	98	-	2,654,362	635,066	3,289,428
Financial Institutions	460,144	-	-	-	-	2,867,971	2,175,190	52,674	100,912	5,769	-	-	-	-	-	1,654,801	166,544	4,246,379	3,237,626	7,484,005
Real Estate and Rental Service	-	-	-	-	-	-	3,004,183	759,126	308,164	101,740	-	-	-	-	-	246	-	2,646,475	1,526,984	4,173,459
Self-Employment Services	-	-	-	-	-	-	417,367	308,107	79,234	24,713	-	-	-	-	-	3	-	642,160	187,264	829,424
Educational Services	-	-	-	-	-	-	27,262	33,188	2,825	12,394	-	-	-	-	-	4	-	75,547	126	75,673
Health and Social Services	-	599,361	-	-	-	-	192,799	8,857	257	32	-	-	-	-	-	4	-	800,952	358	801,310
Other	-	-	-	-	-	-	290,368	15,975,903	1,290,428	66,182	-	-	-	-	-	49,357	713	17,566,582	106,369	17,672,951
Total	**460,144**	**599,361**	**-**	**-**	**-**	**2,867,971**	**43,586,158**	**27,135,708**	**5,906,799**	**1,179,453**	**-**	**-**	**-**	**-**	**-**	**1,704,604**	**167,257**	**63,684,978**	**19,922,477**	**83,607,455**

(*) Foreign Currency indexed credits are shown in TL column.

(**) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Risk profile by Sectors or Counterparties: (continued)

	Exposure Categories (**)																			
Prior Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Receivables defined in high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	Investments in equities	TL (*)	FC	Total
Agriculture	-	-	-	-	-	-	427,463	557,360	261,206	150,933	-	-	-	-	-	-	-	1,228,565	168,397	1,396,962
Farming and Stockbreeding	-	-	-	-	-	-	333,334	530,953	258,848	148,814	-	-	-	-	-	-	-	1,104,526	167,423	1,271,949
Forestry	-	-	-	-	-	-	5,198	1,692	-	-	-	-	-	-	-	-	-	6,890	-	6,890
Fishery	-	-	-	-	-	-	88,931	24,715	2,358	2,119	-	-	-	-	-	-	-	117,149	974	118,123
Manufacturing	-	-	-	-	-	-	19,361,260	5,064,386	2,163,538	554,391	-	-	-	-	-	21	-	16,017,555	11,126,041	27,143,596
Mining and Quarrying	-	-	-	-	-	-	1,487,525	241,823	78,380	33,035	-	-	-	-	-	-	-	1,153,507	687,256	1,840,763
Production	-	-	-	-	-	-	17,111,026	4,786,024	1,913,525	509,669	-	-	-	-	-	21	-	14,261,290	10,058,975	24,320,265
Electricity, Gas and Water	-	-	-	-	-	-	762,709	36,539	171,633	11,687	-	-	-	-	-	-	-	602,758	379,810	982,568
Construction	-	-	-	-	-	-	2,180,534	654,684	467,131	284,104	-	-	-	-	-	-	-	2,111,220	1,475,233	3,586,453
Services	4,686,792	624,869	-	-	-	4,366,084	12,496,846	5,270,188	2,632,510	707,254	-	-	-	-	-	1,529,902	131,367	17,444,596	15,001,216	32,445,812
Wholesale and Retail Trade	-	-	-	-	-		4,275,803	2,568,497	912,416	340,554	-	-	-	-	-	105	-	5,940,172	2,157,203	8,097,375
Accommodation and Dining	-	-	-	-	-	-	738,886	418,165	802,371	68,350	-	-	-	-	-	-	-	824,467	1,203,305	2,027,772
Transportation and Telecom.	-	-	-	-	-	-	1,556,697	985,641	293,854	142,060	-	-	-	-	-	114	-	2,294,429	683,937	2,978,366
Financial Institutions	4,686,792	-	-	-	-	4,366,084	1,942,761	59,171	5,201	7,406	-	-	-	-	-	1,529,428	131,367	3,801,896	8,926,314	12,728,210
Real Estate and Rental Services	-	-	-	-	-	-	3,438,078	907,814	510,515	114,144	-	-	-	-	-	242	-	3,057,345	1,913,448	4,970,793
Self-Employment Services	-	-	-	-	-	-	407,088	283,114	103,933	31,773	-	-	-	-	-	-	-	709,828	116,080	825,908
Educational Services	-	-	-	-	-	-	42,612	38,430	3,213	2,883	-	-	-	-	-	9	-	86,585	562	87,147
Health and Social Services	-	624,869	-	-	-	-	94,921	9,356	1,007	84	-	-	-	-	-	4	-	729,874	367	730,241
Other	-	-	-	-	-	-	602,262	13,096,458	1,494,127	112,317	-	-	-	-	-	31,350	1,553	14,926,640	411,427	15,338,067
Total	**4,686,792**	**624,869**	**-**	**-**	**-**	**4,366,084**	**35,068,365**	**24,643,076**	**7,018,512**	**1,808,999**	**-**	**-**	**-**	**-**	**-**	**1,561,273**	**132,920**	**51,728,576**	**28,182,314**	**79,910,890**

(*) Foreign Currency indexed credits are shown in TL column.

(**) Risk amounts after conversion rate to credit are given before credit risk mitigation.

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Analysis of maturity-bearing exposures according to remaining maturities:

Current Period	**Term to Maturity**				
Risks Categories	**1 Month**	**1–3 Months**	**3–6 Months**	**6–12 Months**	**Over 1 year**
Conditional and unconditional exposures to central governments or central banks	460,144	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	2,896	1,917	2,504	73,817	517,264
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,554,373	82,212	102,568	50,379	99,750
Conditional and unconditional exposures to corporates	5,296,566	5,136,347	7,447,256	6,371,529	8,707,685
Conditional and unconditional retail exposures	4,876,390	1,006,538	2,305,036	2,802,528	13,924,631
Conditional and unconditional exposures secured by real estate property	321,818	215,569	504,560	624,601	3,813,992
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category defined by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	283,140	1,014	2,222	-	3
Investments in equities	-	-	-	-	-
Total	**12,795,327**	**6,443,597**	**10,364,146**	**9,922,854**	**27,063,325**

Prior Period	**Term to Maturity**				
Exposure Categories	**1 Month**	**1–3 Months**	**3–6 Months**	**6–12 Months**	**Over 1 year**
Conditional and unconditional exposures to central governments or central banks	1,066,414	471,734	149,250	-	2,999,393
Conditional and unconditional exposures to regional governments or local authorities	454	8,510	5,831	28,694	580,327
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	2,471,798	149,760	391,771	354,946	22,467
Conditional and unconditional exposures to corporates	7,668,070	3,655,245	1,962,289	2,173,624	7,072,832
Conditional and unconditional retail exposures	6,010,266	740,655	1,108,243	1,974,087	12,447,543
Conditional and unconditional exposures secured by real estate property	1,060,771	188,558	418,402	500,288	4,358,543
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category defined by BRSA	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	30,905	452	5,862	-	14
Investments in equities	-	-	-	-	-
Total	**18,308,678**	**5,214,914**	**4,041,648**	**5,031,639**	**27,481,119**

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Information about the risk exposure categories

The credit rating of Fitch Ratings International Rating agency is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment of Capital Adequacy of the Bank, and the country risk classification announced by The Organisation for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk weight is used for receivables with a maturity period of more than three months, and the risk weight used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)'s are presented below:

Credit Quality Level	Fitch Ratings Long- Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA ila AA-	0%	20%	50%	100%
2	A+ ila A-	20%	20%	50%	100%
3	BBB+ ila BBB-	50%	50%	50%	100%
4	BB+ ila BB-	100%	100%	100%	100%
5	B+ ila B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

Exposures by risk weights:

Current Period

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before Credit Mitigation	37,140,028	-	6,517,571	4,781,153	10,425,207	36,176,042	48,032,110	169,194	-	-	-	603,783
Exposures after Credit Risk Mitigation	39,227,005	-	6,796,136	4,781,153	9,934,635	33,602,902	45,439,479	111,039	-	-	-	603,783

Prior Period

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deductions from Equity
Exposures before Credit Risk Mitigation	18,804,661	-	9,461,115	5,619,542	8,780,553	32,839,093	46,451,779	386,973	-	-	-	605,226
Exposures after Credit Risk Mitigation	20,832,591	-	9,632,820	5,619,542	8,800,354	30,453,319	44,643,049	251,802	-	-	-	605,226

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Information in terms of major sectors and type of counterparties:

Current Period	**Credits**		**Provisions**
	Impaired Receivables (TFRS 9))		**Expected Credit Loss Provision (TFRS9)**
Major Sectors / Counterparties	**Significant Increase in Credit Risk (Stage II)**	**Impaired (Stage III)**	
Agriculture	589,157	237,067	178,448
Farming and Stockbreeding	576,288	228,842	172,294
Forestry	12,869	4,591	4,066
Fishery	-	3,634	2,088
Manufacturing	1,731,493	674,352	851,836
Mining and Quarrying	42,471	24,092	24,208
Production	1,499,539	635,292	752,434
Electricity, Gas and Water	189,483	14,968	75,194
Services	4,248,425	2,132,357	2,003,325
Wholesale and Retail Trade	3,107,940	1,273,123	1,203,942
Accommodation and Dining	121,449	131,641	133,499
Transportation and Telecom.	303,989	137,755	141,206
Financial Institutions	24,358	32,194	24,886
Real Estate and Rental Services	293,137	98,481	176,684
Professional Services	40,969	9,653	10,883
Educational Services	344,119	384,202	268,913
Health and Social Services	12,464	65,308	43,312
Other	1,383,270	458,106	620,716
Total	**7,952,345**	**3,501,882**	**3,654,325**

Prior Period	**Credits**		**Provisions**
	Impaired Receivables (TFRS 9)		**Expected Credit Loss Provision (TFRS9)**
Major Sectors / Counterparties	**Significant Increase in Credit Risk (Stage II)**	**Impaired (Stage III)**	
Agriculture	389,856	257,288	165,710
Farming and Stockbreeding	384,108	252,031	162,059
Forestry	-	675	612
Fishery	5,748	4,582	3,039
Manufacturing	1,542,620	803,789	626,803
Mining and Quarrying	84,136	13,466	18,190
Production	1,451,604	773,381	602,057
Electricity, Gas and Water	6,880	16,942	6,556
Services	3,064,524	1,857,476	1,449,342
Wholesale and Retail Trade	944,454	1,463,331	938,988
Accommodation and Dining	737,563	122,513	132,793
Transportation and Telecom.	492,117	149,666	137,225
Financial Institutions	212,560	13,413	59,972
Real Estate and Rental Services	553,559	33,710	122,601
Professional Services	60,825	64,569	44,882
Educational Services	17,606	7,229	8,298
Health and Social Services	45,840	3,045	4,583
Other	3,867,382	1,228,353	1,004,843
Total	**8,864,382**	**4,146,906**	**3,246,698**

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

II. Explanations Related to the Consolidated Credit Risk (Continued)

Information about Value Adjustment and Change in Provisions

	31.12.2019 Balance	Provision for Period	Provision Reversals	Written off from Asset	Other Adjustments(*)	31.12.2020 Balance
Default (Stage III)	2,394,656	700,392	(207,531)	(505,620)	-	2,381,897
Expected Credit Loss (Stage I - II)	1,507,423	983,725	(652,238)	-	161,480	2,000,390

(*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

	31.12.2018 Balance	Provision for Period	Provision Reversals	Write off from Asset	Other Adjustments (*)	31.12.2019 Balance
Default (Stage III)	1,765,133	1,515,456	(242,873)	(644,662)	1,602	2,394,656
Expected Credit Loss (Stage I -II)	1,358,020	462,527	(355,431)	-	42,307	1,507,423

(*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

III. Explanations Related to Risks Involved in Counter-Cyclical Capital Buffer Calculation

Current Period

Countries where the risk ultimately taken	Private sector loan in banking loans	Risk weighted amount calculated in trading accounts	Total
Turkey	72,282,903	1,031,487	73,314,390
Italy	945,166	-	945,166
Switzerland	332,306	-	332,306
TRNC	323,446	-	323,446
England	321,166	-	321,166
Spain	50,318	-	50,318
Bulgaria	37,782	-	37,782
Denmark	19,492	-	19,492
Egypt	6,098	-	6,098
Other	15,624	-	15,624
	74,334,301	**1,031,487**	**75,365,788**

Prior Period

Countries where the risk ultimately taken	Private sector loan in banking loans	Risk weighted amount calculated in trading accounts	Total
Turkey	64,800,085	613,436	65,413,521
Switzerland	445,348	-	445,348
TRNC	370,046	-	370,046
England	365,118	-	365,118
Italy	89,660	-	89,660
Israel	39,412	-	39,412
Portugal	37,055	-	37,055
Spain	36,353	-	36,353
The Ivory Coast	29,622	-	29,622
Other	106,447	5	106,452
	66,319,146	**613,441**	**66,932,587**

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

IV. Explanations Related to the Consolidated Currency Risk

Foreign currency risk indicates the probability of loss that the Group is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration and risk is calculated by using the standard method.

The Board of Directors of the Parent Bank sets limits for the positions, which are followed up daily. Any possible changes in the foreign currency transactions in the Parent Bank's positions are also monitored.

As an element of the Group's risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

Asset Liability Management and Treasury Department of the Parent Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Parent Bank's Asset-Liability Committee on a weekly basis.

As of 31 December 2020, the Group's balance sheet short position is TL 21,600,540 (31 December 2019: TL 12,301,993 short position) off-balance sheet long position is TL 20,950,439 (31 December 2019: TL 11,928,995 long position) and as a result net foreign currency short position is TL 650,101 (31 December 2019: net TL 372,997 short position).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2020 and the previous five working days in full TL are as follows:

	24.12.2020	25.12.2020	28.12.2020	29.12.2020	30.12.2020	31.12.2020
USD	7.5343	7.5127	7.4187	7.3265	7.3415	7.3883
JPY	0.0727	0.0726	0.0716	0.0707	0.0713	0.0717
EUR	9.1843	9.1429	9.0634	8.975	9.0234	9.072

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2020 are as follows:

	Monthly Average Foreign Exchange Rate
USD	7.6812
JPY	0.0740
EUR	9.3475

Information on the foreign currency risk of the Parent Bank:

The Parent Bank is exposed to foreign exchange risk in EURO and USD.

The following table details the Parent Bank's sensitivity to a 10% change in USD and EUR exchange rates. The 10% rate used is the rate that the currency risk is reported to the senior management in the Parent Bank, this rate represents the possible change expected by the management in exchange rates. 10% depreciation of USD and EURO against TL affects profit and equity amounts positively in the case of a short position and negatively in the case of a long position.

Change in exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2020	31December 2020
USD	10 increase	(21,533)	2,403
USD	10 decrease	21,533	(2,403)
EUR	10 increase	2,810	2,496
EUR	10 decrease	(2,810)	(2,496)

Change in exchange rate (%)		Effect on Profit/Loss	Effect on Equity (*)
		31 December 2019	31 December 2019
USD	10 increase	19,299	937
USD	10 decrease	(19,299)	(937)
EUR	10 increase	(7,623)	587
EUR	10 decrease	7,623	(587)

(*) The effect on the equity does not include the effect of the change in exchange rates on the income statement.

The sensitivity of the Parent Bank to changes in the exchange rates did not change significantly in the current period. Opening or closing positions in line with market expectations may increase the sensitivity to changes in the period's exchange rates.

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

IV. Explanations Related to the Consolidated Currency Risk (Continued)

Information on the foreign currency risk of the Parent Bank:

The table below shows the Group's distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Group also monitors the delta-adjusted position of the option transactions. As of 31 December 2020, the Parent Bank has net USD short position TL 222,394 and net EUR long position TL 42,157.

Current Period	**EUR**	**USD**	**Other FC**	**Total**
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey[1]	5,575,267	6,192,796	1,748,758	13,516,821
Banks [2]	629,416	2,213,893	1,856,823	4,700,132
Financial Assets at Fair Value Through Profit or Loss	273,495	846,307	-	1,119,802
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,402,125	597,696	23,165	3,022,986
Loans [3]	9,729,893	2,535,854	834,361	13,100,108
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-to-Maturity Investments[4]	1,263,472	1,061,092	-	2,324,564
Derivative Financial Assets for Hedging Purposes[5]	-	-	-	-
Tangible Assets	91	-	-	91
Intangible Assets	-	-	-	-
Other Assets [6]	2,318,224	233,157	59,152	2,610,533
Total Assets	**22,191,983**	**13,680,795**	**4,522,259**	**40,395,037**
Liabilities				
Bank Deposits	71	-	15	86
Foreign Currency Deposits [7]	12,697,235	23,868,480	7,586,371	44,152,086
Money Market Borrowings	2,717,468	-	-	2,717,468
Funds Provided from Other Financial Institutions	9,952,799	4,529,136	61,409	14,543,344
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	14,901	-	-	14,901
Other Liabilities [8]	239,379	304,248	24,065	567,692
Total Liabilities	**25,621,853**	**28,701,864**	**7,671,860**	**61,995,577**
Net Balance Sheet Position	**(3,429,870)**	**(15,021,069)**	**(3,149,601)**	**(21,600,540)**
Net Off-Balance Sheet Position	**3,506,359**	**14,570,186**	**2,964,614**	**21,041,159**
Financial Derivative Assets[9]	15,993,374	25,685,642	4,743,380	46,422,396
Financial Derivative Liabilities[9]	12,487,015	11,115,456	1,778,766	25,381,237
Non-Cash Loans [10]	8,000,422	7,226,322	1,537,854	16,764,598
Prior Period				
Total Assets	20,444,208	14,393,861	3,917,750	38,755,819
Total Liabilities	21,469,848	25,727,978	3,859,986	51,057,812
Net Balance Sheet Position	(1,025,640)	(11,334,117)	57,764	(12,301,993)
Net Off-Balance Sheet Position	797,511	11,133,800	(2,316)	11,928,995
Financial Derivative Assets [9]	14,804,346	26,844,874	782,678	42,431,898
Financial Derivative Liabilities [9]	14,006,835	15,711,074	784,994	30,502,903
Non-Cash Loans [10]	6,880,451	5,459,747	904,769	13,244,967

(1) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,561 (31 December 2019: TL 1,890)
(2) The banks include TL 9,579 of expected credit loss provisions. (31 December 2019: TL 9,059)
(3) Foreign currency indexed loans amounting to TL 233,707 TL (31 December 2019: TL 495,451) are included in the loan portfolio. As of 31 December 2020, there is no (31 December 2019: TL None) foreign currency indexed factoring receivables. Also, it includes TL 476,466 (31 December 2019: TL 368,603) amounting to expected credit loss.
(4) Financial assets at amortized cost includes expected credit loss amounting to TL 523 (31 December 2019:TL 305)
(5) TL 31,137 (31 December 2019: TL 14,112) income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management.
(6) TL 213,071 (31 December 2019: TL 184,862) income accruals from derivative financial instruments is deducted from other assets. Other assets line includes factoring receivables amounting to TL 955,007 and factoring receivables expected credit loss amounting to TL 2,153.
(7) Precious metal accounts amounting to TL 6,002,054 (31 December 2019: TL 2,349,023) are included in the foreign currency deposits.
(8) TL 175,503 (31 December 2019: TL 90,922) expense accruals from derivative financial instruments are deducted from other liabilities.
(9) Forward asset and marketable securities purchase-sale commitments of TL 951,630 (31 December 2019: TL 1,395,075) are added to derivative financial assets and TL 1,071,704 (31 December 2019: TL 883,345) has been added to derivative financial assets.
(10) There is no effect on the net off-balance sheet position.

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

V. Explanations Related to Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Liquidity Risk and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted macroeconomic indicators used in the budget of the Group.

The Group management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

The Group carries interest rate risk within the legal and internal limits and manages the interest rate risk in accordance with the bank's risk appetite.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing(1)	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey(2)	11,452,134	-	-	-	-	5,495,853	16,947,987
Banks(3)	4,796,899	-	-	-	-	1,876,549	6,673,448
Financial Assets at Fair Value Through Profit or Loss	297,525	91,886	760,926	201,959	95,521	183,075	1,630,892
Money Market Placements(4)	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	805,587	113,055	2,319,571	4,657,098	746,205	10,881	8,652,397
Loans(5)	11,140,029	6,681,908	25,261,054	32,741,342	3,435,619	(545,888)	78,714,064
Financial Assets Measured at Amortized Cost(6)	1,012,657	825,220	9,171,693	1,472,121	41,250	(2,818)	12,520,123
Other Assets(7)	1,678,659	1,506,874	696,926	672,721	299,267	6,555,962	11,410,409
Total Assets	**37,364,376**	**9,218,943**	**38,210,170**	**39,745,241**	**4,617,862**	**13,573,175**	**142,729,767**
Liabilities							
Bank Deposits	7,424,601	-	-	-	-	43,796	7,468,397
Other Deposits	47,468,264	5,865,710	235,318	367	-	32,703,847	86,273,506
Money Market Borrowings	6,734,127	-	-	-	-	-	6,734,127
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	2,160,640	-	2,649,997	-	-	-	4,810,637
Funds Provided from Other Financial Institutions	1,827,122	1,289,465	8,703,539	91,158	4,194,951	-	16,106,235
Other Liabilities	227,987	28,532	383,341	1,309,066	244,413	19,143,526	21,336,865
Total Liabilities	**65,842,741**	**7,183,707**	**11,972,195**	**1,400,591**	**4,439,364**	**51,891,169**	**142,729,767**
Balance Sheet Long Position	-	2,035,236	26,237,975	38,344,650	178,498	-	66,796,359
Balance Sheet Short Position	(28,478,365)	-	-	-	-	(38,317,994)	(66,796,359)
Off-Balance Sheet Long Position	3,031,120	3,816,103	-	-	-	-	6,847,223
Off-Balance Sheet Short Position	-	-	(796,816)	(5,154,568)	(487,360)	-	(6,438,744)
Total Position	**(25,447,245)**	**5,851,339**	**25,441,159**	**33,190,082**	**(308,862)**	**(38,317,994)**	**408,479**

(1) The expected loss provisions are presented under the "Non-Interest Bearing" column.
(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 3,316.
(3) Banks include balance of expected loss provisions amounting to TL 10,656.
(4) Money market placements include balance of expected loss provisions amounting to TL 439.
(5) The revolving loans amounting to TL 6,201,511 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 4,047,711.
(6) Financial assets at amortized cost include balance of expected loss provisions of TL 2,818.
(7) Includes factoring receivables amounting to TL 2,503,938 and factoring receivables expected loss provisions amounting to TL 17,162.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 846,067, intangible assets amounting to TL 572,547, assets held for resale amounting to TL 112,859, subsidiaries amounting to TL 50 and non-financial jointly controlled entities under common control joint venture amounting to TL 5 and the other liabilities line includes the shareholders' equity of TL 11,689,673.

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

V. Explanations Related to Consolidated Interest Rate Risk (Continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates) : (continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,951,411	-	-	-	-	3,002,601	11,954,012
Banks[3]	6,072,870	-	-	-	-	2,493,375	8,566,245
Financial Assets at Fair Value Through Profit or Loss	180,593	132,240	55,307	669,507	132,752	125,025	1,295,424
Money Market Placements[4]	840,304	-	-	-	-	(29)	840,275
Financial Assets at Fair Value Through Other Comprehensive Income	1,057,349	530,691	523,340	2,417,091	1,005,005	7,895	5,541,371
Loans[5]	16,724,073	4,579,167	11,359,041	28,333,166	3,917,453	506,014	65,418,914
Financial Assets Measured at Amortized Cost[6]	164,665	796,314	2,075,934	1,699,969	169,736	(1,104)	4,905,514
Other Assets[2]	1,148,017	689,675	657,912	951,007	94,067	7,152,000	10,692,678
Total Assets	**35,139,282**	**6,728,087**	**14,671,534**	**34,070,740**	**5,319,013**	**13,285,777**	**109,214,433**
Liabilities							
Bank Deposits	362,573	-	-	-	-	23,739	386,312
Other Deposits	49,529,000	4,829,633	677,235	7,293	-	16,748,379	71,791,540
Money Market Borrowings	1,650,467	-	-	-	-	-	1,650,467
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,692,304	641,573	-	-	-	-	2,333,877
Funds Provided from Other Financial Institutions	2,448,096	3,560,585	6,009,788	100,473	1,266,257	-	13,385,199
Other Liabilities	23,862	117	711,943	2,330,152	86,263	16,514,701	19,667,038
Total Liabilities	**55,706,302**	**9,031,908**	**7,398,966**	**2,437,918**	**1,352,520**	**33,286,819**	**109,214,433**
Balance Sheet Long Position	-	-	7,272,568	31,632,822	3,966,493	-	42,871,883
Balance Sheet Short Position	(20,567,020)	(2,303,821)	-	-	-	(20,001,042)	(42,871,883)
Off-Balance Sheet Long Position	5,720,979	4,734,356	-	-	-	-	10,455,335
Off-Balance Sheet Short Position	-	-	(4,006,053)	(5,678,954)	(623,850)	-	(10,308,857)
Total Position	**(14,846,041)**	**2,430,535**	**3,266,515**	**25,953,868**	**3,342,643**	**(20,001,042)**	**146,478**

(1) The expected loss provisions are presented under the "Non-Interest Bearing" column.
(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 1,959.
(3) Banks include balance of expected loss provisions amounting to TL 9,809.
(4) Money market placements include balance of expected loss provisions amounting to TL 29.
(5) The revolving loans amounting to TL 7,177,755 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 3,640,892.
(6) Financial assets at amortized cost include balance of expected loss provisions of TL 1,104.
(7) Includes factoring receivables amounting to TL 2,083,258 and factoring receivables expected loss provisions amounting to TL 34,891.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 884,818, intangible assets amounting to TL 561,432, assets held for resale amounting to TL 131,362, entities under common control joint venture amounting to TL 5 and the other liabilities line includes the shareholders' equity of TL 9,909,908.

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

V. Explanations Related to Consolidated Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	YEN %	TL %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.25)	0.21	(0.26)	17.79
Financial Assets at Fair Value Through Profit or Loss	2.60	2.65	-	10.12
Money Market Placements	-	-	-	17.98
Financial Assets at Fair Value Through Other Comprehensive Income	2.91	3.86	-	12.91
Loans (*)	2.65	3.79	5.37	14.43
Financial Assets Measured at Amortized Cost	2.04	3.51	-	8.26
Liabilities				
Bank Deposits	-	-	-	10.65
Other Deposits	0.04	1.25	-	15.12
Money Market Borrowings	0.88	-	-	17.06
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	9.54
Funds Provided from Other Financial Institutions	1.93	4.88	-	11.62

(*) Includes factoring receivables.

	EUR %	USD %	YEN %	TL %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	10.00
Banks	-	1.59	-	11.42
Financial Assets at Fair Value Through Profit or Loss	1.52	4.89	-	8.66
Money Market Placements	-	-	-	11.46
Financial Assets at Fair Value Through Other Comprehensive Income	2.11	4.57	-	13.83
Loans (*)	3.08	4.95	5.28	16.42
Financial Assets Measured at Amortized Cost	2.48	4.51	-	14.63
Liabilities				
Bank Deposits	-	1.40	-	5.10
Other Deposits	0.16	1.86	0.25	10.26
Money Market Borrowings	-	-	-	11.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	12.05
Funds Provided from Other Financial Institutions	1.99	5.61	-	17.62

(*) Includes factoring receivables.

Interest rate risk on banking accounts:

a) Significant assumptions and frequency of measurement of interest rate risk, including the nature of interest rate risk arising from banking accounts and those related to the movement of deposits other than loan early repayments and time deposits:

Interest rate risk arising from banking accounts is monitored through different scenarios, and the interest risk exposed by presenting the results to the relevant committees is evaluated from different perspectives. There is a limit determined by the Board of Directors regarding the risk amount. It is taken care to ensure a certain harmony between assets and liabilities on the basis of currency, taking into account the market expectations of the bank.

Early repayment rates of loans were determined by examining the historic reaction of housing loans to interest movements in the previous periods. By analyzing the movements of demand deposits on the basis of branches and accounts, it has been determined the duration of demand deposits that remain in the Bank on account basis. Assumptions accepted in parallel with the results reached are reflected in the above mentioned products in interest rate sensitivity calculations.

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

V. Explanations Related to Consolidated Interest Rate Risk (Continued)

Interest rate risk on banking accounts: (continued)

b) Economic value differences arising from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk Arising from Banking Accounts by Standard Shock Method":

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity– (Losses)/Equity
TL	(400)	1,270,671	6.17%
TL	500	(1,422,031)	(6.87)%
EURO	(200)	(83,424)	0.24%
EURO	200	87,032	(0.19)%
USD	(200)	(101,872)	0.23%
USD	200	101,153	(0.15)%
Total (of negative shocks)	**(800)**	**1,085,376**	**6.65%**
Total (of positive shocks)	**900**	**(1,233,845)**	**(7.20)%**

VI. Explanations Related to Share Certificates Position Risk from Consolidated Banking Book

Equity securities which are not publicly traded in the Bank's financial statements are booked as their fair value, or otherwise booked as their cost value whereby fair value can not be calculated properly.

The Parent Bank has no stocks traded in Borsa Istanbul.

VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio

a) Information on liquidity risk management, such as the Parent Bank's risk capacity, responsibilities and the structure of liquidity risk management, Parent Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Asset-Liability Management and Treasury Group is responsible for following up the Parent Bank's current liquidity position and for complying with liquidity limits approved by the Board of Directors. After evaluating the liquidity position, the Asset-Liability Management and Treasury Group use authorized products to provide sufficient liquidity based on liquidity position.

Responsibilities for liquidity management are described in the Liquidity Risk Policy which is reviewed and approved by the Board of Directors annually. The various responsibilities have been shared among the appropriate departments and committees as outlined in duty descriptions. While the Asset-Liability Management and Treasury Group alone is responsible for managing liquidity and for developing short-term liquidity estimates, the Asset-Liability Management and Treasury Group works with the Asset-Liability Management Committee to jointly developing/setting short-term liquidity strategies and middle and long term liquidity estimates. The Asset-Liability Management Committee is responsible for preparing middle and long term liquidity strategies.

The Risk Management Group monitors daily all set liquidity risk limits, and periodically reports internal and legal liquidity rates and changes to the Risk Committee, Audit Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Parent Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks and at a Liquidity Risk Committee meeting which is held monthly.

b) Information on the centralization degree of liquidity management and funding strategy, and on operations between Parent Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Parent Bank's liquidity risk and performs this role only for the bank. Liquidity gap values are monitored within the limits set by the Board of Directors, and for compliance with these limits, the necessary debt instruments are used, while considering price and maturity structure. Our subsidiaries manage their own liquidity and we provide them borrowing facilities within market conditions and legal limits.

VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (Continued)

c) Information about the Parent Bank's funding strategy including policies on funding types and variety of maturities:

While the Parent Bank tries to diversify its funding resources, it also tries to extend its payment terms. Customer deposits are the bank's main funding resource. Our main strategy for deposit management is to be inclusive while extending the average maturity. In addition to borrowings from money markets and collecting deposit, the Parent Bank uses instruments such as long-term syndicated loans, securities issued in TL and foreign currency to diversify funding resources.

d) Information on liquidity management based on currency which consists of a minimum of 5% of the Parent Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the Liquidity Coverage Ratio is calculated daily for Total and Foreign Currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Liquidity Risk Committee which includes the General Manager, Assistant General Manager responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

e) Information on liquidity risk mitigation techniques:

The Parent Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The Parent Bank's balance sheet liquidity risk is periodically measured by Assets-Liabilities management and closely monitored with the Treasury. In accordance with market expectations, the Assets-Liabilities Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Parent Bank's liquidity risk is attempted to manage efficiently by long-term structural changes (such as diversifying funding sources, extending maturity structure etc.) and short and mid-term money market and derivative transactions.

In the short term, liquidity risk is minimized with FX swaps, interbank borrowings and repurchase agreements, while cross currency swap transactions are used to minimize these risks in the long term.

f) Explanation on the usage of the stress test:

The aim of the liquidity stress test is to analyse how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analysed based on products with different maturities. Stress events which may arise as a result of the liquidity squeeze, both in the Parent Bank and in the whole banking system, in cases of stress event are analysed. Also, situations where the two scenarios might coincide are considered. The analysis addresses how much of the net cash outflows of different maturities would be covered by the current liquid stock during all relevant stress events.

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

- Whether the liquidity problem is specific to the Parent bank or applies to the whole banking system and
- Whether there is a permanent or temporary problem.

Profitability has second degree importance in extraordinary liquidity conditions. In cases of cash shortage or cash withdrawal, the branches are responsible for informing the Asset-Liability Management and Treasury Group about withdrawn liabilities. The Asset-Liability Management and Treasury Group takes the necessary actions to cover the cash outflow which may occur in the accounts and informs the Asset-Liability Committee of any related delays.

In a liquidity crisis, the Asset-Liability Management and Treasury Group, the Asset-Liability Committee, the Liquidity Risk Committee, senior management, and the Board of Directors are responsible for solving the liquidity problem. It is predicted that, in a liquidity crisis, in order to create additional liquidity, written actions (considering the cost) must be taken within current market conditions.

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

VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (Continued)

Liquidity Coverage Ratio:

		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
Current Period – 31 December 2020		**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets					
1	High Quality Liquid Assets			36,616,220	15,499,469
Cash Outflows					
2	Real Person and Retail Deposits	61,582,931	31,915,012	5,475,939	3,191,501
3	Stable Deposits	13,647,077	-	682,354	-
4	Less Stable Deposits	47,935,854	31,915,012	4,793,585	3,191,501
5	Unsecured Debts Other than Real Person and Retail Deposits	33,093,749	14,777,629	17,888,232	7,359,701
6	Operational Deposits	787,661	293,937	196,915	73,484
7	Non-operational Deposits	28,302,592	12,070,372	13,715,146	4,872,897
8	Other Unsecured Funding	4,003,496	2,413,320	3,976,171	2,413,320
9	Secured Funding			120,457	-
10	Other Cash Outflows	1,665,525	2,927,065	1,665,525	2,927,065
11	Outflows Related to Derivative Exposures and	1,665,525	2,927,065	1,665,525	2,927,065
12	Other Collateral Requirements	-	-	-	-
13	Outflows Related to Restructured Financial Instruments	-	-	-	-
14	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15	Other Revocable Off-Balance Sheet	34,907,829	12,938,807	2,830,475	1,288,863
16	**Total Cash Outflows**			**27,980,628**	**14,767,130**
Cash Inflows					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	12,262,838	5,715,266	9,531,260	5,304,699
19	Other Cash Inflows	966,659	9,003,399	966,659	9,003,399
20	**Total Cash Inflows**	**13,229,497**	**14,718,665**	**10,497,919**	**14,308,098**
				Values to Which the Upper Limit is Applied	
21	**Total High Quality Liquid Assets**			**36,616,220**	**15,499,469**
22	**Total Net Cash Outflows**			**17,482,709**	**3,691,783**
23	**Liquidity Coverage Ratio (%)**			**209.44**	**419.84**

(*) Simple arithmetic average of the last three months data calculated by using monthly simple arithmetic averages.

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

VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (Continued)

Liquidity Coverage Ratio: (continued)

		Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
Prior Period – 31 December 2019		**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets					
1	High Quality Liquid Assets			21,836,422	13,917,929
Cash Outflows					
2	Real Person and Retail Deposits	51,313,467	25,406,593	4,514,492	2,540,659
3	Stable Deposits	12,337,090	-	616,854	-
4	Less Stable Deposits	38,976,377	25,406,593	3,897,638	2,540,659
5	Unsecured Debts Other than Real Person and Retail Deposits	21,297,924	11,014,451	11,767,184	5,804,238
6	Operational Deposits	435,470	187,907	108,867	46,977
7	Non-operational Deposits	15,944,770	8,635,837	6,769,930	3,566,554
8	Other Unsecured Funding	4,917,684	2,190,707	4,888,387	2,190,707
9	Secured Funding			11,458	-
10	Other Cash Outflows	1,540,455	2,290,197	1,540,455	2,290,197
11	Outflows Related to Derivative Exposures and	1,540,455	2,290,197	1,540,455	2,290,197
12	Other Collateral Requirements	-	-	-	-
13	Outflows Related to Restructured Financial Instruments	-	-	-	-
14	Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15	Other Revocable Off-Balance Sheet	32,014,818	10,476,671	2,646,516	1,098,773
16	**Total Cash Outflows**			**20,480,105**	**11,733,867**
Cash Inflows					
17	Secured Liabilities	-	-	-	-
18	Unsecured Liabilities	12,640,333	5,416,414	9,256,464	4,759,747
19	Other Cash Inflows	1,691,512	8,203,937	1,691,512	8,203,938
20	**Total Cash Inflows**	**14,331,845**	**13,620,351**	**10,947,976**	**12,963,685**
				Values to Which the Upper Limit is Applied	
21	**Total High Quality Liquid Assets**			**21,836,422**	**13,917,929**
22	**Total Net Cash Outflows**			**9,532,129**	**2,933,467**
23	**Liquidity Coverage Ratio (%)**			**229.08**	**474.45**

(*) Simple arithmetic average of the last three months data calculated by using monthly simple arithmetic averages

The amount of high quality liquid assets, distribution of deposits based on segment, maturity types of borrowings and the share of revolving loans in loan portfolio can be considered as the most important factors affecting Liquidity Coverage Ratio.

High quality liquid assets in order to their priority consist of the time accounts, bond portfolio, required reserve, cash and effective deposit. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effect more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

There are concentration limits on funding sources approved by Board of Directors of the Parent Bank. Proportional limits on product type are reported in relation to how much of the funding can be obtained from deposits, group funding, borrowings from banks and repo and other long-term sources.

Liquidity management of the subsidiaries subject to consolidation is carried out by the companies themselves. Although there is a consolidated reporting for the Liquidity Coverage Ratio, there is no centralized liquidity management. Finally, there is no significant cash inflow and cash outflow related to the liquidity profile of the Parent Bank, which is included in the calculation of liquidity coverage ratio, but which is not included in the public disclosure template in the second paragraph of the related communiqué.

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

VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (Continued)

Liquidity Coverage Ratio: (continued)

Consolidated Liquidity Coverage Ratio for the last three months are presented below:

	Current Period	
	TL+FC	FC
October 2020	191.54%	351.74%
November 2020	219.37%	487.73%
December 2020	256.32%	519.02%
	Prior Period	
	TL+FC	**FC**
October 2019	166.14%	452.52%
November 2019	319.48%	566.39%
December 2019	176.08%	373.90%

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed [1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey [2]	5,499,169	11,452,134	-	-	-	-	(3,316)	16,947,987
Banks [3]	2,443,461	4,240,643	-	-	-	-	(10,656)	6,673,448
Financial Assets at Fair Value Through Profit and Loss	-	215,364	12,605	676,294	448,032	95,521	183,076	1,630,892
Money Market Placements	-	6,180,886	-	-	-	-	(439)	6,180,447
Financial Assets at Fair Value Through Other Comprehensive Income	10,881	118,185	61,238	2,461,895	4,936,116	1,064,082	-	8,652,397
Loans [4]	-	10,173,769	6,679,434	25,275,844	33,695,287	3,435,619	(545,889)	78,714,064
Financial Assets Measured at Amortized Cost [5]	-	606,251	511,946	980,114	10,083,934	340,696	(2,818)	12,520,123
Other Assets [6]	-	2,608,271	1,759,909	879,145	743,686	299,267	5,120,131	11,410,409
Total Assets	**7,953,511**	**35,595,503**	**9,025,132**	**30,273,292**	**49,907,055**	**5,235,185**	**4,740,089**	**142,729,767**
Liabilities								
Bank Deposits	43,796	7,424,601	-	-	-	-	-	7,468,397
Other Deposits	32,703,847	47,468,264	5,865,710	235,318	367	-	-	86,273,506
Funds Provided from Other Financial Institutions	-	1,810,147	754,088	9,229,636	117,413	4,194,951	-	16,106,235
Money Market Borrowings	-	6,734,127	-	-	-	-	-	6,734,127
Securities Issued	-	2,160,640	-	2,649,997	-	-	-	4,810,637
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	11,423	5,048,034	788,655	646,869	1,644,121	517,508	12,680,255	21,336,865
Total Liabilities	**32,759,066**	**70,645,813**	**7,408,453**	**12,761,820**	**1,761,901**	**4,712,459**	**12,680,255**	**142,729,767**
Liquidity Gap	**(24,805,555)**	**(35,050,310)**	**1,616,679**	**17,511,472**	**48,145,154**	**522,726**	**(7,940,166)**	**-**
Net Off-Balance Sheet Position	**-**	**223,288**	**(240,996)**	**117,535**	**126,240**	**(3,144)**	**-**	**222,923**
Financial Derivative Assets	-	18,691,080	19,520,863	9,383,245	11,983,043	4,199,690	-	63,777,921
Financial Derivative Liabilities	-	18,467,792	19,761,859	9,265,710	11,856,803	4,202,834	-	63,554,998
Non-Cash Loans	6,917,238	1,354,463	2,719,244	6,823,344	6,430,957	-	-	24,245,246
Prior Period								
Total Assets	5,515,639	34,182,163	6,637,624	13,281,044	37,193,771	5,767,493	6,636,699	109,214,433
Total Liabilities	16,794,047	59,807,324	6,517,914	8,903,793	2,793,702	3,642,509	10,755,144	109,214,433
Liquidity Gap	**(11,278,408)**	**(25,625,161)**	**119,710**	**4,377,251**	**34,400,069**	**2,124,984**	**(4,118,445)**	**-**
Net Off-Balance Sheet Position	**-**	**217,295**	**(20,526)**	**21,127**	**62,051**	**1,665**	**-**	**281,612**
Financial Derivative Assets	-	18,322,414	6,162,762	13,378,270	15,125,169	3,374,022	-	56,362,637
Financial Derivative Liabilities	-	18,105,119	6,183,288	13,357,143	15,063,118	3,372,357	-	56,081,025
Non-Cash Loans	6,077,407	942,642	2,658,433	5,667,723	7,028,565	-	-	22,374,770

(1) Active accounts with fixed assets, associates and subsidiaries, fixed assets, prepaid expenses and non-performing loans, which are required for the continuation of banking activities and which do not have the chance to convert to cash in a short time, are recorded here. The expected loss provisions are also shown here.
(2) Cash and cash equivalents (Cash in Vault, Foreign Currency, Cash, Money in Transit, Cheques Purchased) and the Central Bank of Turkey includes expected credit loss amounting to TL 3,316.
(3) Banks include balance of expected loss provisions amounting to TL 10,656.
(4) The revolving loans amounting to TL 6,201,511 are presented under the "Up to 1 Month" column. It includes expected loss provisions amounting to TL 4,047,771.
(5) Financial assets at amortized cost include balance of expected loss provisions of TL 2,818.
(6) Includes factoring receivables amounting to TL 2,503,938 and factoring receivables expected loss provisions amounting to TL 17,162.

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

VII. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (Continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Adjustments	Total
31 December 2020								
Money Market Borrowings	-	6,754,268	-	-	-	-	(20,141)	6,734,127
Other Deposit	32,703,847	47,586,464	5,941,850	241,975	367	-	(200,997)	86,273,506
Bank Deposit	43,796	7,433,248	-	-	-	-	(8,647)	7,468,397
Funds Provided from Other Financial Institutions	-	1,904,275	766,691	9,969,331	1,129,862	5,581,278	(3,245,202)	16,106,235
Money Market Borrowings	-	-	4,413,557	739,050	-	-	(341,970)	4,810,637
Total	**32,747,643**	**63,678,255**	**11,122,098**	**10,950,356**	**1,130,229**	**5,581,278**	**(3,816,957)**	**121,392,902**
31 December 2019								
Money Market Borrowings	-	1,650,743	-	-	-	-	(276)	1,650,467
Other Deposit	16,748,379	49,588,088	4,856,525	702,372	8,133	-	(111,957)	71,791,540
Bank Deposit	23,739	362,650	-	-	-	-	(77)	386,312
Funds Provided from Other Financial Institutions	-	1,769,795	974,013	7,799,301	1,197,495	4,214,894	(2,570,299)	13,385,199
Money Market Borrowings	-	1,732,211	659,336	-	-	-	(57,670)	2,333,877
Total	**16,772,118**	**55,103,487**	**6,489,874**	**8,501,673**	**1,205,628**	**4,214,894**	**(2,740,279)**	**89,547,395**

Analysis of contractual expiry by maturity of the Group's derivative financial instruments:

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Total
31 December 2020						
Derivative Financial Instruments for Hedging Purposes						
Fair Value Hedge	1,047,907	4,338,325	-	-	863,835	6,250,067
Cash Flow Hedge	710,591	34,994	1,708,688	3,238,883	-	5,693,156
Trading Transactions						
Foreign Exchange Forward Contracts-Sell	3,000,033	2,271,615	2,318,963	553,143	-	8,143,754
Currency Swaps-Sell	10,028,698	13,815,112	2,175,927	3,527,930	3,329,046	32,876,713
Interest Rate Swaps-Sell	-	-	-	-	-	-
Foreign Currency Futures-Sell	-	209,828	380,096	-	-	589,924
Foreign Currency Options-Sell	981,308	566,084	288,360	185,653	-	2,021,405
Total	**15,768,537**	**21,235,958**	**6,872,034**	**7,505,609**	**4,192,881**	**55,575,019**
31 December 2019						
Derivative Financial Instruments for Hedging Purposes						
Fair Value Hedge	-	935,776	-	804,408	-	1,740,184
Cash Flow Hedge	617,006	335,892	4,195,289	6,305,070	107,140	11,560,397
Trading Transactions						
Foreign Exchange Forward Contracts-Sell	1,738,432	1,661,071	1,479,351	466,529	-	5,345,383
Currency Swaps-Sell	13,932,004	2,992,549	5,848,387	6,105,848	2,806,467	31,685,255
Interest Rate Swaps-Sell	26,051	14,667	105,270	142,349	9,818	298,155
Foreign Currency Futures-Sell	-	-	-	35,164	-	35,164
Foreign Currency Options-Sell	1,709,590	1,694,963	743,905	62,871	-	4,211,329
Total	**18,023,083**	**7,634,918**	**12,372,202**	**13,922,239**	**2,923,425**	**54,875,867**

Cash disposal of derivative instruments is shown in the table above.

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

VIII. Explanations Related to Consolidated Leverage Ratio

a) Information on issues that cause differences between current period and previous period leverage ratios:

There is a decrease in the leverage ratio in line with the increase on-balance sheet risks.

b) Summary comparison table of the total risk amount and the total asset amount in the financial statements prepared as per TAS:

		Current Period(*)	Prior Period(**)
1	Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS(*)	140,377,909	106,140,378
2	The Difference between the Total Asset Amount in the Consolidated Financial Statements Prepared as per TAS and the Asset Amount in the Consolidated Financial statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks	-	-
3	The Difference between the Derivative Financial Instruments and the Loan Derivatives Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	492,002	560,417
4	The Difference between the Financial Transactions with Securities or Goods Warranty Amounts in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	900,450	3,323
5	The Difference between the Off-balance Sheet Transactions Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	46,027,051	46,736,319
6	Other Differences between the Amount in the Consolidated Financial Statements Prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the Risk Amounts	(1,943,151)	(1,383,371)
7	**Total risk amount**	**185,854,261**	**152,057,066**

(*) Consolidated financial statements prepared as per the sixth paragraph of Article 5 of the Communiqué on the Preparation of the Consolidated Financial Statements of Banks.

(**) The amounts in the table are calculated by using the quarterly average amounts.

c) Leverage Ratio:

Assets on the Balance Sheet		Current Period(*)	Prior Period(*)
1	Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	137,340,711	104,904,660
2	(Assets Deducted from Core Capital)	(683,621)	(586,136)
3	Total Risk Amount for Assets on the Balance Sheet	136,657,090	104,318,524
Derivative Financial Instruments and Credit Derivatives			
4	Renewal Cost of Derivative Financial Instruments and Credit Derivatives	1,777,668	438,483
5	Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	492,002	560,417
6	Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	2,269,670	998,900
Financing Transactions with Securities or Goods Warranties			
7	Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	900,450	3,323
8	Risk Amount Arising from Intermediated Transactions	-	-
9	Total Risk Amount of Financing Transactions with Securities or Goods Warranties	900,450	3,323
Off-Balance Sheet Transactions			
10	Gross Nominal Amount of the Off-balance Sheet Transactions	46,027,051	46,736,319
11	(Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12	Total Risk Amount for Off-balance Sheet Transactions	46,027,051	46,736,319
Capital and Total Risk			
13	Tier 1 Capital	11,397,559	10,392,276
14	Total Risk Amount	185,854,261	152,057,066
Leverage Ratio			
15	Leverage Ratio	6.13%	6.83%

(*) The amounts in the table are calculated by using the quarterly average amounts.

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

IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The table below shows the book value and the fair value of financial assets and liabilities that are not shown at the fair value of the Group's financial statements.

	Book Value		Fair Value	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Financial Assets	**115,227,255**	**87,320,686**	**114,925,298**	**89,071,351**
Receivables from Money Market	6,180,447	840,275	6,180,447	840,275
Banks	6,673,448	8,566,245	6,673,448	8,566,245
Financial Assets at Fair Value Through Other Comprehensive Income	8,652,397	5,541,371	8,652,397	5,541,371
Financial Assets measured at amortized cost	12,520,123	4,905,514	12,544,293	5,032,899
Loans (**)	81,200,840	67,467,281	80,874,713	69,090,561
Financial Liabilities	**124,022,089**	**92,731,107**	**124,273,815**	**92,897,754**
Bank Deposit	7,468,397	386,312	7,468,397	386,312
Other Deposit	86,273,506	71,791,540	86,423,699	71,886,844
Funds Borrowed from Other Financial Institutions(*)	22,840,362	15,035,666	22,941,895	15,107,009
Marketable Securities Issued	4,810,637	2,333,877	4,810,637	2,333,877
Sundry Creditors	2,629,187	3,183,712	2,629,187	3,183,712

(*) Funds provided under repo transactions and subordinated loans are included in funds borrowed from other financial institutions.

(**) Factoring receivables are included in loans.

Investment securities in the current period include financial assets valued at their amortized cost and at fair value through other comprehensive income. The fair value of assets held to maturity assets are determined based on market prices or quoted market prices of other securities subject to redemption in terms of interest, maturity and other similar circumstances, where their prices cannot be determined.

Due to the fact that demand deposits, variable rate placements and overnight deposits are short-term, hence their carrying value reflects their fair value. Estimated fair value of fixed interest deposits and funds provided from other financial institutions is calculated with the presence of discounted cash flow using the current interest rates used for other debts of similar quality and similar maturity structure, by finding the discounted cash flow using the fair value of loans and the current interest rates used for receivables with similar and similar maturities. As the miscellaneous debts are short term, their carrying value approximately reflects their fair value.

The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued at the stock market prices traded in the active market for the same assets and liabilities.
- Second level: Financial assets and liabilities are valued from the inputs used to find the price of the relevant asset or liability directly or indirectly, which can be observed in the market other than the stock exchange price specified in the first level.
- Third level: Financial assets and liabilities are valued from inputs that are not based on any observable data in the market used to find the fair value of the asset or liability.

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

IX. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (Continued)

The following table contains the analysis of the fair values of the financial instruments carried at fair values, including the stock market prices, valuation techniques, all model data of which can be measured in the market, or using valuation techniques whose data cannot be measured in the market:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial Assets	**10,066,166**	**3,008,598**	**58,652**	**13,133,416**
Financial assets at Fair value through profit and loss	1,447,816	1,887,914	47,771	3,383,501
Public sector debt securities	*1,447,816*	-	-	*1,447,816*
Financial assets at Fair value through profit or loss	-	*1,752,609*	-	*1,752,609*
Other Financial assets at Fair value through profit or loss	-	*135,305*	*47,771*	*183,076*
Derivative financial assets for hedging purposes	-	1,097,518	-	1,097,518
Financial Assets at Fair Value Through Other Comprehensive Income	8,618,350	23,166	10,881	8,652,397
Public sector debt securities	*8,618,350*	*23,166*	-	*8,641,516*
Other Financial Assets at Fair Value Through Other Comprehensive Income	-	-	*10,881*	*10,881*
Financial Liabilities	**-**	**3,343,179**	**-**	**3,343,179**
Derivative financial liabilities at Fair value through profit or loss	-	2,260,343	-	2,260,343
Derivative financial liabilities for hedging purposes	-	1,082,836	-	1,082,836

31 December 2019	Level 1	Level 2	Level 3	Total
Financial Assets	**6,683,191**	**2,016,319**	**48,834**	**8,748,344**
Financial assets at fair value through profit and loss	1,170,398	1,754,129	40,939	2,965,466
Public sector debt securities	*1,167,994*	-	-	*1,167,994*
Financial assets at Fair value through profit or loss	-	*1,670,042*	-	*1,670,042*
Other Financial assets at Fair value through profit or loss	*2,404*	*84,087*	*40,939*	*127,430*
Derivative financial assets for hedging purposes	-	241,507	-	241,507
Financial Assets at Fair Value Through Other Comprehensive Income	5,512,793	20,683	7,895	5,541,371
Public sector debt securities	*5,512,793*	*20,683*	-	*5,533,476*
Other Financial Assets at Fair Value Through Other Comprehensive Income	-	-	*7,895*	*7,895*
Financial Liabilities	**-**	**3,511,558**	**-**	**3,511,558**
Derivative financial liabilities at Fair value through profit or loss	-	1,586,584	-	1,586,584
Derivative financial liabilities for hedging purposes	-	1,924,974	-	1,924,974

There is no transition between the levels in the current year.

X. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets

The Group performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not deal with fiduciary transactions.

XI. Explanations Related to Consolidated Risk Management

Notes and explanations prepared in accordance with "the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks" published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of internal rating based approach have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Bank.

1. Risk management approach and overview of Risk Weighted Assets

1.1. The Parent Bank's risk management approach

The objective of the Risk Management system is to provide that the risks that are derived from the bank's activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Parent Bank and all of its subsidiaries have been gathered under the Group Risk Management. Group Risk Management reports to the Boards of Directors of TEB Group through the Risk Committee and Audit Committee within the TEB A.Ş. and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

With Risk Policies, the Parent Bank aims to,

i) Identify the main risks to which the Parent Bank is exposed and identified risks within the control range;

ii) Define roles and responsibilities to identify, analyse, measure, monitor, and control the main risks bank faces and other risks which may arise as a consequence of changes in activity structure and economic conditions,

iii) Identify the volume of transactions which may cause non-controllable risks by considering equity strength or decrease the activities affected by such risks.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the "Senior Management" consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management / Board of Directors for approval.

It is the principal duty of all managers of the Parent Bank to provide compliance with risk policies containing the criteria required for each unit.

Risk Management Operations consist of;

i) risk measurement,
ii) monitoring of risks,
iii) control of risk and reporting operations

Risk management operations are conducted by Group Risk Management and personnel.

Group Risk Management applies second order controls for quantifiable risks as part of continuous control system.

Head of Group Risk Management reports to the Board of Directors via Risk Committee and Audit Committee.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

1. Risk management approach and overview of Risk Weighted Assets

1.2. Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum capital requirement
		Current Period	**Prior Period**	**Current Period**
1	Credit Risk (Excluding Counterparty Credit Risk) (CCR)	77,157,249	75,343,174	6,172,580
2	Of which Standardized Approach (SA)	77,157,249	75,343,174	6,172,580
3	Of which Internal Rating-based (IRB) Approach	-	-	-
4	Counterparty Credit Risk	2,116,406	1,203,770	169,312
5	Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	2,116,406	1,203,770	169,312
6	Of which Internal Model Method (IMM)	-	-	-
7	Equity positions in banking accounts under market-based approach	-	-	-
8	Equity investments in funds – Look-through Approach	-	-	-
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	Of which IRB Ratings-based Approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/Simplified Supervisory Formula Approach (SSFA)	-	-	-
16	Market Risk	2,435,660	1,637,917	194,853
17	Standardized Approach (SA)	2,435,660	1,637,917	194,853
18	Internal Model Approaches (IMM)		-	
19	Operational Risk	9,894,462	8,663,988	791,557
20	Of which Basic Indicator Approach	9,894,462	8,663,988	791,557
21	Of which Standard Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24	Floor Adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**91,603,777**	**86,848,849**	**7,328,302**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

2. Linkages Between Financial Statements and Regulatory Exposures

2.3. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

		Carrying values of items in accordance with TAS			
Current Period	**Carrying values under scope of regulatory consolidation**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to the market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Assets					
Cash and balances at central bank	16,951,303	16,951,303	-	-	-
Banks	6,684,104	6,686,839	-	-	-
Receivables from money markets	6,180,886	2,501,076	3,679,810	-	-
Financial assets at fair value through profit or loss	1,630,892	183,074	-	1,447,817	-
Financial assets at fair value through other comprehensive income	8,652,397	8,654,367	-	-	-
Financial assets measured at amortized cost	12,522,941	12,522,941	-	-	-
Derivative financial assets at fair value through profit and loss	1,752,609	-	1,752,609	1,752,609	-
Derivative financial assets at fair value through other comprehensive income	1,097,518	-	1,097,518	1,097,518	-
Non-performing financial assets	-	-	-	-	-
Expected credit loss (-)	4,082,162	2,307,403	-	-	-
Loans and receivables	82,761,835	82,761,835	-	-	-
Factoring receivables	2,503,938	2,503,938	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	112,859	112,859	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	50	50	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Tangible assets (net)	846,067	808,043	-	-	38,025
Intangible assets (net)	572,547	-	-	-	572,547
Investment properties (net)	-	-	-	-	-
Tax assets	19,678	19,678	-	-	-
Deferred tax assets	651,589	651,589	-	-	-
Other assets	3,870,711	2,128,351	1,470,105		272,255
Total assets	**142,729,767**	**134,178,545**	**8,000,042**	**4,297,944**	**882,827**
Liabilities					
Deposits	93,741,903	-	-	-	-
Loans	11,911,284	-	-	-	-
Debt to money markets loans	6,734,127	-	6,734,127	-	-
Debt securities in issue	4,810,637	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative financial liabilities	3,343,179	-	1,604,879	-	-
Factoring debts	8,979	-	-	-	-
Lease Liablities	604,874	-	-	-	-
Provisions	1,004,817	-	-	-	-
Tax liability	343,527	-	-	-	-
Deferred tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated debts	4,194,951	-	-	-	-
Other liability	4,341,816	-	2,462	-	-
Equity	11,689,673	-	-	-	-
Total liabilities	**142,729,767**	**-**	**8,341,468**	**-**	**-**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

2. Linkages Between Financial Statements and Regulatory Exposures (continued)

2.3. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

		Carrying values of items in accordance with TAS			
Prior Period	**Carrying values under scope of regulatory consolidation**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to the market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Assets					
Cash and balances at central bank	11,955,971	11,955,971	-	-	-
Banks	8,576,054	8,577,508	-	-	-
Receivables from money markets	840,304	-	840,304	-	-
Financial assets at fair value through profit or loss	1,295,424	125,026	-	1,170,397	-
Financial assets at fair value through other comprehensive income	5,541,371	5,541,300	-	-	-
Financial assets measured at amortized cost	4,906,618	4,906,618	-	-	-
Derivative financial assets at fair value through profit and loss	1,670,042	-	1,670,042	1,670,042	-
Derivative financial assets at fair value through other comprehensive income	241,507	-	241,507	241,507	-
Non-performing financial assets	-	-	-	-	-
Expected Credit Loss (-)	3,688,684	2,352,545	-	-	-
Loans and receivables	69,059,806	69,059,806	-	-	-
Factoring receivables	2,083,258	2,083,259	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	131,362	131,362	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-
Investments in joint ventures (net)	5	5	-	-	-
Tangible assets (net)	884,818	839,941	-	-	44,877
Intangible assets (net)	561,432	-	-	-	561,431
Investment properties (net)	-	-	-	-	-
Tax assets	14,810	14,810	-	-	-
Deferred tax assets	667,146	667,146	-	-	-
Other assets	4,473,189	2,585,297	1,889,567	531	-
Total Assets	**109,214,433**	**104,135,504**	**4,641,420**	**3,082,477**	**606,308**
Liabilities					
Deposits	72,177,852	-	-	-	-
Loans	10,194,696	-	-	-	-
Debt to money markets loans	1,650,467	-	1,650,467	-	-
Debt securities in issue	2,333,877	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative financial liabilities	3,511,558	-	2,571,144	-	-
Factoring debts	812	-	-	-	-
Lease Liablities	657,657	-	-	-	-
Provisions	847,398	-	-	-	-
Tax liability	222,365	-	-	-	-
Deferred tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-
Subordinated debts	3,190,503	-	-	-	-
Other liability	4,517,340	-	730,162	-	-
Equity	9,909,908	-	-	-	-
Prior Period	**109,214,433**	**-**	**4,951,773**	**-**	**-**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

2. Linkages Between Financial Statements and Regulatory Exposures (continued)

2.4. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	Current Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation**	**142,729,767**	**134,178,545**	**8,000,042**	**4,297,944**
2	Liabilities carrying value amount under regulatory scope of consolidation	8,341,467	-	8,341,468	-
3	**Total net amount under regulatory scope of consolidation**	**134,388,300**	**134,178,545**	**(341,426)**	**4,297,944**
4	Off-balance sheet amounts	48,123,065	18,120,887	678,183	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
9	**Exposure amounts considered for regulatory purposes**	**-**	**152,299,432**	**336,757**	**4,297,944**

	Prior Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation**	**109,214,433**	**104,135,504**	**4,641,420**	**3,082,477**
2	Liabilities carrying value amount under regulatory scope of consolidation	4,951,773	-	4,951,773	-
3	**Total net amount under regulatory scope of consolidation**	**104,262,660**	**104,135,504**	**(310,353)**	**3,082,477**
4	Off-balance sheet amounts	96,512,608	17,225,190	567,789	-
5	Differences in valuations	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-
8	Differences due to prudential filters	-	-	-	-
9	**Exposure amounts considered for regulatory purposes**	**-**	**121,360,694**	**257,436**	**3,082,477**

2.5. Explanations of differences between accounting and regulatory exposure amounts in accordance with TAS

The market value approach is used to make valuation of the positions in the Bank portfolios. The market data sources used for valuations are identified, defined in the Market Risk Policy, and reviewed annually. The relevant action is taken immediately when it is determined that the data does not reflect the market condition other than annual data source evaluation. Product valuations are checked by using sources such as Reuters and Bloomberg.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure

3.1. General information about

3.1.1. General qualitative information about credit risk

The objective of the Risk Management system is to provide that the risks that are derived from the Parent Bank's activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Credit Risk Management reports aim to supply risk level trends and present risk expectations for the future. Details and content vary depending on the requirements of meetings and are presented in graphs and figures for ease of explanation and taking decisions.

The main report presented to senior management is the Credit Risk General Overview report, which is prepared monthly and discussed by the Risk Policies Committee. This report is also presented to the Board of Directors, Risk Committee and to the Audit Committee. Additionally, Group Risk Management prepares reports with special titles less frequently. Most of these reports is presented to the Risk Policies Committee. These reports may also be used in irregular meetings where emergent subjects are discussed or in meetings where the attendance of Senior Management is not required.

Credit risk policies are prepared in line with the Banking Law, external regulations, and general banking practices, and are approved by the Risk Policies Committee, Risk Committee, and Board of Directors.

The Parent Bank's credit activities are managed according to the General Credit Policy that is approved by the Risk Policies Committee and the Board of Directors.

The Risk Appetite Declaration is approved by the Board of Directors and audited once a year. The Parent Bank combines risk appetite with existing risk management tools, processes, principles, and policies, using a consistent approach with risk appetite declaration, and ensures that risks taken are within the agreed upon limits. In this way, the consistency of risk practices is improved across the bank.

The Parent Bank controls the credit risk by monitoring loan receivables, limiting certain transactions with counter parties, evaluating the creditworthiness of the counter party regularly, diversifying loan types and products separately based on customer groups and industry to prevent the concentration of deferred payments and receiving guarantees when appropriate.

3.1.2. Credit quality of assets

Current Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowances/ impairments	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	3,520,150	81,745,623	4,064,933	81,200,840
Debt Securities	-	21,164,457	2,818	21,161,639
Off-balance sheet exposures	-	44,269,635	311,330	43,958,305
Total	**3,520,150**	**147,179,715**	**4,379,081**	**146,320,784**

Prior Period	Gross carrying value in consolidated financial statements prepared as per TAS		Allowances/ Impairments	Net Values
	Defaulted exposures	Non-defaulted Exposures		
Loans	4,178,852	66,964,212	3,675,783	67,467,281
Debt Securities	-	10,440,094	1,104	10,438,990
Off-balance sheet exposures	-	42,657,485	243,480	42,414,005
Total	**4,178,852**	**120,061,791**	**3,920,367**	**120,320,276**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure (continued)

3.1. General information about credit risk (continued)

3.1.3. Changes in stock of defaulted loans and debt securities

1	**Defaulted loans and debt securities at end of the 31 December 2019**	**4,178,852**
2	Loans and debt securities that have defaulted since the last reporting period	1,460,100
3	Returned to non-defaulted status	-
4	Amounts written off(*)	(541,732)
5	Other changes (**)	(1,577,070)
6	**Defaulted loans and debt securities at end of 31 December 2020 (1+2-3-4±5)**	**3,520,150**

(*) The Group wrote off TL 117,263 of its non-performing loans. Additionally, the portion of the Group's non-performing loan portfolio amounting to TL 424,469 for which a provision of TL 410,516 was provided, was sold in 2020 with a price of TL 35,759 and following the completion of the necessary procedures, non-performing loans were written off from the records.
(**) Includes collections during the period

1	**Defaulted loans and debt securities at end of the 31 December 2018**	**2,839,438**
2	Loans and debt securities that have defaulted since the last reporting period	3,077,505
3	Returned to non-defaulted status	-
4	Amounts written off(*)	(671,808)
5	Other changes (**)	(1,066,283)
6	**Defaulted loans and debt securities at end of 31 December 2019 (1+2-3-4±5)**	**4,178,852**

(*) The Group wrote off TL 171,832 of its non-performing loans. Additionally, the portion of the Group's non-performing loan portfolio amounting to TL 499,598 for which a provision of TL 482,232 was provided, was sold in 2019 with a price of TL 26,748, and following the completion of the necessary procedures, non-performing loans were written off from the records.
(**) Includes collections during the period

3.1.4. Additional disclosure related to the credit quality of assets

a) The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of "past due" and "impaired" for accounting and regulatory purposes

According to the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" non-required delay time loans that is not classified as Stage III Loans, whose principal and interest payment collection delayed more than 30 days are considered as "non-performing loan" in the Accounting Practice.

Receivables past due more than 90 days are considered as "impaired receivables", and they are classified as group III, IV, and V in accordance with Communiqué. A specific reserve is allocated for such receivables.

b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this

A specific provision is allocated for receivables which are overdue for more than 90 days in accordance with the Communiqué. According to the BRSA decision dated 17 March 2020, following the number of overdue days valid in the definition of default was changed from 90 days to 180 days, expected credit losses are allocated considering the Stage 2 and Stage 3 provision ratios for risks within this range.

c) Description of methods used for determining impairments

Provision amount is determined in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves."

d) The definition of the restructured exposure

If the borrower fails to make payment to the Bank due to a temporary lack of liquidity, loans and other receivables including deferred interest payments may be restructured to provide the borrower with additional liquidity to enable the Bank to collect its receivables, or a new repayment schedule may be arranged.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure (continued)

3.1. General information about credit risk (continued)

3.1.4. Additional disclosure related to the credit quality (continued)

e) Breakdown of exposures by geographical areas, industry and residual maturity:

Breakdown of Loans and Receivables by Sector:

	Current Period			
	TL	**(%)**	**FC**	**(%)**
Agriculture	16,531,288	24.40	3,056,724	21.35
Farming and Stockbreeding	16,229,235	23.95	3,055,176	21.34
Forestry	-	-	-	-
Fishery	302,053	0.45	1,548	0.01
Manufacturing	23,878,026	35.23	7,041,241	49.18
Mining and Quarrying	2,047,083	3.02	222,809	1.56
Production	21,575,159	31.83	6,786,670	47.40
Electricity, Gas and Water	255,784	0.38	31,762	0.22
Construction	1,115,441	1.65	61,756	0.43
Services	19,621,551	28.96	3,360,663	23.47
Wholesale and Retail Trade	5,707,923	8.43	555,967	3.88
Accommodation and Dining	3,355,043	4.95	792,491	5.53
Transportation and Telecom.	2,113,713	3.12	311,508	2.18
Financial Institutions	1,717,987	2.53	98,540	0.69
Real Estate and Rental Services	3,372,261	4.98	533,301	3.72
Self-Employment Services	2,745,172	4.05	1,037,743	7.25
Educational Services	313,979	0.46	17,315	0.12
Health and Social Services	295,473	0.44	13,798	0.10
Other	6,627,278	9.76	797,621	5.57
Total	**67,773,584**	**100.00**	**14,318,005**	**100.00**

	Prior Period			
	TL	**(%)**	**FC**	**(%)**
Agriculture	1,288,428	2.39	147,348	1.11
Farming and Stockbreeding	1,225,188	2.27	146,374	1.10
Forestry	-	-	-	-
Fishery	63,240	0.12	974	0.01
Manufacturing	15,598,012	28.95	6,793,853	50.85
Mining and Quarrying	1,255,496	2.33	227,125	1.70
Production	13,792,783	25.60	6,283,340	47.03
Electricity, Gas and Water	549,733	1.02	283,388	2.12
Construction	1,247,839	2.32	335,191	2.51
Services	13,567,730	25.18	5,738,551	42.95
Wholesale and Retail Trade	5,260,936	9.77	1,008,218	7.55
Accommodation and Dining	811,205	1.51	1,373,359	10.28
Transportation and Telecom.	2,129,291	3.95	336,643	2.52
Financial Institutions	2,092,780	3.88	1,516,889	11.35
Real Estate and Rental Services	1,115,571	2.07	1,402,519	10.50
Self-Employment Services	732,174	1.36	100,360	0.75
Educational Services	82,780	0.15	563	-
Health and Social Services	1,342,993	2.49	-	-
Other	22,181,133	41.16	345,357	2.58
Total	**53,883,142**	**100.00**	**13,360,300**	**100.00**

Breakdown of loans and receivables according to remaining maturities is provided in the note VI. of section four under the "Presentation of assets and liabilities according to their remaining maturities".

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure (continued)

3.1. General information about credit risk (continued)

3.1.4. Additional disclosure related to the credit quality (continued)

f) Amounts of impaired exposures on geographical areas and industry basis (according to the definition used by the Bank for accounting purposes) and write-offs with related allowances.

All of the Parent Bank's loans under follow-up is in Turkey. Amounts of provision allocated receivables based on sector are presented in the note II of section 4 under "Information in terms of major sectors and type of counterparties"

g) Ageing analysis of accounting past-due exposures

31 December 2020 (*)	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	265,923	157,612	440,170	863,705
Consumer Loans	520,416	180,156	256,865	957,437
Credit Cards	77,892	77,145	56,408	211,445
Total	**864,231**	**414,913**	**753,443**	**2,032,587**

(*) According to the BRSA's decisions, dated 17 March 2020 and numbered 8948 and, dated 8 December 2020 and numbered 9312, to be effective from 17 March 2020 until 30 June 2021, total amount of loans with delays of 91 to 180 days which are continued to be classified as Stage 2 is TL 626,606 as of 31 December 2020.

31 December 2019	1-30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	457,066	358,633	1,094,415	1,910,114
Consumer Loans	482,022	297,618	380,699	1,160,339
Credit Cards	96,362	103,803	73,313	273,478
Toplam	**1,035,450**	**760,054**	**1,548,427**	**3,343,931**

h) Breakdown of restructured exposures between impaired and not impaired exposures:

Not impaired loans:

Current Period	Gross Amount	Significant Increase in Credit Risk (Stage II)	Net Amount
Commercial Loans	1,585,123	(621,022)	964,101
Consumer Loans	154,605	(32,183)	122,422
Credit Cards	22,188	(1,735)	20,453
Total	**1,761,916**	**(654,940)**	**1,106,976**

Prior Period	Gross Amount	Significant Increase in Credit Risk (Stage II)	Net Amount
Commercial Loans	1,927,889	(393,754)	1,534,135
Consumer Loans	137,661	(14,402)	123,259
Credit Cards	61,116	(3,605)	57,511
Total	**2,126,666**	**(411,761)**	**1,714,905**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure (continued)

3.1. General information about credit risk (continued)

3.1.4 Additional disclosure related to the credit quality (continued)

Impaired loans:

Current Period	Gross Amount	Default (Stage III)	Net Amount
Commercial Loans	65,682	37,989	27,693
Consumer Loans	27,484	18,913	8,571
Credit Cards	5,953	4,519	1,434
Total	**99,119**	**61,421**	**37,698**

Prior Period	Gross Amount	Default (Stage III)	Net Amount
Commercial Loans	47,120	28,442	18,678
Consumer Loans	56,711	34,791	21,920
Credit Cards	11,972	9,355	2,617
Total	**115,803**	**72,588**	**43,215**

3.2. Credit Risk Mitigation

3.2.1 Qualitative disclosure requirements related to credit risk mitigation techniques

a) Core features of policies and processes for which the Parent Bank makes on and off-balance sheet netting

The Parent Bank does not perform on and off balance sheet offsetting to decrease credit risk, and credit derivatives are not used.

b) Core features of policies and processes for collateral evaluation and management.

Financial collaterals are measured at fair value as of reporting date and are included in the risk mitigation process. When allocating the collateral amount to loans provided, the Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The legal validity of the mortgage is ensured by duly registering the mortgage in a timely manner, and significant changes in market conditions are monitored.

In terms of credit risk mitigation, the Parent Bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on residential and commercial real estate reported under different risk class are other main types of collaterals.

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).

Guarantor entity's credit risk value is to be considered in credit risk mitigation process in cases where Parent bank credit customers obtained guarantee from other entities.

The Parent Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk concentration risk.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure (continued)

3.2 Credit Risk Mitigation (continued)

3.2.2. Credit risk mitigation techniques – Overview

Current period	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures Secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
1 Loans(*)	64,184,085	9,340,977	8,438,686	5,746,115	4,549,485	-	-
2 Debt Securities(*)	19,866,035	-	-	-	-	-	-
3 Total	**84,050,120**	**9,340,977**	**8,438,686**	**5,746,115**	**4,549,485**	**-**	**-**
4 Of which defaulted(*)	3,308,545	123,545	87,776	65,615	297	-	-

(*) According to BRSA communiqué dated 23/03/2020 and numbered 24049440-045, 31/12/2019 exchange rates are used for credit risk calculations.

Prior period	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures Secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which: secured amount
1 Loans	53,395,074	10,623,941	9,464,806	4,740,052	3,794,739	-	-
2 Debt Securities	10,440,094	-	-	-	-	-	-
3 Total	**63,835,168**	**10,623,941**	**9,464,806**	**4,740,052**	**3,794,739**	**-**	**-**
4 Of which defaulted	3,848,545	312,828	221,411	17,479	1,122	-	-

3.3. Credit risk under standardized approach

3.3.1. Disclosures on banks' use of credit ratings under the standard approach for credit risk

For portfolios that are risk-weighted under the standardized approach for credit risk, banks must disclose the following information:

a) Names of the External Credit Assessment Institutions (ECAIs) and Export Credit Agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosure (continued)

3.3 Credit risk under standardized approach (continued)

3.3.1. Disclosures on banks' use of credit ratings under the standard approach for credit risk (continued)

The Parent Bank uses Fitch Ratings International Rating Agency's external ratings.

b) The risk classes for which each ECAI or ECA is used

The credit rating of Fitch International Rating is used for all receivables from the central governments or central banks which are included in the risk classes indicated in Article 6 of the Communiqué on Measurement and Assessment Capital Adequacy, and the country risk classification announced by The Organisation for Economic Co-operation and Development (OECD) is used for receivables from banks and intermediary agencies. 20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and 50% risk weight is used for receivables with a maturity period of more than three months, and the risk weight used for all receivables is not lower than the risk concentration corresponding to the OECD credit quality level of the country where the non-rated banks and intermediary agencies are founded.

c) A description of the process used to apply the issuer to issue credit ratings onto other issuer assets in the banking book

20% risk weight is used for receivables from non-rated banks and intermediary agencies with a maturity period of three months or less, and a 50% risk weight is used for receivables with a maturity period of more than three months. According to the regulation on capital adequacy, corporates where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

d) The alignment of the alphanumerical scale of each agency used with risk buckets. (except where Agency (BRSA) publishes a standard mapping with which the bank has to comply)

Risk ratings per the credit quality levels and the risk weights according to exposure categories announced by Fitch Ratings International Rating Agency and Organization for Economic Co-operation and Development (OECD)'s are presented below:

Credit Quality Level	Fitch Ratings Long- Term Credit Rating	Risk Weight of Receivables from Central Government or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
			DTM less than 3 months	DTM higher than 3 months	
0	-		20%	50%	100%
1	AAA to AA-	0%	20%	50%	100%
2	A+ to A-	20%	20%	50%	100%
3	BBB+ to BBB-	50%	50%	50%	100%
4	BB+ to BB-	100%	100%	100%	100%
5	B+ to B-	100%	100%	100%	100%
6	CCC+ and below	150%	100%	100%	100%
7	-		150%	150%	100%

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosures (continued)

3.3. Credit risk under standardized approach (continued)

3.3.2. Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

	Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk weighted Amounts and Risk weighted amounts density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amounts	Risk weighted amounts density
1	Exposures to central governments or central banks	35,101,663	-	37,188,639	-	460,144	1%
2	Exposures to regional governments or local authorities	1,196,851	3,910	1,195,677	1,851	598,769	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	6,929,130	2,113,171	6,814,490	1,689,485	2,362,807	28%
7	Exposures to corporates	33,011,949	17,725,095	31,160,953	9,418,754	39,898,295	98%
8	Retail exposures	33,199,900	15,383,637	30,755,418	2,836,385	25,191,510	75%
9	Exposures secured by residential property	4,654,019	334,268	4,654,018	127,135	1,673,404	35%
10	Exposures secured by commercial real estate	5,703,402	1,117,896	5,450,919	462,159	3,971,642	67%
11	Past-due loans	1,212,736	226,565	1,212,440	65,240	1,128,824	88%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	3,717,515	2,723,763	3,717,505	2,889	1,704,597	46%
17	Investments in equities	167,257	-	167,257	-	167,257	100%
18	**Total**	**124,894,422**	**39,628,305**	**122,317,316**	**14,603,898**	**77,157,249**	**56%**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosures (continued)

3.3. Credit risk under standardized approach (continued)

3.3.2. Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (continued)

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk weighted Amounts and Risk weighted amounts density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Asset classes	On-balance sheet amount	Off-balance sheet amount
1	Exposures to central governments or central banks	20,818,042	-	22,845,527	445	4,686,792	21%
2	Exposures to regional governments or local authorities	1,247,638	4,566	1,242,201	2,087	622,151	50%
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	10,662,379	2,235,018	10,564,521	1,718,566	4,337,822	35%
7	Exposures to corporates	23,537,290	18,703,110	22,291,247	11,499,331	32,758,317	97%
8	Retail exposures	29,676,329	15,428,657	27,423,695	3,014,692	22,820,285	75%
9	Exposures secured by residential property	5,473,079	374,142	5,473,079	146,463	1,966,840	35%
10	Exposures secured by commercial real estate	6,506,468	1,174,811	6,236,649	512,230	4,765,201	71%
11	Past-due loans	1,794,846	244,545	1,793,718	77,444	1,691,573	90%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	4,256,650	4,450,531	4,256,647	2,649	1,561,273	37%
17	Investments in equities	132,920	-	132,920	-	132,920	100%
18	**Total**	**104,105,641**	**42,615,380**	**102,260,204**	**16,973,907**	**75,343,174**	**63%**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosures (continued)

3.3. Credit risk under standardized approach (continued)

3.3.3. Receivables by risk classes and risk weights

	Current Period Asset Classes / Risk Weights	**0%**	**10%**	**20%**	**35%**	**50% secured by real estate (*)**	**75%**	**100%**	**150%**	**200%**	**Others**	**Total credit risk exposure amount (after CCF and CRM)**
1	Exposures to regional governments or local authorities	36,728,495	-	-	-	-	-	460,144	-	-	-	37,188,639
2	Exposures to regional governments or local authorities	-	-	-	-	1,197,519	-	9	-	-	-	1,197,528
3	Exposures to public sector entities	-	-	-	-		-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-		-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-		-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	6,348,462	-	2,124,798	-	30,714	1	-	-	8,503,975
7	Exposures to corporates	-	-	127,440	-	1,158,920	-	39,293,347	-	-	-	40,579,707
8	Retail exposures	-	-	1,121	-	6,904	33,583,778	-	-	-	-	33,591,803
9	Exposures secured by residential property	-	-	-	4,781,153	-	-	-	-	-	-	4,781,153
10	Exposures secured by commercial real estate	-	-	-	-	3,882,873	-	2,030,205	-	-	-	5,913,078
11	Past-due loans	-	-	-	-	408,750	-	757,892	111,038	-	-	1,277,680
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	
16	Investments in equities	-	-	-	-	-	-	167,257	-	-	-	167,257
17	Other assets	1,969,069	-	58,410	-	-	-	1,692,915	-	-	-	3,720,394
18	**Total**	**38,697,564**	**-**	**6,535,433**	**4,781,153**	**8,779,764**	**33,583,778**	**44,432,483**	**111,039**	**-**	**-**	**136,921,214**

(*) The amount shown on the line of “Exposures secured by commercial real estate” is “Exposures secured by real estate” and other amounts shown on this column represented exposures subject to 50% risk weight.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

3. Consolidated Credit Risk Disclosures (continued)

3.3. Credit risk under standardized approach (continued)

3.3.3. Receivables by risk classes and risk weights (continued)

	Prior Period **Asset Classes / Risk Weights**	**0%**	**10%**	**20%**	**35%**	**50% secured by real estate (*)**	**75%**	**100%**	**150%**	**200%**	**Others**	**Total credit risk exposure amount (after CCF and CRM)**
1	Exposures to regional governments or local authorities	18,159,180	-	-	-	-	-	4,686,792	-	-	-	22,845,972
2	Exposures to regional governments or local authorities	-	-	-	-	1,244,275	-	13	-	-	-	1,244,288
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	8,783,070	-	1,846,769	-	1,644,098	9,150	-	-	12,283,087
7	Exposures to corporates	-	-	786,893	-	805,495	-	32,198,190	-	-	-	33,790,578
8	Retail exposures	-	-	5,753	-	21,615	30,410,771	248	-	-	-	30,438,387
9	Exposures secured by residential property	-	-	-	5,619,542	-	-	-	-	-	-	5,619,542
10	Exposures secured by commercial real estate	-	-	-	-	3,967,356	-	2,781,523	-	-	-	6,748,879
11	Past-due loans	-	-	-	-	601,830	-	1,026,680	242,652	-	-	1,871,162
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	132,920	-	-	-	132,920
17	Other assets	2,660,399	-	47,027	-	-	-	1,551,870	-	-	-	4,259,296
18	**Total**	**20,819,579**	**-**	**9,622,743**	**5,619,542**	**8,487,340**	**30,410,771**	**44,022,334**	**251,802**	**-**	**-**	**119,234,111**

(*) The amount shown on the line of "Exposures secured by commercial real estate" is "Exposures secured by real estate" and other amounts shown on this column represented exposures subject to 50% risk weight.

XI. Explanations Related to Consolidated Risk Management (Continued)

4. Counterparty Credit Risk

4.1. Qualitative disclosure related to counterparty credit risk

Limit requests of clients demanding derivative transactions are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount that traced to risk weighted limits is multiplied by ratios based on each factor's historical movement and that varies according to transaction's nominal amount, transaction's maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market volatility, all tables are reviewed without waiting for annual period.

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluctuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen. Approval of the Board of Directors members is obtained if the Risk Policy Committee members deem necessary.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client's all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and The Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA and GMRA agreements are requested from counterparties in principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

4. Counterparty Credit Risk (continued)

4.2. Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for Computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Assets
Standardized Approach - CCR (For Derivatives)	1,452,674	498,722		1.4	1,923,504	1,229,934
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1,047,631	420,982
Total						**1,650,916**

(*) Effective Expected Positive Exposure

Prior Period	Replacement cost	Potential future exposure	EEPE(*)	Alpha used for Computing regulatory Exposure at Default	Exposure at Default post Credit Risk Mitigation	Risk Weighted Assets
Standardized Approach - CCR (For Derivatives)	424,504	567,790		1.4	978,777	807,495
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					20,589	3,653
Total						**811,148**

(*) Effective Expected Positive Exposure

XI. Explanations Related to Consolidated Risk Management (Continued)

4. Counterparty Credit Risk (continued)

4.3. Credit valuation adjustment (CVA) capital charge

Current Period	Exposure at Default post-Credit Risk Mitigation	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	1,923,504	465,490
Total subject to the CVA capital charge	**1,923,504**	**465,490**

Prior Period	Exposure at Default post-Credit Risk Mitigation	Risk Weighted Assets
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (including the 3*multiplier)		-
(ii) Stressed Value at Risk component (including the 3*multiplier)		-
All portfolios subject to the Standardized CVA capital charge	978,777	392,622
Total subject to the CVA capital charge	**978,777**	**392,622**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

4. Counterparty Credit Risk (continued)

4.4 CCR exposures by regulatory portfolio and risk weights

Current Period **Risk Weight/ Regulatory portfolio**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure (*)**
Claims from central governments and central banks	529,441	-	-	-	-	-	-	-	-	529,441
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	254,344	-	1,137,118	-	-	-	-	1,391,462
Corporates	-	-	6,359	-	17,753	-	1,006,996	-	-	1,031,108
Retail portfolios	-	-	-	-	-	19,124	-	-	-	19,124
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	**529,441**	**-**	**260,703**	**-**	**1,154,871**	**19,124**	**1,006,996**	**-**	**-**	**2,971,135**

(*) Total credit risk: Amount related to capital adequacy calculation after the counterparty credit risk measurement techniques are applied.

(**) Other assets: The amounts not included in the credit risk of the counterparty reported in the risks table to the Central Counterparty.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

4. Counterparty Credit Risk (continued)

4.4 CCR exposures by regulatory portfolio and risk weights (continued)

Prior Period Risk Weight/ Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims from central governments and central banks	13,012	-	-	-	-	-	-	-	-	13,012
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from banks and financial intermediaries	-	-	9,946	-	297,308	-	46,481	-	-	353,735
Corporates	-	-	131	-	15,706	-	574,234	-	-	590,071
Retail portfolios	-	-	-	-	-	42,548	-	-	-	42,548
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	**13,012**	**-**	**10,077**	**-**	**313,014**	**42,548**	**620,715**	**-**	**-**	**999,366**

(*) Total credit risk: Amount related to capital adequacy calculation after the counterparty credit risk measurement techniques are applied.

(**) Other assets: The amounts not included in the credit risk of the counterparty reported in the risks table to the Central Counterparty.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

4. Counterparty Credit Risk (continued)

4.5. Composition of collateral for counterparty credit risk exposure

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral			
Current Period	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Fair value of collateral received**	**Fair value of posted collateral**
Cash – domestic currency	-	1,220	-	-	-	-
Cash – other currencies	-	3,711	-	-	-	-
Domestic sovereign debt	-	1,055	-	-	-	-
Other sovereign debt	-	21,906	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**27,892**	**-**	**-**	**-**	**-**

	Collateral used in derivative transactions				Collateral used in other transactions	
	Fair value of collateral received		Fair value of posted collateral			
Prior Period	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Fair value of collateral received**	**Fair value of posted collateral**
Cash – domestic currency	-	298	-	-	-	-
Cash – other currencies	-	12,916	-	-	-	-
Domestic sovereign debt	-	74	-	-	-	-
Other sovereign debt	-	229	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**13,517**	**-**	**-**	**-**	**-**

4.6. Credit derivatives exposures

	Current Period		Prior Period	
	Protection bought	**Protection sold**	**Protection bought**	**Protection sold**
Nominal				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Nationals	-	-	-	-
Fair Values				
Positive fair value (asset)	-	-	-	-
Negative fair value (liability)	-	-	-	-

4.7. Exposures to central counterparties

None.

XI. Explanations Related to Consolidated Risk Management (Continued)

5. Securitization Disclosures

Since the Parent Bank does not hold securitization position, the notes to be presented according to the ‘Communiqué on Disclosures about Risk Management to be announced to Public by Banks’ have not been presented.

6. Market Risk Disclosures

The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge. It also includes capital requirements for securitisation positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in Section 5 – Counterparty credit risk.

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. The notes to be presented on annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of market risk by the Group.

6.1. Qualitative disclosure requirements related to market risk

Interest rate and foreign exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to Value at Risk (VAR), as summarized below, is taken into consideration by the standard method. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by historic simulation. These results are also reported daily to the management.

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currency and not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted financial figures.

According to economic cost approach, changes in market interest rates may affect the Parent Bank’s assets, liabilities and off balance sheet items values. The Parent Bank’s economic value’s sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculated by discounting expected cash flow.

Economic value of the Parent Bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents value of the Bank’s sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity’s influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted.

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

XI. Explanations Related to Consolidated Risk Management (Continued)

6. Market Risk Disclosures (continued)

6.1. Qualitative disclosure requirements related to market risk (continued)

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; in order to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VAR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked and reported to the management. Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product based cash flows are formed, repricing, maturity and product based acceptances are also considered.

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All Limit and risk positions are represented to Risk Policies Committee, Risk Committee and to The Board of Directors.

6.2. Standardized Approach

	Current Period	Risk Weighted Amounts
Outright products		
1	Interest rate risk (general and specific)	1,561,156
2	Equity risk (general and specific)	-
3	Foreign exchange risk	232,944
4	Commodity risk	588,523
Options		
5	Simplified approach	-
6	Delta-plus method	53,037
7	Scenario approach	-
8	Securitization	-
9	**Total**	**2,435,660**

	Prior Period	Risk Weighted Amounts
Outright products		
1	Interest rate risk (general and specific)	1,437,126
2	Equity risk (general and specific))	-
3	Foreign exchange risk	71,084
4	Commodity risk	107,119
Options		
5	Simplified approach	-
6	Delta-plus method	22,588
7	Scenario approach	-
8	Securitization	-
9	**Total**	**1,637,917**

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

XI. Explanations Related to Consolidated Risk Management (Continued)

7. Explanations Related to the Consolidated Operational Risk

a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.

b) In case of Basic Indicator Approach the following:

	31.12.2017	31.12.2018	31.12.2019	Total/Positive Year	Rate (%)	Total
Gross Income	4,275,468	5,363,915	6,191,758	5,277,046	15	791,557
Operational Risk Capital Requirement (Total*12,5)						9,894,462

	31.12.2016	31.12.2017	31.12.2018	Total/Positive Year	Rate (%)	Total
Gross Income	4,222,997	4,275,468	5,363,915	4,620,793	15	693,119
Operational Risk Capital Requirement (Total*12,5)						8,663,988

c) The Group does not use the standard method.

d) The Group does not use any alternative approach in standard method.

e) The Group does not use advanced measurement approach.

8. Explanations Related to Remuneration Policy in Banks

TEB pays net salaries on the last working day of each month, after the required legal deductions are made. In addition to receiving a monthly salary, all TEB employees are assessed based on meeting their qualitative and quantitative targets, and the Bank may pay performance-based success and sales premiums or annual performance bonuses to reward employees’ collective and individual success.

An annual performance bonus is determined based on the Bank’s profitability, the results of Bank activities, and the realization of targets in line with market practices (local and/or professional). A performance bonus is only paid when the target realized in a particular year is at least 80%. Employees included in the success and sales premium scheme are paid success and sales premiums based to the targets realized during the year.

The remuneration policy of the Bank was prepared in line with the BRSA’s “Communiqué on Corporate Management of Banks” and “Guidance on Good Remuneration Practices” in Banks, and within the scope of the principle of proportionality, the content, structure, and strategies of the Bank’s activities, long-term targets, and the risk management structure of the Bank and local regulations. These regulations aim to prevent taking excessive risks and evaluate actual contributions to risk management.

The remuneration policy supports the Bank in managing risks in line with the principles and parameters determined and approved by the Board of Directors. The remuneration policy aims to attract and retain expert employees who will contribute to the Bank reaching its strategic targets in both business line and support functions.

SECOM (Selection and Compensation Committee) is responsible, on behalf of the Board of Directors, for ensuring that the remuneration policy is prepared in line with local and BNP Paribas regulations. SECOM manages the principles of the remuneration policy, taking opinions from the human resources, financial affairs, risk, compliance, and internal control groups. The remuneration policy is reviewed and approved by SECOM and submitted to the Board of Directors. The remuneration policy is reviewed annually.

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Consolidated Assets

1. a) Information on Cash and Balances with the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	382,963	1,948,389	410,345	2,031,625
Balances with the Central Bank of Turkey	3,048,958	11,382,722	305,709	8,942,832
Other	-	188,271	-	265,460
Total	**3,431,921**	**13,519,382**	**716,054**	**11,239,917**

b) Information related to the account of the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2,979,546	-	297,130	-
Unrestricted Time Deposit	-	4,626,036	-	3,932,318
Restricted Time Deposit	69,412	6,756,686	8,579	5,010,514
Total	**3,048,958**	**11,382,722**	**305,709**	**8,942,832**

Foreign currency unrestricted deposit amounting to TL 4,626,036 (31 December 2019: TL 3,932,318), foreign currency restricted deposit amounting to TL 6,756,686 (31 December 2019: TL 5,010,514), unrestricted deposit balance amounting to TL 2,979,546 (31 December 2019: TL 297,130), and restricted deposit amounting to TL 69,412 (31 December 2019: TL 8,579) comprises of reserve deposits. As of 31 December 2020, the Turkish lira required reserve ratios are determined to be within the range of 1%-6% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2019: 1%-2%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 5%-22% (31 December 2019: 5%-21%).

2. Information on financial assets at fair value through profit or loss (net):

a.1) Information on financial assets at fair value through profit or loss given as collateral / blocked: None (31 December 2019: None).

a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2019: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 1,447,816 (31 December 2019: 1,167,994 TL).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	392,758	56,660	144,959	9,474
Swap Transactions	1,091,529	165,479	1,302,918	179,827
Futures Transactions	-	-	-	-
Options	36,244	9,939	25,918	6,946
Other	-	-	-	-
Total	**1,520,531**	**232,078**	**1,473,795**	**196,247**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

4. Information on banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic Banks	1,917,454	801,216	1,031,578	185,445
Foreign Banks	56,939	3,908,495	55,635	7,303,396
Foreign Head Offices and Branches	-	-	-	-
Total	**1,974,393**	**4,709,711**	**1,087,213**	**7,488,841**

b) Information on foreign banks account:

	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
	Current Period	**Current Period**	**Prior Period**	**Prior Period**
EU Countries	1,732,218	-	5,954,481	-
USA and Canada	1,518,644	-	211,172	-
OECD Countries(*)	135,873	-	739,820	-
Off-Shore Banking Regions	556,267	-	446,599	-
Other	22,432	-	6,959	-
Total	**3,965,434**	**-**	**7,359,031**	**-**

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

a.1) Information on financial assets at fair value through other comprehensive income given as collateral / blocked:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	876,626	272,329	333,201	-
Other	-	-	-	-
Total	**876,626**	**272,329**	**333,201**	**-**

a.2) Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Government Bonds	869,642	2,567,087	77,088	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	**869,642**	**2,567,087**	**77,088**	**-**

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 4,066,713 (31 December 2019: TL 5,131,082).

b.1) Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	8,641,516	5,533,476
Quoted on a Stock Exchange	8,618,350	5,512,862
Unquoted	23,166	20,614
Equity Securities	10,881	7,895
Quoted on a Stock Exchange	-	-
Unquoted	10,881	7,895
Impairment Provision (-)	-	-
Total	**8,652,397**	**5,541,371**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Loans Granted to Shareholders	-	438,193	1,596	182,856
Corporate Shareholders	-	438,193	1,596	182,856
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	153,482	-	139,703	-
Total	**153,482**	**438,193**	**141,299**	**182,856**

b) Information on the standard loans, loans under close monitoring and restructured loans under close monitoring:

		Loans Under Close Monitoring		
			Loans Under Restructuring	
Cash Loans	Standard Loans	Not Under the Scope of Restructuring	Loans with Revised Contract Terms	Refinancing
Non-specialized loans	71,307,608	6,190,429	92,352	1,669,564
Working Capital Loans	5,389,404	835,979	54,422	796,995
Export Loans	9,300,529	62,917	-	89,456
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,655,503	-	-	-
Consumer Loans	16,922,139	2,915,680	3,912	150,693
Credit Cards	4,540,033	655,741	22,188	-
Other	32,500,000	1,720,112	11,830	632,420
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**71,307,608**	**6,190,429**	**92,352**	**1,669,564**

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Loss	393,446	-	394,194	-
Significant increase in Credit Risk	-	1,360,252	-	894,153
Total	**393,446**	**1,360,252**	**394,194**	**894,153**

c) Distribution of cash loans by maturity structure:

		Loans Under Close Monitoring	
	Standard Loans	Loans not subject to Restructuring	Restructured
Short-term loans	35,530,948	1,564,549	152,657
Medium and long-term loans	35,776,660	4,625,880	1,609,259
Total	**71,307,608**	**6,190,429**	**1,761,916**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	**450,376**	**18,715,717**	**19,166,093**
Housing Loans	663	4,502,862	4,503,525
Vehicle Loans	6,877	451,829	458,706
General Purpose Loans	442,836	13,761,026	14,203,862
Other	-	-	-
Consumer Loans –Indexed to FC	**-**	**15,510**	**15,510**
Housing Loans	-	15,510	15,510
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	**-**	**19,914**	**19,914**
Housing Loans	-	5,349	5,349
Vehicle Loans	-	1,909	1,909
General Purpose Loans	-	12,656	12,656
Other	-	-	-
Individual Credit Cards-TL	**3,497,240**	**21,003**	**3,518,243**
With Instalments	1,160,176	21,003	1,181,179
Without Instalments	2,337,064	-	2,337,064
Individual Credit Cards-FC	**4,898**	**-**	**4,898**
With Instalments	-	-	-
Without Instalments	4,898	-	4,898
Personnel Loans-TL	**10,001**	**107,618**	**117,619**
Housing Loans	-	356	356
Vehicle Loans	-	-	-
General Purpose Loans	10,001	107,262	117,263
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**32,257**	**52**	**32,309**
With Instalments	9,979	52	10,031
Without Instalments	22,278	-	22,278
Personnel Credit Cards-FC	**32**	**-**	**32**
With Instalments	-	-	-
Without Instalments	32	-	32
Overdraft Accounts-TL(Real Persons) (*)	**673,283**	**-**	**673,283**
Overdraft Accounts-FC(Real Persons)	**5**	**-**	**5**
Total	**4,668,092**	**18,879,814**	**23,547,906**

(*) Overdraft accounts include personnel loans amounting to TL 3,522.

(**) Loans granted via branches abroad.

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

I. Explanations and Disclosures Related to the Consolidated Assets (continued)

6. Information on loans: (continued)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel: (continued)

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	**567,813**	**15,880,140**	**16,447,953**
Housing Loans	3,287	5,334,276	5,337,563
Vehicle Loans	18,385	422,741	441,126
General Purpose Loans	546,141	10,123,123	10,669,264
Other	-	-	-
Consumer Loans –Indexed to FC	-	**18,308**	**18,308**
Housing Loans	-	18,308	18,308
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC (**)	-	**27,949**	**27,949**
Housing Loans	-	6,031	6,031
Vehicle Loans	-	3,655	3,655
General Purpose Loans	-	18,263	18,263
Other	-	-	-
Individual Credit Cards-TL	**3,135,899**	**54,120**	**3,190,019**
With Instalments	1,012,747	54,120	1,066,867
Without Instalments	2,123,152	-	2,123,152
Individual Credit Cards-FC	**11,775**	-	**11,775**
With Instalments	-	-	-
Without Instalments	11,775	-	11,775
Personnel Loans-TL	**13,520**	**89,484**	**103,004**
Housing Loans	-	517	517
Vehicle Loans	-	-	-
General Purpose Loans	13,520	88,967	102,487
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**31,920**	-	**31,920**
With Instalments	10,293	-	10,293
Without Instalments	21,627	-	21,627
Personnel Credit Cards-FC	**393**	-	**393**
With Instalments	-	-	-
Without Instalments	393	-	393
Overdraft Accounts-TL(Real Persons) (*)	**608,567**	-	**608,567**
Overdraft Accounts-FC(Real Persons)	**4**	-	**4**
Total	**4,369,891**	**16,070,001**	**20,439,892**

(*) Overdraft accounts include personnel loans amounting to TL 4,386.

(**) Loans granted via branches abroad.

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

e) Information on commercial loans with instalments and corporate credit cards:

Current Period	Short Term	Medium and Long Term	Total
Commercial Loans with Instalment -TL	**2,173,068**	**8,946,399**	**11,119,467**
Business Loans	257	163,797	164,054
Vehicle Loans	61,037	1,257,926	1,318,963
General Purpose Loans	**2,111,774**	**7,524,676**	**9,636,450**
Other	-	-	-
Commercial Loans with Instalment - Indexed to FC	**-**	**148,076**	**148,076**
Business Loans	-	6,192	6,192
Vehicle Loans	-	23,201	23,201
General Purpose Loans	-	118,683	118,683
Other	-	-	-
Commercial Loans with Instalment - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	**1,660,003**	**917**	**1,660,920**
With Instalments	601,673	917	602,590
Without Instalments	1,058,330	-	1,058,330
Corporate Credit Cards-FC	**1,560**	**-**	**1,560**
With Instalments	-	-	-
Without Instalments	1,560	-	1,560
Overdraft Accounts-TL(Legal Entities)	**741,420**	**-**	**741,420**
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	**4,576,051**	**9,095,392**	**13,671,443**

Prior Period	Short Term	Medium and Long Term	Total
Commercial Loans with Instalment -TL	**1,006,177**	**9,781,970**	**10,788,147**
Business Loans	1,000	170,690	171,690
Vehicle Loans	26,836	682,638	709,474
General Purpose Loans	978,341	8,928,642	9,906,983
Other	-	-	-
Commercial Loans with Instalment - Indexed to FC	**-**	**331,604**	**331,604**
Business Loans	-	5,899	5,899
Vehicle Loans	-	83,943	83,943
General Purpose Loans	-	241,762	241,762
Other	-	-	-
Commercial Loans with Instalment - FC	**478**	**-**	**478**
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	478	-	478
Other	-	-	-
Corporate Credit Cards-TL	**1,504,191**	**-**	**1,504,191**
With Instalments	385,150	-	385,150
Without Instalments	1,119,041	-	1,119,041
Corporate Credit Cards-FC	**2,439**	**-**	**2,439**
With Instalments	-	-	-
Without Instalments	2,439	-	2,439
Overdraft Accounts-TL(Legal Entities)	**849,525**	**-**	**849,525**
Overdraft Accounts-FC(Legal Entities)	**-**	**-**	**-**
Total	**3,362,810**	**10,113,574**	**13,476,384**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

f) Distribution of loans by users:

	Current Period	Prior Period
Public	2,048,390	2,096,489
Private	77,211,563	62,816,411
Total	**79,259,953**	**64,912,900**

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	78,767,136	64,365,150
Foreign Loans	492,817	547,750
Total	**79,259,953**	**64,912,900**

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific or non-performing loan (Stage 3) provisions for loans:

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	104,606	349,033
Loans and Receivables with Doubtful Collectability	198,193	572,537
Uncollectible Loans and Receivables	1,991,274	1,430,975
Total	**2,294,073**	**2,352,545**

j) Information on loans under follow-up (Net):

j.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	**Loans and Receivables with Doubtful Collectability**	**Uncollectable Loans and Receivables**
Current Period			
Gross Amounts before Provisions	22,018	24,809	52,292
Restructured Loans	22,018	24,809	52,292
Prior Period			
Gross Amounts before Provisions	55,867	41,008	18,928
Restructured Loans	55,867	41,008	18,928

j.2) Movement of loans under follow-up:

Prior Period	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	**Loans and Receivables with Doubtful Collectability**	**Uncollectable Loans and Receivables**
Prior Period End Balance	**624,321**	**1,168,994**	**2,353,591**
Additions (+)	962,916	94,269	394,387
Transfers from Other Categories of Loans under Follow-up (+)	-	1,173,957	1,705,142
Transfers to Other Categories of Loans under Follow-up (-)	1,173,957	1,705,142	-
Collections (-)	245,121	412,866	916,644
Write-offs (-)	4	691	96,801
Sold Portfolio (-) (*)	3	4,792	419,674
Corporate and Commercial Loans	-	4,572	171,810
Retail Loans	2	-	137,865
Credit Cards	1	220	109,999
Other	-	-	-
Current Period End Balance	**168,152**	**313,729**	**3,020,001**
Provision (-)	104,606	198,193	1,991,274
Net Balances on Balance Sheet	**63,546**	**115,536**	**1,028,727**

(*) Past due receivables amounting to TL 424,469 for which TL 410,516 of provision had been allocated, is sold for TL 35,759 during 2020. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

j) Information on non-performing loans (Net):

j.3) Information on foreign currency loans under follow-up:

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	**Loans and Receivables with Doubtful Collectability**	**Uncollectable Loans and Receivables**
31 December 2020			
Current Period End Balance	13,274	82,483	206,622
Provision (-)	7,729	57,368	158,053
Net Balance on Balance Sheet	**5,545**	**25,115**	**48,569**
31 December 2019			
Prior Period End Balance	40,984	76,556	153,192
Provision (-)	22,125	42,944	121,969
Net Balance on Balance Sheet	**18,859**	**33,612**	**31,223**

j.4) Information regarding gross and net amounts of loans under follow-up with respect to user 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 (Net)			
Loans to Real Persons and Legal Entities (Gross)	168,152	313,729	3,020,001
Provision (-)	104,606	198,193	1,991,274
Loans to Real Persons and Legal Entities (Net)	**63,546**	**115,536**	**1,028,727**
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	**-**	**-**	**-**
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans and Receivables (Net)	**-**	**-**	**-**
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	624,321	1,168,994	2,353,591
Specific Provision (-)	349,033	572,537	1,430,975
Loans to Real Persons and Legal Entities (Net)	**275,288**	**596,457**	**922,616**
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	**-**	**-**	**-**
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	**-**	**-**	**-**

j.5) Information on interest accruals, rediscounts and valuation differences calculated for nonperforming loans and their provisions:

	Group III	Group IV	Group V
	Loans with Limited Collectability	**Loans with Doubtful Collectability**	**Uncollectible Loans**
Current Period(Net)	**2,233**	**10,665**	**357,174**
Interest Accruals, Rediscounts and Valuation Differences	18,675	40,732	637,700
Provision Amount (-)	16,442	30,067	280,526
Prior Period (Net)	**18,822**	**77,767**	**229,640**
Interest Accruals, Rediscounts and Valuation Differences	76,914	175,092	394,218
Provision Amount (-)	58,092	97,325	164,578

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

I. Explanations and Disclosures Related to the Consolidated Assets (continued)

6. Information on loans: (continued)

k) Outline of the liquidation policy for losses and other receivables:

Loans and other receivables, which are deemed not possible to be collected according to the "Regulation on Classification of Loans and Provisions and Provisions for Reserves" published in the Official Gazette dated 22 June 2016 and numbered 29750, are fulfilled by the requirements of the Tax Procedure Law in line with the decision taken by the Bank's senior management classified as a loan as a loss.

l) Disclosures regarding the unregistered policy:

The Fifth Group - Loans classified as Loss Loans, with at least one reporting period in this group, and the lifetime expected credit loss due to the default of the debtor constitutes the Bank's credits to be deducted. Deregistration is an accounting practice and does not result in the right to waive. Loans deducted from the record do not affect the legal follow-up of the Bank. Indicators are utilized regarding the absence of reasonable expectations regarding the recovery of loans. The deregistration is examined on an incident basis with predefined criteria and the following deregistration indicators are considered:

- The possibility of recovery is limited: Loans with low collateralization, limited collateral capability, limited assets that provide foreclosure collection, and less than expected cost income for collection are evaluated,

- Financial indicators: Financial indicators evaluating that the entire loan is not capable of recovering are evaluated,

- Long-term follow-up: Those who do not have reasonable collection expectations are evaluated in order to recover the loans that have been pursuing for a long time.

The following practices for the loans bank monitors, although the loans have been written-off by the Bank, cannot be different from its registered loans.

a) The methods applied for legal collection of loans from debtors,
b) Decisions to be subjected to the sale of non-performing loans,
c) Decisions to waive the the credit by waiving the loans.

Within the scope of TFRS 9, the deducted amount during the period is TL 97,496 (31 December 2019: TL 171,832) and its effect on NPL ratio is 0.12% (31 December 2019: 0.23%) . The follow-up conversion rate, after deductions, is 4.22% (31 December 2019 5.99%) in the current period frozen loan figures, while the calculated rate including the loans deducted during the year is 4.34% (31 December 2019: 6.22%) .

m) Other explanations and disclosures:

Current Period	**Commercial**	**Consumer**	**Credit Cards**	**Other**	**Total**
Standard Loans	49,845,436	16,922,139	4,540,033	-	71,307,608
Close Monitoring Loans	4,204,131	3,070,285	677,929	-	7,952,345
Loans Under Follow-Up	3,096,177	315,522	90,183	-	3,501,882
Total	**57,145,744**	**20,307,946**	**5,308,145**	**-**	**82,761,835**
12 month expected credit loss (Stage I)(-)	176,623	162,525	54,298	-	393,446
Significant increase in credit risk (Stage II)(-)	1,033,284	263,142	63,826	-	1,360,252
Default (Stage III)(-)	1,996,399	228,731	68,943	-	2,294,073
Total	**3,206,306**	**654,398**	**187,067**	**-**	**4,047,771**
Net credit balance on balance sheet	**53,939,438**	**19,653,548**	**5,121,078**	**-**	**78,714,064**

Prior Period	**Commercial**	**Consumer**	**Credit Cards**	**Other**	**Total**
Standard Loans	37,427,979	14,593,587	4,026,952	-	56,048,518
Close Monitoring Loans	5,538,399	2,612,198	713,785	-	8,864,382
Loans Under Follow-Up	3,617,237	398,230	131,439	-	4,146,906
Total	**46,583,615**	**17,604,015**	**4,872,176**	**-**	**69,059,806**
12 month expected credit loss (Stage I)(-)	192,135	144,831	57,228	-	394,194
Significant increase in credit risk (Stage II)(-)	686,025	161,159	46,969	-	894,153
Default (Stage III)(-)	2,009,282	250,895	92,368	-	2,352,545
Total	**2,887,442**	**556,885**	**196,565**	**-**	**3,640,892**
Net credit balance on balance sheet	**43,696,173**	**17,047,130**	**4,675,611**	**-**	**65,418,914**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

The following is a reclassification of provision for impairment on loans by stage;

Current Period

Commercial	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	192,135	686,025	2,009,282	2,887,442
Transfers;				
- Stage 1 to Stage 2	(8,724)	49,433	-	40,709
- Stage 1 to Stage 3	(1,029)	-	34,371	33,342
- Stage 2 to Stage 3	-	(70,704)	259,761	189,057
- Stage 2 to Stage 1	2,529	(19,907)	-	(17,378)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	87,699	574,689	141,749	804,137
Collections	(110,444)	(285,376)	(189,132)	(584,952)
Sold Portfolio	-	-	(163,411)	(163,411)
Write-offs	-	-	(96,221)	(96,221)
Currency differences	14,457	99,124	-	113,581
Total expected credit losses 31 December 2020	**176,623**	**1,033,284**	**1,996,399**	**3,206,306**

Prior Period

Commercial	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	218,413	634,220	760,528	1,613,161
Transfers;				
- Stage 1 to Stage 2	(19,564)	104,626	-	85,062
- Stage 1 to Stage 3	(5,387)	-	169,762	164,375
- Stage 2 to Stage 3	-	(82,960)	378,714	295,754
- Stage 2 to Stage 1	2,817	(17,869)	-	(15,052)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	117,210	243,941	1,388,936	1,750,087
Collections	(127,005)	(224,291)	(236,201)	(587,497)
Sold Portfolio	-	-	(282,227)	(282,227)
Write-offs	-	-	(171,832)	(171,832)
Currency differences	5,651	28,358	1,602	35,611
Total expected credit losses 31 December 2019	**192,135**	**686,025**	**2,009,282**	**2,887,442**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

Current Period

Consumer	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	144,831	161,159	250,895	556,885
Transfers;				
- Stage 1 to Stage 2	(9,009)	69,594	-	60,585
- Stage 1 to Stage 3	(1,226)	-	27,155	25,929
- Stage 2 to Stage 3	-	(16,472)	65,561	49,089
- Stage 2 to Stage 1	4,209	(30,446)	-	(26,237)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	72,237	122,632	29,704	224,573
Collections	(48,517)	(43,325)	(18,399)	(110,241)
Sold Portfolio	-	-	(124,910)	(124,910)
Write-offs	-	-	(1,275)	(1,275)
Currency differences	-	-	-	-
Total expected credit losses 31 December 2020	**162,525**	**263,142**	**228,731**	**654,398**

Prior Period

Consumer	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	85,416	149,047	769,345	1,003,808
Transfers;				
- Stage 1 to Stage 2	(7,719)	37,698	-	29,979
- Stage 1 to Stage 3	(2,701)	-	54,025	51,324
- Stage 2 to Stage 3	-	(13,970)	74,977	61,007
- Stage 2 to Stage 1	4,716	(28,485)	-	(23,769)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	91,331	52,767	(555,612)	(411,514)
Collections	(26,212)	(35,898)	(6,672)	(68,782)
Sold Portfolio	-	-	(85,168)	(85,168)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
Total expected credit losses 31 December 2019	**144,831**	**161,159**	**250,895**	**556,885**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

Current Period

Credit Cards	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	57,228	46,969	92,368	196,565
Transfers;				
- Stage 1 to Stage 2	(5,373)	35,955	-	30,582
- Stage 1 to Stage 3	(1,144)	-	22,014	20,870
- Stage 2 to Stage 3	-	(5,174)	32,122	26,948
- Stage 2 to Stage 1	6,441	(16,903)	-	(10,462)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	4,183	14,254	22,475	40,912
Collections	(7,037)	(11,275)	-	(18,312)
Sold Portfolio	-	-	(100,036)	(100,036)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
Total expected credit losses 31 December 2020	**54,298**	**63,826**	**68,943**	**187,067**

Prior Period

Credit Cards	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	51,561	52,947	128,307	232,815
Transfers;				
- Stage 1 to Stage 2	(5,389)	27,657	-	22,268
- Stage 1 to Stage 3	(2,850)	-	71,316	68,466
- Stage 2 to Stage 3	-	(7,962)	67,091	59,129
- Stage 2 to Stage 1	7,383	(17,452)	-	(10,069)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	13,240	3,035	(91,447)	(75,172)
Collections	(6,717)	(11,256)	-	(17,973)
Sold Portfolio	-	-	(82,899)	(82,899)
Write-offs	-	-	-	-
Currency differences	-	-	-	-
Total expected credit losses 31 December 2019	**57,228**	**46,969**	**92,368**	**196,565**

(*) TL 424,469 of the Parent Bank's non-performing loan portfolio for which TL 410,516 of provision held were sold for TL 35,759 in 2020. After completing all necessary procedures, sales fees have been collected and the related non-performing loans excluded from the records. TL 96,221 of the Parent Bank's non-performing loans is written off.

(**)TL 467,640 of the Parent Bank's non-performing loan portfolio for which TL 450,294 of provision held were sold for TL 26,363 in 2019. After completing all necessary procedures, sales fees have been collected and the related non-performing loans excluded from the records. TL 171,832 of the Parent Bank's non-performing loans is written off.

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

The fair value of collaterals of non- performing loans, capped with the respective outstanding loan balance, at 31 December 2020 is TL 1,902,570 (31 December 2019: TL 2,272,171).

The fair value of the collateral of non-performing loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	1,459,066	1,595,390
Vehicle	118,677	161,143
Cash	878	1,068
Other(*)	323,949	514,570
Total	**1,902,570**	**2,272,171**

(*) Other amount includes Treasury backed and Portfolio guaranteed CGF guarantee amounting to TL 323,949 (31 December 2019: TL 514,750).

As of 31 December 2020, the fair value of the collaterals of the customers' total principal risk related to the loans under close monitoring is TL 3,911,887 (31 December 2019: TL 3,406,585).

Fair value of the part of the collaterals of the closely monitored loans that do not exceed the risk:

	Current Period	Prior Period
Mortgage	3,263,239	2,741,280
Vehicle	282,443	304,501
Cash, Government Bonds	230,542	265,836
Other	135,663	94,968
Total	**3,911,887**	**3,406,585**

As of 31 December 2020 and 31 December 2019, the details of the commodities and real estates that the bank has acquired for disposal of credit receivables are as follows:

31 December 2020	Commercial	Consumer	Total
Residential, commercial or industrial property	108,709	4,150	112,859
Other	-	-	-
Total	**108,709**	**4,150**	**112,859**

31 December 2019	Commercial	Consumer	Total
Residential, commercial or industrial property	123,326	8,036	131,362
Other	-	-	-
Total	**123,326**	**8,036**	**131,362**

7. Information on financial assets measured at amortized cost:

a) a.1) Information on financial assets measured at amortised cost and subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	2,971,137	1,153,219	1,194,716	405,580
Total	**2,971,137**	**1,153,219**	**1,194,716**	**405,580**

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

7. Information on financial assets measured at amortized cost: (continued)

a.2) Information on financial assets measured at amortized cost and given as collateral / blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	6,698,645	1,171,868	1,978,084	-
Other	-	-	-	-
Total	**6,698,645**	**1,171,868**	**1,978,084**	**-**

Financial assets valued over their amortized cost classified as free warehouse TL 528,072 (31 December 2019: TL 1,328,238).

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Government Bonds	12,522,941	4,906,618
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	**12,522,941**	**4,906,618**

a.4) Information on government debt securities measured at amortized cost:

	Current Period	Prior Period
Debt securities	12,522,941	4,906,618
Quoted on a Stock Exchange	12,522,941	4,906,618
Unquoted	-	-
Impairment Provision (-)	-	-
Total	**12,522,941**	**4,906,618**

a.5) Movement of financial assets measured at amortized cost:

	Current Period	Prior Period
Beginning Balance	4,906,618	2,792,080
Foreign Currency Differences on Monetary Assets	377,092	-
Purchases during the Year (*)(**)	8,062,415	2,114,538
Disposals Through Sales and Redemptions	(823,184)	-
Impairment Provision (-)	-	-
Closing Balance	**12,522,941**	**4,906,618**

(*) Includes rediscount amounts.
(**) In the current period, the securities portfolio of the Chief Investment Office were transferred to the Asset-Liability Management and Treasury Group due to the change in the business model of the Parent Bank management. During this transition, securities held as Financial Assets at Fair Value through Other Comprehensive Income amounting to TL 291,603 were classified as Financial Assets Measured at Amortized Cost. After this reclassification, the valuation difference amounting to TL 20,141 has been reversed from equity.

8. Information on associates (Net):

a.1) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2019: None).

a.2) Information on the unconsolidated associates: None (31 December 2019: None).

a.3) Information on the consolidated associates: None (31 December 2019: None).

a.4) Information on sector information on consolidated associates: None (31 December 2019: None).

a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2019: None).

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

9. Information on subsidiaries (Net):

a) Information on shareholders' equity of significant subsidiaries:

	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in Capital to be Entitled for Compensation after All Creditors	50,000	28,794	6,860
Reserves	100,454	47,846	6,674
Net income for the period and prior period income	40,455	104,065	20,849
Income/ Loss recognized under equity in accordance with TAS	-	-	(122)
Leasehold Improvements on Operational Leases (-)	186	303	58
Goodwill and intangible asset and the related deferred tax liability (-)	3,031	4,162	551
Total Common Equity Tier 1 Capital	**187,692**	**176,240**	**33,652**
General Provision	3,832	-	-
Total Equity	**191,524**	**176,240**	**33,652**

The Parent Bank has no capital requirements arising from its subsidiaries included in the Consolidated Capital Adequacy Standard Ratio.

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non–consolidate and minimum capital requirements: None (31 December 2019: None).

c) Information on the unconsolidated subsidiaries: None (31 December 2019: None).

d) Information on the consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

		Address (City/Country)	Group's share percentage-If different voting percentage (%)	Other shareholders' share percentage (%)
1	TEB Faktoring A.Ş.	İstanbul/Türkiye	100.00	-
2	TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	100.00	-
3	TEB Portföy Yönetimi A.Ş.	İstanbul/Türkiye	54.74	45.26

Information on the consolidated subsidiaries with the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss (*)	Fair Value
1	2,620,875	190,909	4,355	197,063	-	29,417	39,385	-
2	522,419	180,705	3,630	33,279	-	78,931	31,755	-
3	44,370	34,261	1,890	2,928	98	13,590	4,917	-

(*) These figures are shown per BRSA financial statements as of 31 December 2019.

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	124,918	124,424
Movements during the Period	1,679	494
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase / (Decrease)	1,679	494
Impairment Provisions		-
Balance at the End of the Period	**126,597**	**124,918**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

9. Information on subsidiaries (Net): (continued)

d) Information on the consolidated subsidiaries: (continued)

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies/TEB Faktoring A.Ş.	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	83,180	81,501
Toplam	**126,597**	**124,918**

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2019: None).

e) Information on the non-financial subsidiaries that are not consolidated:

TEB ARF Teknoloji A.Ş. was established by the Bank with TL 50,000 paid-in capital and 100% ownership; It was registered in the Trade Registry Gazette on 16 July 2020.

10. Information on entities under common control (joint ventures):

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	113,710	47,576	25,018	215,676	(193,028)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated parent bank's financial statements.

The Parent Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

11. Information on financial lease receivables (Net): None (31 December 2019: None).

12. Positive differences related to derivative financial assets for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	416,239	31,137	7,024	14,112
Cash Flow Hedge	650,142	-	219,494	877
Foreign Net Investment Hedge	-	-	-	-
Total	**1,066,381**	**31,137**	**226,518**	**14,989**

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences amounted TL 18,266 (31 December 2019: TL 20,286) is recorded under equity as of 31 December 2020 and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

13. Information on tangible assets:

	31 December 2019	Additions	Disposals	Other	31 December 2020
Cost:					
Real Estate	109,711	574	(1,206)	358	109,437
Right of Use	1,023,597	82,741	(86,381)	-	1,019,957
Furniture, Furnishings, Office Machines and Other Securities	892,816	126,072	(14,094)	-	1,004,794
Total Cost	**2,026,124**	**209,387**	**(101,681)**	**358**	**2,134,188**
	31 December 2019	**Period Charge**	**Disposals**	**Other**	**31 December 2020**
Accumulated Depreciation:					
Real Estate	51,802	3,556	(417)	55	54,996
Right of Use Depreciation	481,778	148,762	(86,148)	-	544,392
Furniture, Furnishing and Office Machines and Other Securities	607,726	94,564	(13,557)	-	688,733
Total Accumulated Depreciation	**1,141,306**	**246,882**	**(100,122)**	**55**	**1,288,121**
Net Book Value	**884,818**				**846,067**

a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

14. Information on intangible assets:

	31 December 2019	Additions	Disposals	Other	31 December 2020
Cost:					
Other intangible assets	486,748	89,035	(99)	-	575,684
Total Cost	**486,748**	**89,035**	**(99)**	**-**	**575,684**

	31 December 2019	Additions	Disposals	Other	31 December 2020
Accumulated Depreciation:					
Other intangible assets	346,440	77,833	(12)	-	424,261
Total Accumulated Depreciation	**346,440**	**77,833**	**(12)**	**-**	**424,261**
Net Book Value	**140,308**				**151,423**

a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.

d) The book value of intangible fixed assets that are pledged or restricted for use: None.

e) Amount of purchase commitments for intangible fixed assets: None.

f) Information on revalued intangible assets according to their types: None.

g) Amount of total research and development expenses recorded in income statement within the period if any: None.

h) Positive or negative consolidation goodwill on entity basis: None.

i) Information on goodwill:

Following the publication of the BRSA's permission dated February 10, 2011 in the Official Gazette dated February 12, 2011 and numbered 27844, all rights by the termination of the legal personality of Fortis Bank A.Ş. The merger of two banks was realized through the transfer of receivables, liabilities and liabilities to the Bank in the form of ashes. The shareholders of Fortis Bank A.Ş., which was dismissed due to the merger, were given 1.0518 registered TEB shares for each share with a nominal value of 1 TL to be replaced with their existing shares. Since the enterprises subject to this merger are not controlled by the same person or persons before and after the business merger, the transaction has been evaluated within the scope of TFRS 3. Fortis Bank A.Ş. The difference between this value and the fair value of Fortis Bank A.Ş.'s identifiable net assets acquired is recognized as goodwill, considering the fair value of the equity shares subject to change as a result of the merger as of 14 February 2011. It has been recognized.

j) Beginning and ending balance of the goodwill and movements on goodwill in the current period:

	Current Period	Prior Period
Beginning balance	421,124	421,124
Foreign currency differences	-	-
Acquisitions	-	-
End Balance	**421,124**	**421,124**

15. Information on investment property: None (31 December 2019: None).

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

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

16. Information on deferred tax asset:

a) As of 31 December 2020, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 651,589 (31 December 2019: TL 667,146). There are no tax exemptions or deductions over which deferred tax asset is computed.

b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.

c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

d) Movement of deferred tax:

	Current Period	Prior Period
As of January 1	**667,146**	**208,699**
TFRS 16 transition	-	24,083
Deferred Tax Income / (Expense)	115,800	177,232
Deferred Tax Accounted for Under Equity	(131,357)	256,389
Merger Effect	-	743
Deferred Tax Asset	**651,589**	**667,146**

After net off the net deferred tax asset is presented as deferred tax asset on the balance sheet and net deferred tax liability presented as deferred tax liability on balance sheet. The deferred tax charge of TL 115,800 is stated under the tax provision in the income statement (31 December 2019: TL 177,232 deferred tax expense). The portion of the deferred tax that is directly attributable to equity which is presented in the table below has been netted within the relevant accounts in the statement of shareholders' equity.

	Current Period	Prior Period
Financial Assets at Fair Value through Other Comprehensive Income	26,926	(44,443)
Cash Flow Hedge	(169,324)	302,891
Actuarial Profit or Loss	11,041	(2,059)
Total	**(131,357)**	**256,389**

17. Information on assets for sale fixed and discontinued operations:

	Current Period	Prior Period
Beginning of Period Cost	131,362	109,104
Beginning of Period Accumulated Depreciation (-)	-	-
Net Book Value	**131,362**	**109,104**
Opening Balance	131,362	109,104
Acquired	137,125	149,647
Disposed (-)	160,897	122,922
Impairment (-)	(5,269)	4,467
Depreciation Value (-)	-	-
End of Period Cost	112,859	131,362
End of Period Accumulated Depreciation (-)	-	-
Closing Net Book Value	**112,859**	**131,362**

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

I. Explanations and Disclosures Related to the Consolidated Assets (continued)

18. Information on factoring receivables of Group:

a) Maturity analysis explanation:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short Term(*)	1,548,931	955,007	1,207,988	873,720
Mid and Long Term	-	-	1,550	-
Stage 1 Provision (-)	1,861	115	1,334	146
Stage 2 Provision (-)	1,856	-	1,959	-
Stage 3 Provision (-)	11,293	2,037	25,315	6,137
Total	**1,533,921**	**952,855**	**1,180,930**	**867,437**

(*)Incudes factoring receivables which is impaired amounting to TL 18,268 (31 December 2019: TL 31,946).

b) Other explanations and disclosures:

Current Period	**Commercial**	**Consumer**	**Total**
Standard Loans	2,327,472	-	2,327,472
Close Monitoring Loans	158,198	-	158,198
Loans Under Follow-Up	18,268	-	18,268
Total	**2,503,938**	**-**	**2,503,938**
12 month expected credit loss (Stage I)(-)	1,976	-	1,976
Significant increase in credit risk (Stage II)(-)	1,856	-	1,856
Default (Stage III)(-)	13,330	-	13,330
Total allowance for impairment	**17,162**	**-**	**17,162**
Net credit balance on balance sheet	**2,486,776**	**-**	**2,486,776**

c) Aging analysis of accounting past-due exposures:

31 December 2020	**1-30 Days**	**31-60 Days**	**61-90 Days**	**Total**
Commercial Loans	358	1,782	2,085	4,225
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Total	**358**	**1,782**	**2,085**	**4,225**

19. Information on other asset

Other Assets item of the balance sheet amounting to TL 3,870,711 (31 December 2019: TL 4,473,189) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

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

II. Explanations and Disclosures Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month - 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	3,343,473	-	13,247,327	9,248,027	174,061	15,303	31,868	-	26,060,059
Foreign Currency Deposits	18,424,730	-	7,600,065	11,882,963	97,381	92,277	52,616	-	38,150,032
Residents in Turkey	17,200,394	-	7,316,504	11,506,796	67,244	42,090	36,070	-	36,169,098
Residents Abroad	1,224,336	-	283,561	376,167	30,137	50,187	16,546	-	1,980,934
Public Sector Deposits	431,997	-	59,843	136,651	8,020	0	0	-	636,511
Commercial Deposits	4,489,927	-	3,928,324	5,879,776	158,781	1,448	13,824	-	14,472,080
Other Institutions Deposits	206,580	-	145,091	539,426	61,442	63	168	-	952,770
Precious Metals Deposits	5,807,140	-	31,022	94,004	15,788	50,503	3,597	-	6,002,054
Bank Deposits	43,796	-	7,424,601	-	-	-	-	-	7,468,397
Central Bank of Turkey	31	-	-	-	-	-	-	-	31
Domestic Banks	8	-	-	-	-	-	-	-	8
Foreign Banks	43,757	-	7,424,601	-	-	-	-	-	7,468,358
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**32,747,643**	**-**	**32,436,273**	**27,780,847**	**515,473**	**159,594**	**102,073**	**-**	**93,741,903**

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	2,913,675	-	11,685,382	8,760,022	198,974	159,316	142,791	-	23,860,160
Foreign Currency Deposits	8,678,150	-	9,179,868	16,994,157	220,469	75,587	91,126	-	35,239,357
Residents in Turkey	8,114,695	-	8,724,284	16,524,666	196,404	32,768	74,233	-	33,667,050
Residents Abroad	563,455	-	455,584	469,491	24,065	42,819	16,893	-	1,572,307
Public Sector Deposits	424,598	-	73,628	50,872	7,475	-	-	-	556,573
Commercial Deposits	3,312,492	-	3,919,789	1,904,438	101,496	3,210	55,398	-	9,296,823
Other Institutions Deposits	143,878	-	65,741	266,882	12,458	91	554	-	489,604
Precious Metals Deposits	1,275,586	-	90,788	700,588	38,080	142,511	101,470	-	2,349,023
Bank Deposits	23,739	-	362,573	-	-	-	-	-	386,312
Central Bank of Turkey	25	-	-	-	-	-	-	-	25
Domestic Banks	16	-	-	-	-	-	-	-	16
Foreign Banks	23,698	-	358,772	-	-	-	-	-	382,470
Special Financial Institutions	-	-	3,801	-	-	-	-	-	3,801
Other	-	-	-	-	-	-	-	-	-
Total	**16,772,118**	**-**	**25,377,769**	**28,676,959**	**578,952**	**380,715**	**391,339**	**-**	**72,177,852**

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	**Under the Guarantee of Insurance(*)**		**Exceeding the Limit of Insurance(*)**	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Saving Deposits	14,783,424	14,607,157	10,931,481	8,731,764
Foreign Currency Saving Deposits	7,067,339	6,075,469	14,081,460	12,928,549
Other Deposits in the Form of Saving Deposits	2,567,019	781,197	2,854,708	1,320,538
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	**24,417,782**	**21,463,823**	**27,867,649**	**22,980,851**

(*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

b) Information on saving deposits under the guarantee of saving deposit insurance: (continued)

b.1) Saving deposits exceeding the limit of insurance: (continued)

ii) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Foreign Branches' Deposits and Other Accounts	639,161	615,203
Deposits of Controlling Shareholders and Their Close Families	1,130,777	3,823,134
Deposits of Chairman and Members of the Board of Directors and Their Close Families	66,845	68,002
Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004.	-	-
Saving Deposits in Banks Established in Turkey exclusively for Off-shore Banking Activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	71,044	6,778	97,772	25,075
Swap Transactions	1,977,574	179,821	1,362,074	71,890
Futures Transactions	-	-	-	-
Options	18,600	6,526	26,488	3,285
Other	-	-	-	-
Total	**2,067,218**	**193,125**	**1,486,334**	**100,250**

3. Information on funds borrowed and debt securities issued:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	1,338,253	34,399	633,010	169,116
From Foreign Banks, Institutions and Funds	224,638	10,313,994	434,408	8,958,162
Total	**1,562,891**	**10,348,393**	**1,067,418**	**9,127,278**

As of 31 December 2020, the Group has borrowings from its related parties amounting to TL 5,013,477 (31 December 2019: TL 4,774,508).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,562,891	5,872,731	1,057,415	5,593,155
Medium and long-term	-	4,475,662	10,003	3,534,123
Total	**1,562,891**	**10,348,393**	**1,067,418**	**9,127,278**

c) Additional explanations regarding the areas where the Parent Bank's obligations are concentrated:

The Parent Bank diversifies its funding sources with customer deposits, loans from abroad, securities issued and borrowings from money markets. Deposits are the most important source of funding of the Parent Bank and do not present any risk concentration with its stable structure spread over a wide base. Loans received mainly consist of funds obtained from various foreign financial institutions with different features and maturity-interest structure. There is no risk concentration in the bank's funding sources.

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

3. Information on funds borrowed and debt securities issued: (continued)

d) Explanations on debt securities issued:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bank Bonds	4,766,623	-	2,333,877	-
Treasury Bills	44,014	-	-	-
Total	**4,810,637**	**-**	**2,333,877**	**-**

4. Funds provided through repurchase transactions:

Information on funds provided through repurchase transactions:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**4,016,659**	**2,717,468**	**1,323,300**	**327,167**
Financial Institutions and Organizations	3,830,785	2,717,468	1,323,300	327,167
Other Institutions and Organizations	185,874	-	-	-
Individuals	-	-	-	-
Foreign Transactions	-	-	-	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	-	-	-	-
Total	**4,016,659**	**2,717,468**	**1,323,300**	**327,167**

5. Other external funding payables which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total

Other external funding payables amounting to TL 1,699,019 (31 December 2019: TL 1,293,901) do not exceed 10% of the total balance sheet.

6. Explanations on financial lease obligations (Net):

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Parent Bank has as of 31 December 2020, TL 604,874 (31 December 2019: TL 657,657) Liabilities from Leasing amount.

7. Negative differences table of derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge	84,098	-	-	-
Cash Flow Hedge	983,837	14,901	1,917,707	7,267
Foreign Net Investment Hedge	-	-	-	-
Total	**1,067,935**	**14,901**	**1,917,707**	**7,267**

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

As of 31 December 2020, there are accumulated valuation differences of TL 18,266 (31 December 2019: TL 20,286) under equity as of 31 December 2020. This amount is spread over the remaining terms of the hedged items by the Parent Bank and transferred to the income statement.

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

8. Information on provisions:

a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2019: None).

b) The specific provisions provided for unidentified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	58,241	55,551
Stage 2	165,265	145,818
Stage 3	87,824	42,111
Total	**311,330**	**243,480**

c) Liabilities on unused vacation, bonus, health, employee termination benefits

As of 31 December 2020, the Parent Bank received TL 15,249 (31 December 2019: TL 14,195) allowance, TL 297,059 (31 December 2019: TL 200,712) and TL 185,723 (31 December 2019: TL 148,441) related to the premiums to be paid to bank personnel, and TL 37,100 (31 December 2019: TL 32,100) reflected the provision of other personnel expenses the "Provisions of Employee Rights" account in the financial statements.

c.1) Termination Benefits:

In determining the liability, the Parent Bank makes use of independent actuaries and makes assumptions on issues such as discount rate, employee turnover rate and future salary increases. These assumptions are reviewed annually.

	31 December 2020	31 December 2019
Discount Rate (%)	14.50	12.51
Expected Inflation Rate (%)	10.03	6.59
Salary Increase Rate above Inflation Rate (%)	1.00	1.00

Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	200,712	179,934
Service cost	19,392	19,523
Interest cost	24,358	29,231
Settlement cost	2,742	9,413
Actuarial loss / (gain)	65,687	1,054
Benefits paid	(15,831)	(38,443)
Total	**297,060**	**200,712**

c.2) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of the Parent Bank and Fortis Bank are members of the "Pension Fund Foundation" established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XVI "Explanations on Liabilities related to Rights of Employees" which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on TAS 19 principles. The Parent Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2020 and 31 December 2019. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

8. Information on provisions: (continued)

c) Liabilities on unused vacation, bonus, health, employee termination benefits: (continued)

c.2) Pension Rights: (continued)

Within the frame of the assumptions determined;

Period Based Pension and Health Obligations:	**31 December 2020**	**31 December 2019**
Net Present Value of Transferrable Retirement Liabilities	(1,081,794)	(919,469)
Net Present Value of Transferrable Retirement and Health Contributions	371,589	355,986
General Administration Expenses	(10,818)	(9,195)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(721,023)	(572,678)
Fair Value of Plan Assets (2)	2,998,581	2,646,999
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	2,277,558	2,074,321
Non-Transferable Benefits (4)	(624,502)	(404,727)
Asset Surplus over Total Benefits ((3)-(4)	1,653,056	1,669,594

As of 31 December 2020 and 31 December 2019, the distribution of the fair value of the total assets of the Pension Fund is as follows:

	31 December 2020	**31 December 2019**
Bank placements	2,804,241	1,119,326
Government bonds and treasury bills, fund and rediscount interest income	119,573	114,378
Tangible assets	-	1,278,238
Other	74,767	135,057
Toplam	**2,998,581**	**2,646,999**

Actuarial assumptions used in the calculation of liabilities excluding the period-based liabilities according to TAS 19 are as follows :

	31 December 2020	**31 December 2019**
Discount Rate	14.50%	12.51%
Expected Inflation Rate	10.03%	6.59%

As of 31 December 2020, health inflation is assumed to be above than 20% (31 December 2019: 20%). It is assumed that general wage increase and SSI ceiling increase rates will be the same as inflation. CSO 2001 (31 December 2019: CSO 2001) Female / Male mortality table was used to represent the expected mortality rates both before and after retirement.

d) Information on other provisions

	Current Period	**Prior Period**
Provision for Non-cash Loans	311,330	243,480
Provision for Legal Cases	93,625	52,635
Provision for Promotions of Credit Cards and Banking Services	11,935	12,936
Other	52,796	142,899
Total	**469,686**	**451,950**

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

I. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

8. Information on provisions: (continued)

d) Information on other provisions: (continued)

The following table is represented reconciliation on the provision for impairment of non-cash loans;

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2019	55,551	145,818	42,111	243,480
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(3,464)	22,238	-	18,774
- Stage 1 to Stage 3	(78)	-	1,489	1,411
- Stage 2 to Stage 3	-	(12,704)	85,543	72,839
- Stage 2 to Stage 1	3,162	(9,071)	-	(5,909)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	15,206	(213)	(35,539)	(20,546)
Collections	(17,063)	(21,075)	(5,780)	(43,918)
Currency differences	4,927	40,272	-	45,199
Total expected credit losses 31 December 2020	**58,241**	**165,265**	**87,824**	**311,330**

	Standard Loans (Stage 1)	Loans under close monitoring (Stage 2)	Non-performing loans (Stage 3)	Total
31 December 2018	50,741	104,222	47,696	202,659
Transfers;	-	-	-	-
- Stage 1 to Stage 2	(3,253)	30,060	-	26,807
- Stage 1 to Stage 3	(282)	-	6,045	5,763
- Stage 2 to Stage 3	-	(3,768)	31,155	27,387
- Stage 2 to Stage 1	2,084	(6,592)	-	(4,508)
- Stage 3 to Stage 2	-	-	-	-
Transferred within the period	28,313	34,932	(27,256)	35,989
Collections	(23,649)	(19,738)	(15,529)	(58,916)
Currency differences	1,597	6,702	-	8,299
Total expected credit losses 31 December 2019	**55,551**	**145,818**	**42,111**	**243,480**

9. Explanations on taxes payable:

a) Information on tax provision:

As of 31 December 2020, the Group's corporate tax provision is TL 171,984 (31 December 2019: TL 32,155). As of 31 December 2020, the Group's debt on total taxes and premiums is TL 343,527. (31 December 2019: TL 222,365)

b) Information on current tax liability:

	Current Period	Prior Period
Corporate Tax Payable	171,984	32,155
Taxation on Securities	45,038	70,139
Property Tax	1,223	2,569
Banking Insurance Transaction Tax (BITT)	53,917	61,088
Foreign Exchange Transaction Tax	4,556	2,430
Value Added Tax Payable	6,695	5,310
Other (*)	32,586	26,299
Total	**315,999**	**199,990**

(*) Others include income taxes deducted from wages amounting to TL 25,404 (31 December 2019: TL 20,576) and stamp taxes payable amounting to TL 1,784 (31 December 2019: TL 1,535).

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

9. Explanations on taxes payable: (continued)

c) Information on Premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	11,813	9,572
Social Security Premiums-Employer	13,052	10,641
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	997	809
Unemployment Insurance-Employer	1,666	1,347
Other	-	6
Total	**27,528**	**22,375**

d) Explanations on deferred tax liabilities, if any: The Group does not have any deferred tax liability of the Group as of 31 December 2020 (31 December 2019: None).

10. Information on fixed assets payables related to activities held and discounted for sale : None (31 December 2019: None).

11. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Parent Bank was issued Subordinated debt instrument on 5 November 2018, which has two Call Dates; falling on the fifth anniversary notes and the Interest Payment Date falling thereafter amounting USD210 million with the final maturity of 10 years. The interest rate of the issuance is 10.40% per annum and will be continued at the end of the 5th year with an annual interest rate of 6 months Libor + 7.32% after the first early redemption date. The "T2 capital" was provided by BNP Paribas Fortis SA / NV.

The Parent Bank, aligned its Board of Directors' decision dated 8 May 2012, had issued a debt instrument as T2 Capital Subordinated debt instrument with a value of USD 65 million on 14 May 2012 and the debt instrument was redeemed on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA). On 14 May 2019, the Parent Bank issued a subordinated debt securities with amount of 60 million EURO with the final maturity of 10 years, with no call till the 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling thereafter. The interest rate of the issuance is six months Euribor + 7.10% annually. The "T2 capital" was provided by BNP Paribas Fortis SA / NV.

On 20 July 2012, the Parent Bank had issued a debt instrument of EUR 100 million as T2 capital and the debt instrument was redeemed on 22 July 2019 after the decision of the relevant Board of Directors and the approval of the BRSA. On 22 July 2019, the Parent Bank issued a subordinated debt securities with amount of 100 million EURO, with the final maturity of 10 years, with no call till 5th anniversary of the notes. The Notes have two Call Dates, falling on the fifth anniversary notes and the Interest Payment Date falling thereafter. The interest rate of the issuance is six months Euribor + 7.10% annually. The "T2 capital" was provided by BNP Paribas Fortis SA / NV.

The Parent Bank issued subordinated debt instrument, which has early redemption right in 27 June 2023, with the final maturity of 10 years in the amount of EUR125 million in 27 June 2018. The interest rate of the issuance is 6 month Euribor + 5.10% per annum. The "T2 capital" was provided by BNP Paribas Fortis SA / NV.

The above mentioned four subordinated loans are utilized in-line with the "loan capital" definition of BRSA and will positively affect the capital adequacy ratio of the Parent Bank as well as utilizing long term funding.

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

11. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments to be Included in the Additional Capital Calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instrument to be Included in the Contribution Capital Calculation	-	4,194,951	-	3,190,503
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	4,194,951	-	3,190,503
Total	**-**	**4,194,951**	**-**	**3,190,503**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	4,194,951	-	3,190,503
From Other Foreign Institutions	-	-	-	-
Total	**-**	**4,194,951**	**-**	**3,190,503**

12. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common Stock	2,204,390	2,204,390
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases and their sources and other information on increased capital shares in current period: None

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent Bank's equity due to the uncertainty of these indicators:

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risk under control are testing with various simulation and these tests prevents the risks of effect. The profitability of the Parent Bank is followed up and estimated by the Parent Bank's Planning and Performance Management in short and long term. It is also reported to Asset-Liability Committee and other related organs. As result, current and future negative effect on equity is not occurred and expected.

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(149,198)	61,169	(3,538)	20,895
Foreign Exchange Difference	(122)	-	-	-
Total	**(149,320)**	**61,169**	**(3,538)**	**20,895**

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

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

13. Information on minority interest: As of 31 December 2020, part of the group equity that belongs to minority shares is TL 15,507 (31 December 2019: TL 9,406).

14. Information on factoring liabilities: As of 31 December 2020, group has factoring debt of TL 8,979 (31 December 2019: TL 812).

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	8,978,512	8,506,931
Loan Granting Commitments	5,736,570	5,234,372
Payment Commitment for Cheques	1,741,408	1,769,641
Asset Purchase and Sale Commitments	3,031,018	3,684,822
Time Deposits Purchase and Sale Commitments	94,524	759,924
Tax and Fund Liabilities from Export Commitments	47,494	71,566
Commitments for Promotions Related with Credit Cards and Banking Activities	5,767	4,975
Other Irrevocable Commitments	389,096	252,593
Total	**20,024,389**	**20,284,824**

b) Possible losses and commitments related to off-balance sheet items:

The Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Letters of Credit	5,025,525	2,623,851
Bank Acceptances	16,573	12,915
Other Commitments	3,976,672	5,031,959
Other Contingencies	1,043,082	1,153,720
Total	**10,061,852**	**8,822,445**

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	9,864,566	9,855,883
Advance Guarantee Letters	2,244,080	1,481,220
Guarantee Letters Given for Customs	481,964	429,999
Temporary Guarantee Letters	332,396	286,101
Other Guarantee Letters	1,260,388	1,499,122
Total	**14,183,394**	**13,552,325**

b) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Achieving Cash Loans	1,262,302	1,499,838
With Maturity of One Year or Less Than One Year	94,973	130,687
With Maturity of More Than One Year	1,167,329	1,369,151
Other Non-Cash Loans	22,982,944	20,874,932
Total	**24,245,246**	**22,374,770**

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

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

1. Information on off-balance sheet liabilities: (continued)

c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	20,404	0.28	22,980	0.14	33,515	0.37	30,972	0.23
Farming and raising livestock	18,338	0.25	22,980	0.14	20,044	0.22	30,972	0.23
Forestry	-	-	-	-	-	-	-	-
Fishery	2,066	0.03	-	-	13,471	0.15	-	-
Manufacturing	2,294,148	30.67	5,969,293	35.62	2,361,726	25.87	6,761,713	51.05
Mining and Quarry	106,832	1.43	295,929	1.77	123,105	1.35	672,430	5.08
Production	2,109,458	28.20	5,560,042	33.17	2,159,522	23.65	5,914,253	44.65
Electricity, Gas and Water	77,858	1.04	113,322	0.68	79,099	0.87	175,030	1.32
Construction	1,322,830	17.68	3,711,776	22.14	1,548,096	16.96	2,273,895	17.17
Services	3,605,121	48.19	5,095,080	30.38	5,132,770	56.22	4,116,286	31.08
Wholesale and Retail Trade	1,585,385	21.19	2,108,405	12.58	1,257,201	13.77	1,112,311	8.40
Hotel and Restaurant Services	121,734	1.63	105,933	0.63	133,984	1.47	71,748	0.54
Transportation and Communication	416,936	5.57	511,955	3.05	450,731	4.94	446,030	3.37
Financial Institutions	463,495	6.20	713,275	4.25	979,561	10.73	1,495,269	11.29
Real Estate and Renting	929,698	12.43	1,410,419	8.41	2,197,820	24.07	953,721	7.20
Self- employment Services	73,121	0.98	243,457	1.45	96,719	1.06	35,562	0.27
Education Services	5,517	0.07	336	-	6,349	0.07	178	-
Health and Social Services	9,235	0.12	1,300	0.01	10,405	0.11	1,467	0.01
Other	238,145	3.18	1,965,469	11.72	53,696	0.58	62,101	0.47
Total	**7,480,648**	**100.00**	**16,764,598**	**100.00**	**9,129,803**	**100.00**	**13,244,967**	**100.00**

c.3) Information on Stage 1 and Stage 2 non-cash loans:

Current Period	**Stage I**		**Stage II**	
Non-cash loans	**TL**	**FC**	**TL**	**FC**
Letters of guarantee	5,498,751	7,423,249	552,798	708,596
Bank acceptances	-	16,573	-	-
Letters of credit	-	4,893,122	-	132,403
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	1,393,047	3,439,901	36,052	150,754
Total	**6,891,798**	**15,772,845**	**588,850**	**991,753**

The Group provided a reserve for TL 263,951 (31 December 2019: TL 286,647) of non-cash loans not indemnified which equals to amounting to TL 87,824 (31 December 2019: TL 42,111).

Prior Period	**Stage I**		**Stage II**	
Non-cash loans	**TL**	**FC**	**TL**	**FC**
Letters of guarantee	5,763,173	6,558,086	717,216	513,850
Bank acceptances	-	12,695	-	220
Letters of credit	260	2,479,195	-	144,396
Endorsements	-	-	-	-
Underwriting commitments.	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	2,600,335	3,358,168	48,819	178,357
Total	**8,363,768**	**12,408,144**	**766,035**	**836,823**

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

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	80,856,033	78,045,061	-	-
Forward transactions	16,798,167	10,742,282	-	-
Swap transactions	58,803,224	58,730,372	-	-
Futures transactions	1,133,911	71,526	-	-
Option transactions	4,120,731	8,500,881	-	-
Interest related derivative transactions (II):	19,509,018	8,401,316	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	19,509,018	8,401,316	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	2,960,427	43,150	-	-
A. Total trading derivative transactions (I+II+III+IV)	**103,325,478**	**86,489,527**	**-**	**-**
Types of hedging transactions				
Fair value hedges	-	-	6,250,067	1,740,184
Cash flow hedges	-	-	17,757,374	24,213,951
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	**-**	**-**	**24,007,441**	**25,954,135**
Total Derivative Transactions (A+B)	**103,325,478**	**86,489,527**	**24,007,441**	**25,954,135**

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value by the Parent Bank.

i) Derivative instruments for fair value hedging purposes:

In 2020, the Parent Bank applied fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loans and marketable securities. As of 31 December 2020, the nominal value of the derivative instruments for risk management purposes is TL 6,250,067 and the net fair value is TL 363,278.

	Current Period			Prior Period		
		Fair Value			Fair Value	
	Nominal	Asset	Liability	Nominal	Asset	Liability
Cross Currency Swaps	6,250,067	447,376	84,098	1,740,184	21,136	-
Interest Rate Swaps	-	-	-	-	-	-
Total	**6,250,067**	**447,376**	**84,098**	**1,740,184**	**21,136**	**-**

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

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

2. Information related to derivative financial instruments: (continued)

ii) Derivative instruments for cash flow hedge purposes:

The Parent Bank has applied cash flow hedge accounting by matching its swap portfolio with total notional amounting to TL 17,757,374 (31 December 2019: TL 24,213,951) and 1-90 days of maturity deposit portfolio together with selected borrowing portfolio. Effective portion of TL 283,380 (31 December 2019: TL 1,112,750 credit) credit accounted for under equity is presented after deducting its deferred tax effect of TL 56,676 (31 December 2019: TL 226,000 debit) debit in the financial statements. In 2020, ineffective portion of TL 18,266 (31 December 2019: TL 20,286) income is accounted for under income statement.

	Current Period			Prior Period		
		Fair Value			Fair Value	
	Nominal	**Asset**	**Liability**	**Nominal**	**Asset**	**Liability**
Cross Currency Swaps	4,852,334	615,008	471,891	7,611,850	218,639	875,965
Interest Rate Swaps	12,905,040	35,134	526,847	16,602,101	1,732	1,049,009
Total	**17,757,374**	**650,142**	**998,738**	**24,213,951**	**220,371**	**1,924,974**

3. Credit derivatives and risk exposures on credit derivatives: None.

4. Explanations on contingent liabilities and assets

a) a.1) The Group's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.

a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2020, there are no contingent assets that need to be explained (31 December 2019: None).

b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes. The Bank and financial institution subject to consolidation have provided provision amounting to TL 93,625 for various lawsuits filed by various individuals and institutions with high probability of occurrence and cash outflow. This amount is presented under index "Other Provisions" in the financial statements.

5. Custodian and intermediary services:

The Group provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2020, the total nominal value and number of certificates are TL 4,218,738 and 4,218,738 (31 December 2019: TL 7,318,390 and 7,318,390) and the total fair value is TL 4,310,479 (31 December 2019: TL 4,864,848).

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items (Continued)

6. The information on the banks' rating by the international rating introductions (*):

TEB maintained its position as one of the most highly rated banks in Turkey. As of 31 December 2020, TEB's ratings were as follows:

Moody's Investor Services:

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Deposits	B2
Short Term FC Deposits	NP
Long Term TL Deposits	B1
Short Term TL Deposits	NP
Outlook	Negative

Fitch Ratings:

Foreign Currency	
Long-term	B+
Short-term	B
Outlook	Negative
Turkish Lira	
Long-term	BB-
Short-term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Financial Strength	b+

(*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

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

IV. Explanations and Disclosures Related to the Consolidated Statement of Income

1. Explanations on Interest Income

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income on loans (*)				
Short Term Loans	3,378,061	221,584	4,632,277	356,415
Medium and Long Term Loans	4,697,498	242,614	5,137,129	269,578
Interest on Loans under Follow-Up	142,039	-	229,865	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**8,217,598**	**464,198**	**9,999,271**	**625,993**

(*) Includes fees and commissions obtained from cash loans amounting to TL 153,388 (31 December 2019: TL 225,870)

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	22,728
Domestic Banks	161,918	496	143,925	3,097
Foreign Banks	3,470	7,890	15,024	51,081
Branches and Head Office Abroad	-	-	-	-
Total	**165,388**	**8,386**	**158,949**	**76,906**

c) Information on interest income on marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Valued at Fair Value Through Profit or Loss	135,137	43,247	159,911	27,970
Financial Assets at Fair Value Through Other Comprehensive Income	708,398	91,874	282,917	48,203
Financial Assets at Amortized Cost	1,078,923	90,253	571,203	41,639
Total	**1,922,458**	**225,374**	**1,014,031**	**117,812**

d) Information on interest income on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

2. Explanations on Interest Expense

a) Information on interest expense on funds borrowed (*):

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	81,025	4,145	81,387	16,117
Foreign Banks	50,835	455,495	70,102	459,674
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	**131,860**	**459,640**	**151,489**	**475,791**

(*) Includes fees and commission expenses related to cash loans amounting to TL 10,870 (31 December 2019: TL 23,055).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

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

IV Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

2. Explanations on Interest Expense (continued)

c) Information on interest expense on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	454,149	-	514,885	-
Total	**454,149**	**-**	**514,885**	**-**

d) Distribution of interest expense on deposits based on maturity of deposits:

Current Period:		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	Total
TL								
Bank Deposits	-	178,541	-	-	-	-	-	178,541
Saving Deposits	-	1,219,565	862,589	14,228	4,701	14,788	-	2,115,871
Public Sector Deposits	-	2,002	17,514	768	-	-	-	20,284
Commercial Deposits	-	457,318	599,495	20,442	210	4,987	-	1,082,452
Other Deposits	-	11,147	141,728	4,119	7	36	-	157,037
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**-**	**1,868,573**	**1,621,326**	**39,557**	**4,918**	**19,811**	**-**	**3,554,185**
FC								
Foreign Currency Deposits	9	19,810	103,064	1,179	510	987	-	125,559
Bank Deposits	-	285	-	-	-	5	-	290
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	238	2,432	470	2,249	1,569	-	6,958
Total	9	20,333	105,496	1,649	2,759	2,561	-	132,807
Grand Total	**9**	**1,888,906**	**1,726,822**	**41,206**	**7,677**	**22,372**	**-**	**3,686,992**

Prior Period:		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	Total
TL								
Bank Deposits	-	39,449	-	-	-	-	-	39,449
Saving Deposits	9	1,595,995	1,948,510	137,972	45,953	35,407	-	3,763,846
Public Sector Deposits	-	4,463	6,465	2,174	-	-	-	13,102
Commercial Deposits	235	463,361	530,438	54,558	31,676	46,726	-	1,126,994
Other Deposits	-	7,238	158,706	14,990	73,986	4,870	-	259,790
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**244**	**2,110,506**	**2,644,119**	**209,694**	**151,615**	**87,003**	**-**	**5,203,181**
FC								
Foreign Currency Deposits	-	95,599	304,254	5,303	4,492	3,929	-	413,577
Bank Deposits	-	8,327	-	-	-	-	-	8,327
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	1	682	12,328	1,108	3,037	1,128	-	18,284
Total	**1**	**104,608**	**316,582**	**6,411**	**7,529**	**5,057**	**-**	**440,188**
Grand Total	**245**	**2,215,114**	**2,960,701**	**216,105**	**159,144**	**92,060**	**-**	**5,643,369**

3. Information on dividend income:

	Current Period	Prior Period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	3,557	1,326
Other	-	-
Total	**3,557**	**1,326**

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

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

4. Information on trading gain/loss (Net):

	Current Period	Prior Period
Gains	**61,968,025**	**34,035,854**
Gains on capital market operations	295,308	449,304
Gains on derivative financial instruments (1)	15,988,223	14,066,366
Foreign exchange gains	45,684,494	19,520,184
Losses (-)	**63,704,662**	**35,045,971**
Losses on capital market operations	347,791	323,954
Losses on derivative financial instruments (1)	17,047,618	14,978,565
Foreign exchange losses	46,309,253	19,743,452

(1) Includes exchange rate fluctuations of hedging transactions net profit of TL 801,149 (31 December 2019: TL 142,065 profit), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 235,299 (31 December 2019: TL 343,138) net exchange income.

5. Information on other operating income:

Other operating income of the Group mainly consists of all transaction costs collected from clients and disposal of assets.

6. Provision expenses of banks for loans and other receivables:

a) Expected Credit Losses and Other Provisions:

	Current Period	Prior Period
Expected Credit Losses	752,055	1,407,353
12-Month Expected Credit Losses (Stage 1)	(14,561)	41,424
Significant Increase in Credit Risk (Stage 2)	346,048	65,672
Credit-Impaired (Stage 3)	420,568	1,300,257
Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Others(1)	(22,683)	89,173
Total	**729,372**	**1,496,526**

(1) Includes the remaining provision amounting to TL 53,259 (31 December 2019: TL 19,708).

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits (1)	30,661	19,725
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	943	-
Depreciation expenses of fixed assets	246,882	228,698
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Depreciation expenses of intangible assets	77,833	72,141
Impairment for investments accounted with equity method		
Impairment expenses of assets to be disposed	(5,269)	4,467
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	1,125,161	1,093,597
Rent expenses related to TFRS16 Exceptions (2)	36,525	55,262
Maintenance expenses	37,604	38,525
Advertisement expenses	59,954	68,282
Other expenses	991,078	931,528
Loss on sales of assets	6,581	10,778
Other (3)	458,443	355,443
Total	**1,941,235**	**1,784,849**

(1) The provision for employment termination benefits is included in the personnel expenses item in the financial statements.

(2) Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 191,325 (31 December 2019: TL 142,295) and other taxes and fees paid in the amount of TL 179,916 (31 December 2019: TL 149,358).

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

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

8. Information of the profit/loss on continued and discontinued operations before tax:

a) The portion of the profit before tax amounting to TL 6,253,166 (31 December 2019: TL 5,564,713) consists of net interest income, while TL 1,331,799 (31 December 2019: TL 1,582,629) consists of net fee and commission income; total operating expenses amount to TL 3,574,990 (31 December 2019: TL 3,282,841).

b) Explanations on discontinued operations profit loss: None.

9. Information on tax provision for continued and discontinued operations:

a) As of 31 December 2020, the current tax expense is TL 523,814 (31 December 2019: TL 541,836) Deferred tax income is TL 115,800 (31 December 2019: TL 177,232), and there is no current and deferred tax income/expense from discontinued operations. (31 December 2019: None).

b) Deferred tax income on temporary differences resulted from continued operations is TL 115,800 (31 December 2019: TL 177,232).

c) Tax reconciliation:

	Current Period	Prior Period
Profit Before Taxes	**1,676,920**	**1,491,793**
Additions	**182,091**	**164,948**
Nonallowable Expenses	52,398	97,622
The Effect of Different Tax Rates	86,615	33,200
Other	43,078	34,126
Deductions	**(3,834)**	**(974)**
Dividend Income	(3,834)	(974)
Taxable Profit/Loss	**1,855,177**	**1,655,767**
Corporation Tax Rate	22%	22%
Calculated Tax	**408,139**	**364,269**
Prior Year Tax Correction	(125)	335
Tax Charge	**408,014**	**364,604**

10. Information on net profit/loss on continued and discontinued operations before tax:

Net profit of the Group from the activities carried out as of 31 December 2020 TL 1,268,906 (31 December 2019: TL 1,127,189), as of 31 December 2020 there is no net profit from discontinued operations (31 December 2019: None).

11. The explanations on net income/loss for the period:

a) 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: None (31 December 2019: None).

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2019: None).

c) Profit/loss attributable to minority interest:

	Current Period	Prior Period
Minority interest profit/loss	6,151	2,223

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

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

12. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items:

	Current Period	Prior Period
Other Interest Income		
Interest Received from Factoring Transactions	196,519	219,332
Other	22,452	33,889
Total	**218,971**	**253,221**

	Current Period	Prior Period
Other Fees and Commissions Received		
Credit Card Fee and Commissions	798,924	1,313,155
Insurance Commissions	262,964	185,916
Brokerage Commissions	170,741	60,045
Funds Management Fees	85,505	53,785
Early Closing Commissions	76,263	62,993
General Limit Revision Commissions	49,332	45,680
Transfer Commissions	48,859	39,659
Settlement Expense Provision, Eft, Swift, Agency Commissions	35,178	48,769
Periodic Service Commission	28,225	166,434
Consultancy Commission	9,535	7,685
Other	131,948	201,128
Total	**1,697,474**	**2,185,249**
Other Fees and Commissions Given		
Credit Cards Commissions and Fees	418,324	701,669
Commissions and Fees Paid to Correspondent Banks	62,254	58,762
Settlement Expense Provision, Eft, Swift, Agency Commissions	33,471	25,813
Other	104,669	95,761
Total	**618,718**	**882,005**

V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity

a) The effect of changes in the fair value of financial assets at fair value through profit or loss is recognized in the "Marketable Securities Valuation Differences" account under the equity. The relevant amount is decreased by TL 132,450 (31 December 2019: TL 201,511 increased) and change effect to deferred tax is TL 27,057 (31 December 2019: TL 44,328).

b) Increase in cash flow risk hedging items:

The Parent bank uses interest rate and cross currency swaps for reducing cash flow risk arising from short term deposit and borrowing. In this context, the effective portion is accounted for under equity in "Hedging Funds" account. The related amount in 2020 decreased by TL 829,371 (31 December 2019: TL 1,463,374 decreased) and the effect of this change to deferred tax is TL 169,324 (31 December 2019: TL 302,891).

c) Explanations on profit distribution:

It has been resolved in the Ordinary General Assembly dated 26 March 2019 of the Parent Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as special reserves,TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

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

VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows

1. The effect of other items in the Statement of Cash Flows and the change in the exchange rate on cash and cash equivalents:

"Other items" amounting to TL 2,439,324 (31 December 2019: TL 2,324,255) in "Operating profit before changes in operating assets and liabilities" consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

The "net increase in other liabilities" item in the "change in assets and liabilities subject to banking activities "amounting to TL 1,012,184 (31 December 2019: TL 1,457,315 increased) consists of various liabilities, other foreign sources and changes in money markets. "Net decrease in other assets" item amounting to TL 1,111,815 (31 December 2019: TL 251,877 increased) consists of changes in blocked reserve requirements, miscellaneous receivables and other assets.

"Other" item amounting to TL 89,347 (31 December 2019: TL 101,287) in "Net cash provided from investment activities" consists of cash outflows for intangible assets received in the current period.

The effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange rate difference resulting from the conversion of foreign currency cash and cash equivalents to TL the beginning and end of the period and as TL 1,432,624 for the year 2020 (31 December 2019: TL 475,011). It has been realized.

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	**Current Period**	**Prior Period**
Cash	**6,936,878**	**8,834,731**
Cash in TL/Foreign Currency	2,441,970	2,006,466
Central Bank – Unrestricted amount	4,229,448	6,721,963
Other	265,460	106,302
Cash equivalents	**9,415,576**	**4,225,423**
Banks	8,575,535	3,943,831
Money market placements	840,041	281,592
Total cash and cash equivalents	**16,352,454**	**13,060,154**

End of the period	**Current Period**	**Prior Period**
Cash	**10,125,205**	**6,936,878**
Cash in TL/Foreign Currency	2,331,352	2,441,970
Central Bank – Unrestricted amount	7,605,582	4,229,448
Other	188,271	265,460
Cash equivalents	**12,777,282**	**9,415,576**
Banks	6,599,282	8,575,535
Money market placements	6,178,000	840,041
Total cash and cash equivalents	**22,902,487**	**16,352,454**

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

VII. Explanations and Disclosures Related to Risk Group of the Parent Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

Balance sheet items and income/expense items of previous periods are presented as of 31 December 2019.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	19,196	182,856	393,152	101,145
Balance at End of Period	-	-	161,422	438,193	810,094	89,477
Interest and Commission Income	-	4	7,596	2,125	16,452	629

Direct and indirect shareholders of the Group balance above includes TL 161,422 and other entities included in the risk group balance above includes TL 76,533 placement in "Banks".

b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of period	-	-	75,725	260,569	423,513	20,136
Balance at End of Period	-	-	19,196	182,856	393,152	101,145
Interest and Commission Income	-	-	29,774	2,541	12,627	1,140

Direct and indirect shareholders of the Group balance above includes TL 17,600 and other entities included in the risk group balance above includes TL 63,260 placement in "Banks".

c) c.1) Information on related party deposits balances:

Related parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
Deposits	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at Beginning of Period	-	-	3,313,150	1,497,789	648,747	1,055,942
Balance at End of Period	1	-	5,596,710	3,313,150	1,281,302	648,747
Interest on Deposits	-	-	162,488	90,121	39,047	92,318

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss						
Beginning of Period	-	-	29,930,097	28,512,967	913,846	1,210,586
End of Period	-	-	18,396,561	29,930,097	284,453	913,846
Total Profit/Loss	-	-	(1,106,802)	1,403,566	(23,948)	(14,335)
Hedging Transactions Purposes						
Beginning of Period	-	-	17,648,505	17,581,390	-	-
End of Period	-	-	10,139,721	17,648,505	-	-
Total Profit/Loss	-	-	949,648	(1,209,539)	-	-

d) As of 31 December 2020, the total amount of remuneration and fees provided for the senior management of the Group is TL 62,363 (31 December 2019: TL 55,385).

VIII. Explanations on the Parent Bank's Domestic, Abroad, Off-Shore Branches or Subsidiaries, and Agencies Abroad

1. Explanations on the Parent Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Numbers	Employees	Country	Total Assets	Capital
Domestic branches	451	8,778			
Rep-offices abroad	-				
Branches abroad	4	72	Cyprus	1,198,195	20,000
Off-shore branches	-		-		-

2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:

In the year 2020, the Parent Bank closed 16 branches, there are no branches opened during the year.

IX. Explanations on Significant Events and Matters Arising Subsequent to Balance Sheet Date

None.

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on Activities of the Parent Bank

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The consolidated financial statements of the Group were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor's audit report dated 5 February 2021 is presented preceding the consolidated financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors

None.