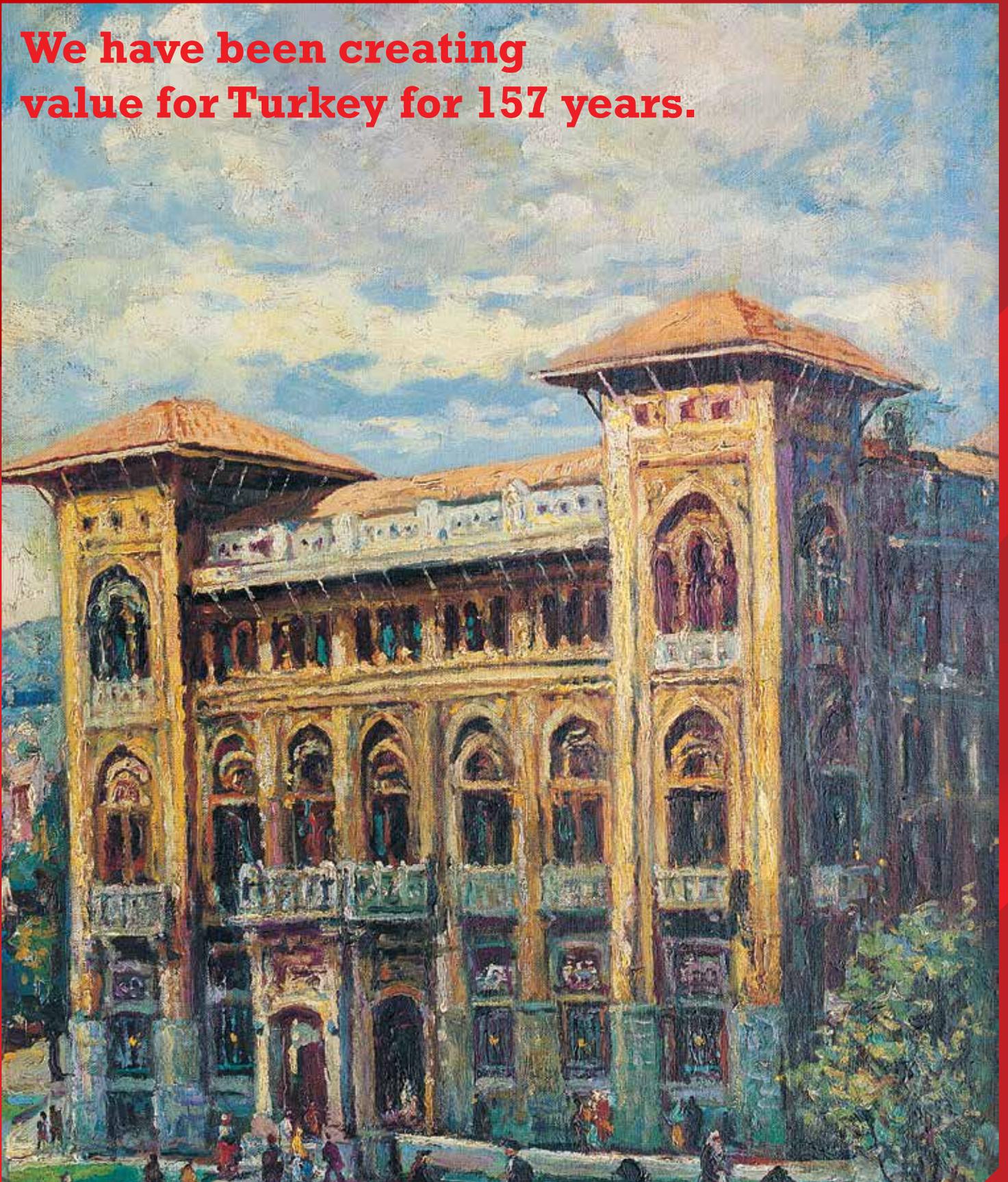


**We have been creating
value for Turkey for 157 years.**



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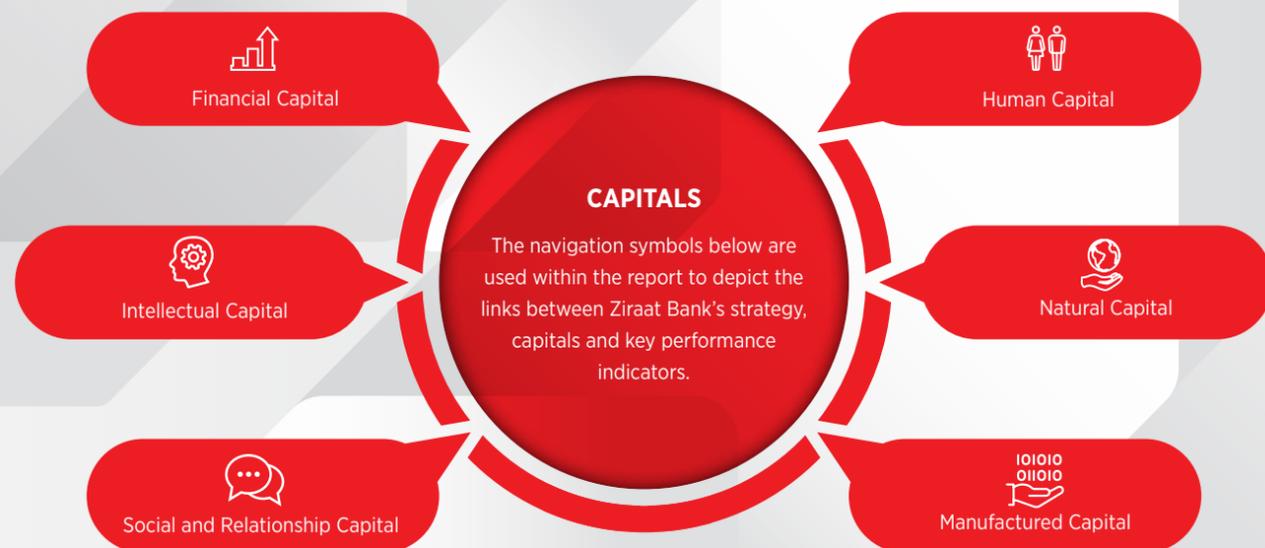
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NAVIGATION OF THE REPORT



Your comments are invaluable.

We would like to continue disclosing transparent and reliable information for our stakeholders. Your views on how we can further improve our report in the future will guide us.

Please share your ideas via

sustainability@ziraatbank.com.tr

Page reference

Information accessible from internet

ABOUT THE REPORT

SCOPE OF THE REPORT

The integrated annual report addresses the economic, environmental and social performance of Ziraat Bank for the period between January 1, 2020 and December 31, 2020 under a holistic approach. The report includes information regarding the Bank's banking activities and its domestic and international subsidiaries.

The report sets out Ziraat Bank's corporate strategy, foresight and goals for the future, and its ability to create long-term value in a multifaceted and integrated perspective.

The report of is in compliance with the minimum annual reporting requirements of Banking Regulation Surveillance Association (BRSA) and Turkish Commercial Law legal frameworks.

The integrated annual report is prepared in compliance with the International Integrated Reporting Framework recommended by IIRC and "Core" Option of GRI Standards published by Global Reporting Initiative (GRI). Content of the report is compiled in accordance with the content determination methods described in GRI standards, mainly with materiality analysis. Performance indicators are presented mainly in the context of "GRI Standards" disclosures.



Ziraat Bank's activities which are considered to contribute to the SDGs within the scope of its service cycle are addressed in detail in various sections of this report. The colored SDGs shown in the infographic below indicate the ones which are prioritized by Ziraat Bank.



The 2020 integrated annual report includes detailed information on Ziraat Bank's governance approach, sustainability approach, interaction with its stakeholders, priority issues and the economic, social and the environmental value which it generates. In the report, the Bank's activities are covered within the framework of six different capital items in parallel with the classification of capital items proposed by the International Integrated Reporting Council (IIRC). Furthermore, within the scope of the United Nations Sustainable Development Goals (SDG), elements directly or indirectly contributed by the Bank have been identified and reflected in the report.

The financial indicators in the report are derived from data disclosed in Ziraat Bank's independently audited, solo and consolidated financial statements.

PERIOD OF THE REPORT

This report, unless otherwise stated, covers the period between January 1, 2020 and December 31, 2020.

The data contained in this report constitutes benchmarking criteria for the integrated annual reports which Ziraat Bank will publish in the coming periods.

REPORTING CYCLE

Ziraat Bank publishes its Integrated Annual Report on an annual basis. The Bank plans to report its activities annually in the following years.

THE COVER PAINTING

İbrahim Safi
Ziraat Bank Headquarters Building
Oil painting, 50x70 cm



İbrahim Çallı - Harman (Harvest)

(1882-1960) He entered to Sanayi-i Nefise Mekteb-i Ali (school of fine arts) in 1906 and became a student of masters such as Salvator Valeri, Warnia and Zarzecki. His work named "Harman (Harvest)", which belongs to the Ziraat Bank Art Collection and dated to 1928, has a different significance because it is the only work among Çallı's paintings that has the largest dimensions. The importance of the work is also reinforced by the choice of subject. The meaning of inclusion peasant and village life among Çallı's compositions is to emphasize the importance of social development meeting with agriculture.

Oil on canvas, 1928, 450x530 cm.



We create value
for a sustainable
world.

ZİRAAT BANK PAINTING COLLECTION

For art, in art

Ziraat Bank has supported economic and social development on the basis of integration with the public since the early years of the Republic, and always served as an example and a pioneer by overcoming the various problems and challenges in the first years of the Republic. Representing the action program which was behind Turkey's economic development in an architectural monument with the construction of the Ulus Headquarters Building, Ziraat Bank views its contribution to the cultural, artistic and social development of our country as one of its main duties.

Collecting works of art with an awareness of collecting since its foundation, Ziraat Bank has succeeded in bringing together an artistic accumulation which we can be proud of on behalf of our country. The Ziraat Bank Collection, which covers all fields of fine arts and includes works of art created in line with the trends which have passed since its establishment, is of tremendous importance with its quality which documents the history of art in our country.



Bringing contemporary and creative strength to our society with art

In order to share works of art by carrying them outside the institution and to make art accessible, since 1926 Ziraat Bank has integrated its support to art and artists with the slogan "For art, in art", and for this purpose, works of art in the collection have been placed on exhibition at various times, as well as art galleries which were opened for art lovers.

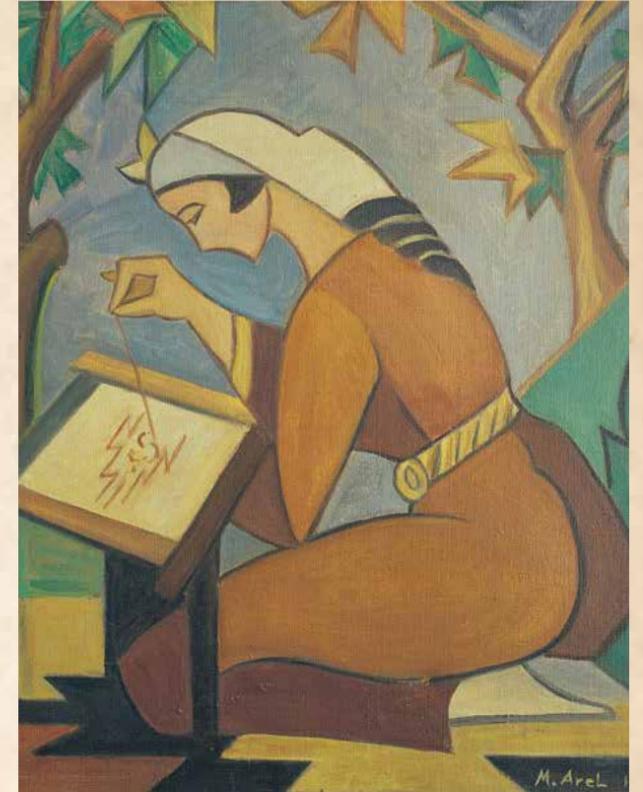
The oldest of these works, whose transformation into a collection spans a wide period of time, is the oil painting dated 1897 named "Otlak (Pasture)", bearing the signature of Hadfiela Cubley. The painting, named "Çulha (Weaver)", by Mehmet Ruhi Arel, completed in 1926, was brought from the Kütahya Branch and started to be exhibited in the Bank's Museum. On the other hand, the oil painting, "Gazi Mustafa Kemal Çiftçiler Arasında (Gazi Mustafa Kemal Among Farmers)" (450x500 cm) by the painter Namık İsmail, which was commissioned to be placed in the stairwell of the Ankara Head Office Building, dates back to 1929. The painting, "Harman (Harvest)", located in the building's hall of honor and bearing the signature of İbrahim Çallı, is a specially made masterpiece with a size of 450x530 cm.

The Ziraat Bank Collection includes the works of artists who follow modernism trends from romantic landscape sensibility to impressionist and symbolist interpretations; from expressionist approaches to the pursuit of cubism, breakthroughs which the Paris School added to the abstract movement, tainted abstractions and geometric abstract expressions to compositions based on traditional sources, and from social realities to modern breakthroughs.



The works of masters such as the Artists of the Ottoman Painters Union, Hoca Ali Rıza (1864-1930), Mehmet Ruhi Arel (1880-1931), Mehmet Ali Laga (1878-1947), Şevket Dağ (1876-1944), Feyhaman Duran (1886-1970), Hikmet Onat (1882-1977), Hayri Çizel (1891-1950), Hasan Vecih Bereketoğlu (1895-1971), Ali Rıza Beyazıt (1883-1964), İbrahim Safi (1889-1983), Eşref Üren (1897-1984), Cemal Tollu (1899-1968), Nurullah Berk (1906-1982), Nuri İyem (1915-2005) and Bedri Rahmi Eyüboğlu (1913-1975) are considered among the most valuable masterpieces in the Collection.

The Ziraat Bank Collection also includes universal sculptures by Kuzgun Acar, the famous artist of the abstract period of Turkish Sculptural Art, with abstract compositions which push the boundaries of material, technique and design; as well as Hüseyin Gezer's abstract geometric figurative interpretations, Eyüp Öz's sculptures which present an abstract depiction of the women's world, Bihrat Mavitan's relief-sculpture samples and Remzi Savaş's material-sculptures emphasizing the materialist structure of weight measurements.



ZİRAAT BANK PAINTING COLLECTION



The Collection carefully archives the works of the Turkish Painters of the Republican Period and hundreds of artists who have produced works in abstract form, a figurative understanding of art, social realist, surrealist, naive and smudge works and also have works in the new figuration tendency and the pop genre and produced works in their own unique styles since 1950. The Collection also offers reproductions and calendars with prints and carries out all kinds of activities which support the promotion of our culture and illustrates the historical development of Turkish painting and sculpture art dating back 300 years.

Ziraat Bank Art Galleries

Painting and sculptural exhibitions are displayed in Tünel in İstanbul, and in the Kuğulu and Çukurambar Art Galleries in Ankara. Reaching more than 2,500 works, the works bought from these exhibitions, which are mostly oil paintings in addition to watercolours, gouache, pastel, prints, ceramics and sculptures, continue to enrich the Ziraat Bank Art Collection.

Turkey's First Banking Museum

The Ziraat Bank Museum is the first banking Museum in Turkey, exhibiting the long history of Ziraat Bank, which has witnessed almost every stage of the Republic.

The Ziraat Bank Museum was opened in 1981 in the Honor Hall on the ground floor of the Ziraat Bank General Directorate Building. The building was built in 1929 by the Italian architect, Giulio Mongeri, in the Ulus district of Ankara, and is one of the structures of the First National Architectural Period. The museum aims to carry the Bank's know-how and experience to the future.

The Ziraat Bank Museum demonstrates the commercial, economic, political, cultural, artistic and educational changes of the Turkish banking system from its beginnings right up to the present day, as well as the progress made over the years from the past to present, and it exhibits several antique artifacts which represent these features and which were once used in the banking system, in a historic setting.

After the completion of the restoration work on the historic building, which started in 2017, the Ziraat Bank Museum was expanded with the inclusion of the basement on the ground floor and enriched with digital elements in line with the approach of being a modern museum, and the revamped museum opened its doors to visitors again in November 2019.



CORPORATE PROFILE

Providing extensive, reliable and quality service in Turkey and the world, Ziraat Bank contributes to the development of the Turkish economy and the Turkish banking industry by keeping on course to achieve its corporate goals identified in its strategic road map.

ZİRAAT BANK - MORE THAN JUST A BANK...

Ever since its incorporation in 1863, Ziraat Bank has provided resources to all segments of the economy with its activities under its primary mission of financing agriculture and securing its position as one of the country's strongest supporters of development.

Generating effective financial solutions to meet all financial requirements of farmers, first and foremost, as well as merchants, business people, industrialists, entrepreneurs, pensioners and employees, the Bank has increased its competitive clout with its capability to provide end-to-end financial services. Ziraat Bank deploys its competitive clout for the benefit of the national economy and to financial solutions which offer value to its customers from all segments.

Ziraat Bank commands an extensive portfolio of domestic and international affiliates engaged in the areas of banking, investment services, portfolio management, venture capital, real estate investment trust and financial technologies.

With the most extensive service network in the Turkish banking industry, Ziraat Bank provides services as the one and only bank in almost 400 districts and sub-districts throughout Turkey.

Ziraat Bank offers its customers superior and high-quality services in the fields of corporate, SME and retail banking with;

- 1,752 branches in Turkey and abroad,
- 24,673 employees,
- 7,278 ATMs in Turkey and abroad
- Internet Banking services (Retail and Corporate Internet Banking),
- Mobile Banking services (Ziraat Mobile, Ziraat Tablet),
- Telephone and SMS Banking.

In line with its strategy, the Ziraat Finance Group generates integrated solutions with domestic and international subsidiary banks, branches and financial entities in order to meet the financial requirements of Ziraat customers as a whole, offering these solutions to its customers in the most efficient manner by taking advantage of the economies of scale which come with being a finance group. Operating from 113 locations in 18 countries around the world, the Bank has a broad service network, consisting of 9 international and 6 domestic subsidiaries, administrative offices in 3 countries, 24 foreign branches and 1 representative office.

Ziraat Bank expanded its total assets by 45% YoY in 2020 to reach TL 943 billion through its banking activities carried out in the challenging conditions of 2020.

The Bank will continue to generate more for its customers and employees and contribute to the development of the Turkish economy and the Turkish banking industry, keeping on course to achieve its corporate goals in the coming period with its hard work.

Ziraat Bank's Shareholder Structure

The Turkey Wealth Fund is the Bank's sole shareholder. Neither the Chairman or the Members of the Board of Directors, nor the members of the Audit Committee or the CEO or Deputy Chief Executives have any shareholding in the Bank.

OUR VISION-OUR MISSION-OUR STRATEGIES

OUR VISION

To be a leading bank which is respected and commands a high market value

To be a bank that is universal, respected and has high market value; a bank that provides extensive, reliable service everywhere in Turkey and the world at the same quality, and meets the needs of every segment; a bank that sees its customers and human resources as its most valuable asset; a bank that continuously makes a difference and creates value in a way that befits its deep-rooted past; a bank that promises more from a bank at every stage and serves as a model for its competitors.

OUR MISSION

To be a bank that values customer satisfaction above all else

To be a bank that understands customer needs and expectations, thereby offering them the best solutions and value recommendations from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with sustainable profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be more important than anything else.

OUR STRATEGIES

- Sustaining to be a pioneer in the sector with its customer-oriented robust balance sheet and business model,
- Banking for everyone, to be the Bank of whole Turkey,
- Providing digital solutions to customers by using advanced technologies,
- Providing excellent customer and employee experience by consistently improving processes,
- Contributing to employee development and loyalty with learning organization principles and investing in human resources,
- Maximizing customer satisfaction by producing integrated financial solutions in all countries where it operates as Ziraat Finance Group,
- Integrating environmental and social risk governance principles into the business model.

KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)

Registering a growth of 45%, Ziraat Bank’s total assets reached TL 943 billion in 2020.

ECONOMIC INDICATORS			
(TL million)	2019	2020	(%) Change
Liquid Assets	57,389	91,038	58.6
Securities Portfolio	130,335	225,621	73.1
Cash Loans	447,983	600,660	34.01
Deposits	447,251	629,874	40.8
Non-deposit Sources	106,476	180,754	69.8
Shareholders’ Equity	70,065	93,278	33.1
Interest Income	65,602	69,476	5.9
Interest Expense	40,290	34,862	-13.5
Net Profit/Loss	6,187	7,825	26.5
Total Assets	649,756	942,601	45.1

ZİRAAT BANK’S MARKET SHARES

Market Share (%)	2019	2020
Total Assets	14.5	15.4
Securities Portfolio	18.8	20.8
Cash Loans	15.6	15.8
Deposits	16.6	17.4
Non-deposit Sources	10.4	12.3
Shareholders’ Equity	14.2	15.6

Ziraat Bank’s Market Shares

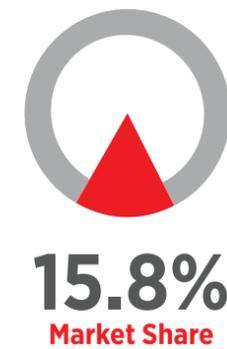
TOTAL ASSETS (%)



SECURITIES PORTFOLIO (%)



CASH LOANS (%)



DEPOSITS (%)



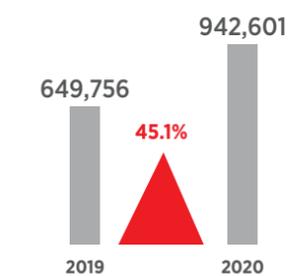
NON-DEPOSIT SOURCES (%)



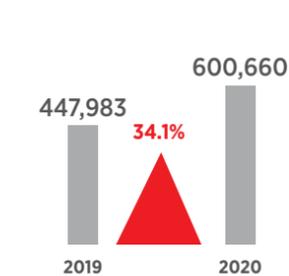
SHAREHOLDERS’ EQUITY (%)



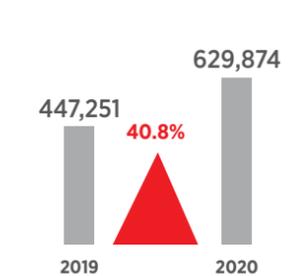
TOTAL ASSETS (TL million)



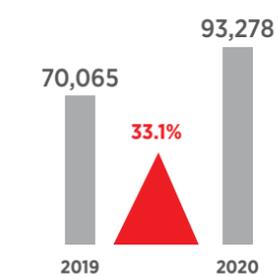
CASH LOANS (TL million)



DEPOSITS (TL million)



SHAREHOLDERS’ EQUITY (TL million)



KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)

ENVIRONMENTAL INDICATORS

GHG Emissions Intensity
(tCO₂e/ TL million Turnover)
0.08

Waste IT Sent for Recycling
(kg)
10,660
(2,870 units)

Decrease in Total Greenhouse Gas Emissions
11%

Waste Paper Sent for Recycling
(tons)
955

Project Finance Compliant with Environmental and Social Criteria

Ziraat Bank conducts risk assessments taking into account environmental and social risks within the scope of project financing. The Bank adds commitments to compliance with IFC Performance Standards, EBRD Performance Standards and the Equator Principles in the evaluation of loan agreements.

Zero Waste Management

Ziraat Bank carries out work on the establishment and implementation of the Zero Waste Management System. In this context, all service buildings of the Bank throughout the country were defined as separate "Facilities" in the Integrated Environmental Information System (EÇBS) put in place by the Ministry of Environment and Urbanization.

SOCIAL INDICATORS

Human Resources and Training

Number of Bank Employees
24,673

Total Number of Ziraat Finance Group Employees
28,389

New Hires in 2020
674

Number of Digital Training Items Assigned per User
1,360

Corporate Social Responsibility

Number of art works in Ziraat Bank's Painting Collection
2,500 +

Ziraat Bank Museum

Ziraat Turkish Cup

Ziraat Volleyball Team

Ara Güler Retrospective
(England, France, Japan, USA, Italy and Somalia)

Devrim Erbil "New Paintings-New Touches" painting exhibition

Brand and Reputation Management

Numerous Corporate and Thematic Advertising Films
Customer Satisfaction Survey

Ziraat Bank on social networks (as of 2020)

More than 2,300,000 likes and followers on Facebook
More than 450,000 followers on Twitter
More than 200,000 followers on Instagram
More than 80,000,000 views on YouTube

MILESTONES IN THE HISTORY OF ZİRAAT BANK

Ziraat Bank is the driving force of the banking industry and the most important building stone in its development.

1863-1888

- On 20 November 1863, Mithat Paşa spearheads the establishment of Memleket Sandıkları (Homeland Funds) in the town of Pırot, which later served as the core from which Ziraat Bank grew.
- Turkey's first statutorily regulated credit system is launched.
- Mithat Paşa's Homeland Funds are reconstituted as Menafi Sandıkları (Benefit Funds) to become stronger and more sustainable.
- Ziraat Bank's Headquarters are opened in İstanbul.

1889-1913

- Ziraat Bank extends credit to the Imperial Treasury for the first time.
- Ziraat Bank supplies credit to supply grain to needy refugees and others in drought-stricken İzmit.
- A project to fund purchases of European agricultural equipment using Ziraat Bank's capital is studied.
- Ziraat Bank offices are opened in Kerek, İpek, Prizren, Timişoara and Karacasu.
- Ziraat Bank provides drought-stricken Kosovo farmers with low-cost credit on convenient terms.
- Ziraat Bank opens a branch in Medina.
- Ziraat Bank branches open in Baghdad and Basra.
- Ziraat Bank branches provide earthquake-stricken farmers with loans.

1914-1938

- Ziraat Bank begins lending to commercial enterprises.
- The Ziraat Bank Banking School begins instruction in order to keep the Bank supplied with the qualified human resources that it needs.
- The first seed-finance loans are provided.
- First general deferment is granted on agricultural loans.
- With the opening of the Grand National Assembly in Ankara, the city's Ziraat Bank branch is made responsible for the administration and oversight of all Bank branches and offices in localities controlled by the Nationalists.
- Control of Ziraat Bank's İzmir and İstanbul operations are given to Ankara.

1939-1963

- Work is completed on the set of operational regulations called for by Statute 3202. Consisting of 198 articles, the regulations governing the operations of Ziraat Bank go into effect.
- Ziraat Bank becomes a member of Confédération Internationale du Crédit Agricole (CICA), a non-profit worldwide association of banks and other entities interested and involved in rural financial processes.
- Under Statute 7052, Ziraat Bank is authorized to restructure agricultural loan repayments.

1964-1988

- Ziraat Bank's representative office opens in Hamburg.
- Ziraat Bank opens its Lefkoşa, Gazi Mağusa and Güzelyurt branches in the Turkish Republic of Northern Cyprus.
- Ziraat Bank's representative office in New York is transformed into a branch while new offices are opened in Duisburg, Berlin, Munich, Stuttgart and Rotterdam.
- Under the Ziraat Bank 86 project, the first steps to adapt improvements in technology to banking services so as to deliver them faster, more efficiently and at better quality are taken with the automation of a total of 7 branches located in Ankara and İstanbul.
- Ziraat Bank ranks 452nd among "The World's 500 Biggest Banks as Measured by Equity" according to Euromoney, a magazine.

1989-2012

- The first investment fund (Fund I) was established.
- Gold sales were initiated under the name of Ziraat Gold. The first consumer loan was issued, along with the first credit card. The Bingöl-Muş Rural Development Project was initiated.
- As well as ATM machines, foreign currency exchange machines were brought into service for the first time in Turkey, along with self-service information terminals, voice messaging systems and the Bingöl-Muş Rural Development Project, which included a branch not requiring human staffing, aiming to provide uninterrupted 24-hour service.
- Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank) and Uzbekistan Turkish Bank (UT Bank) were established and entered operation.
- Ziraat Bank was ranked 202nd in Euromoney's "Top 500 Banks", 41st in terms of net profit, and the world's first in terms of its return on equity. Moreover, the Bank ranked 12th in the "World's 50 Most Rapidly Developing Banks" listing.
- The Sofia Branch entered operation.
- The Stuttgart, Hannover, Frankfurt and Duisburg representative offices began to operate as branches. Newly-launched banking software makes it easier to create and offer new products and services.
- Turkish-Ziraat Bank Bosnia DD receives Visa and Europay International licenses and begins processing Visa acquiring and issuing transactions for the first time in Bosnia- Herzegovina in coordination with Ziraat Kart A.Ş.
- The Law numbered 4603 passed on 25 November 2000 paved the way for Ziraat Bank to be transformed into a joint-stock company.
- The scope of the banking software centralization project (Fin@rt) is expanded.
- In Greece, the Athens and Komotini branches entered operation.
- The Bank announced TL 3,511 million net profit, the highest profit ever announced by a Turkish company until 2009.
- Branches were opened in Baghdad, Erbil and Jeddah.
- Ziraat Bank purchases the rights to the Turkish Cup name.
- Ziraat Bank launches its "Together, to a Better Future" Change & Transformation Project.

2013-2016

- Ziraat Bank celebrates its first century and a half in business with its employees.
- On September 30, 2014, the Board of Directors approved and announced the Sustainability Policy which summarizes Ziraat Bank's sustainability vision, goals and approach and defines the Bank's stance on the pillars of the environment, society and products and services.
- Ziraat Bank published its first sustainability report, which was GRI rated at A+ standards.
- Ziraat Bank tops the 2014 corporate income tax league table.
- Ziraat Participation commences operations.
- The Bank's Pristina Branch opens in Kosovo.
- Ziraat Bank Azerbaijan ASC commences operations.
- Ziraat Bank is designated "Europe's 2nd Most Robust Bank".
- Ziraat Bank Montenegro AD commences operations.
- In keeping with its principle of sustainable profitability, Ziraat Bank reports 2015 profits amounting to TL 5,162 million, the highest of Turkish banking sector.
- The Marneuli Branch in Georgia and the Bahrain Branch in Manama/Bahrain were opened.
- Ziraat REIT joined the Ziraat Finance Group and began operations.
- Ziraat Bank wrote a net profit of TL 6,576 million in 2016, while reporting TL 358 billion of assets at the end of 2016.

MILESTONES IN THE HISTORY OF ZİRAAT BANK

2017

- In 2017, the Georgia branch was restructured into a new bank and JSC Ziraat Bank Georgia was established.
- The name of the subsidiary bank in Uzbekistan, in which Ziraat Bank's share in the capital increased to 100%, was changed to Ziraat Bank Uzbekistan JSC.
- Ziraat Bank was awarded in the "Best Use of Data Analytics" category in the "2017 Global Retail Banking Awards" organized with the participation of more than 200 banks worldwide.
- Ziraat Bank was again named the top brand in the banking category in 2017 in Turkey's Lovemarks 2017 survey.
- Ziraat Bank reached an asset size of TL 434 billion in 2017.
- Ziraat Bank achieved the biggest increase its brand value of any Turkish bank in the "World's Most Valuable 500 Bank Brands 2017" survey conducted by Brand Finance.
- Ziraat Bank received five awards at the Stevie Awards, the world's most prestigious business award program.



2018

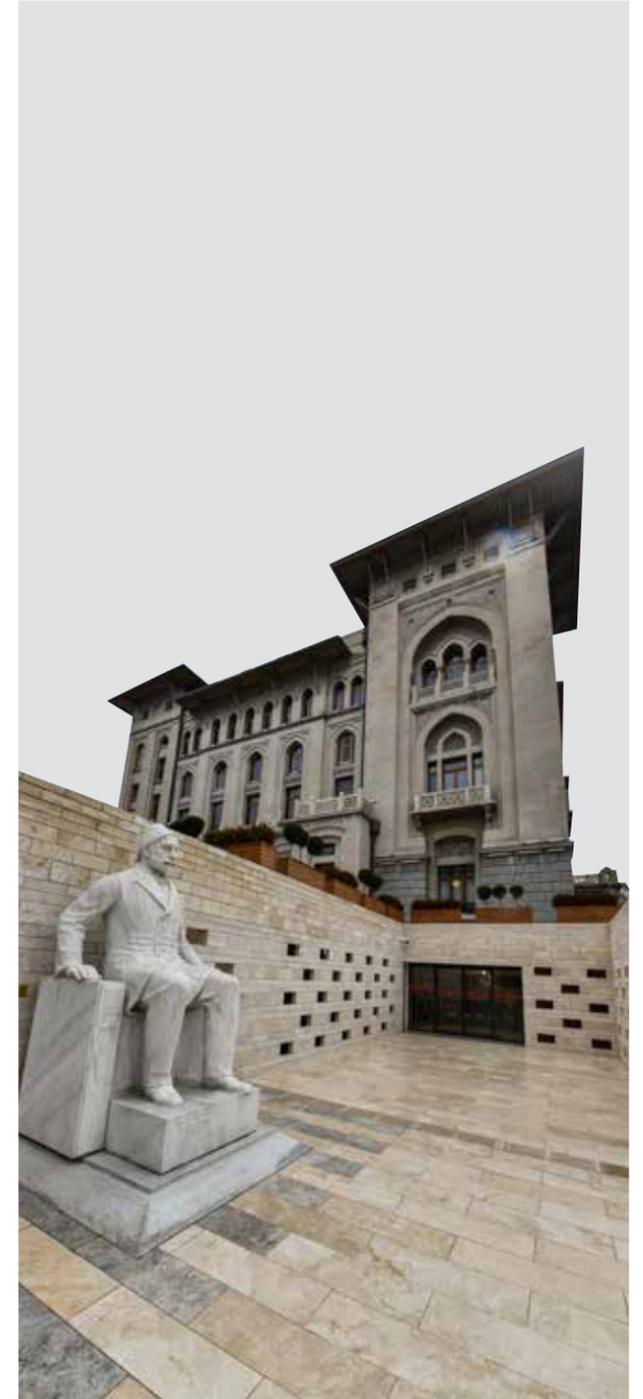
- The Bank's own brand Bankkart was launched in the first quarter of 2018.
- Ziraat Bank was selected the "Most Loved Bank of 2018" at Turkey's Lovemark Survey, receiving the same award for three consecutive years.
- Ziraat Bank has been the bank which increased its brand value most among Turkish banks for the second time.
- Young Farmers Academy project, which was developed by the Bank to bring a new perspective to agricultural production and agricultural banking, was launched with the objectives of increasing young population's interest in farming, teaching specific topics in agricultural production and investment, raising conscious young farmers and creating an awareness of agricultural entrepreneurship.
- Ziraat Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi (Ziraat Venture Capital Investment Trust) has been established as a subsidiary of the Bank and transactions related to establishment were completed with its registration notice published in the Turkish Trade Registry Gazette on November 14, 2018.
- The asset size of Ziraat Bank reached TL 537 billion in 2018 exceeding the half trillion mark.

2019

- Ziraat Bank's asset volume increased by 21% compared to 2018 to reach TL 650 billion.
- Ziraat Bank became the bank to have the highest brand value in Turkey.
- Ziraat Bank was named as the most loved bank brand in Turkey for the fourth time in a row.
- Ziraat Leasing was merged with Ziraat Participation Bank.
- Asset management companies owned by three state banks merged under the name Ziraat Portföy Yönetim A.Ş..

2020

- Ziraat Bank's paid-in capital raised to TL 13.1 billion from TL 6.1 billion.
- Ziraat Bank's asset volume grew by 45% compared to its 2019 level to reach TL 943 billion.
- The number of locations providing services abroad reached 113.
- Within the scope of the project to bring insurance/life-pension companies owned by public banks under a single roof, Ziraat Sigorta A.Ş. (Insurance) and Ziraat Hayat ve Emeklilik A.Ş. (Life and Pension) were transferred to the Turkey Wealth Fund.
- The Bank continued to provide financing support for the agricultural sector under the project "Köyümde Yaşamak İçin Bir Sürü Nedenim Var (I Have Many Reasons To Live In My Village)", which it put into practice in September 2020.
- Ziraat Bank was selected as the Most Valuable Banking Brand and the second most valuable brand of Turkey in the study conducted by Brand Finance.
- Ziraat Bank was selected the "Most Loved Bank" in Turkey's Lovemark Survey, receiving the award for a fifth consecutive year.
- The Green, Social, Sustainable Finance Framework was prepared and published on the Bank's website.



İbrahim Safi - Adana'dan (from Adana)

(1899-1983) He started his painting education at the Moscow Fine Arts Academy, after which he participated in the Hikmet Onat Workshop in the Fine Arts School. In his artwork named "Adanadan (from Adana)", which belongs to the Ziraat Bank Art Collection, Safi describes the new Republic of Turkey by depicting women who collect cotton in Adana. The productivity of cotton fields describes the development in agriculture, and the factories with smoking chimneys in the background describe the development in the industry. The most striking element in the work is the facial expression of the women. Agriculture and industry developing in the young Republic makes faces laugh.

Oil on canvas, 1957, 200x300 cm.



We create value
for sustainable
industry and
development.

MESSAGE FROM THE CHAIRMAN OF THE BOARD

Turkey was among the countries to have successfully managed the pandemic process with the public health measures taken and packages implemented within the framework of the monetary policies and financial policies which it put in place.



DR. AHMET GENÇ
Chairman of the Board

157 years

Having been playing an active role in the building the financial future of Turkey for 157 years, Ziraat Bank maintained its operations in the extraordinary conditions of 2020, focused on fulfilling its duties as one of the main stakeholders in the economic cycle.

Distinguished stakeholders,

Following a global economic slowdown in 2019, the world had started 2020 with positive expectations. However, news of the epidemic in the Far East and World Health Organization's declaration of the Covid-19 pandemic on March 11, the global economy entered a process of sharp contraction. With successive lockdowns in this process, production and trade rapidly ground to a standstill on a global scale.

The pandemic, which is thought to have the potential to have an impact more widespread and profound than the 2008 global financial crisis in the medium to long term, has also given rise to increased rates of unemployment and increased inequality in income and wealth distribution in most countries.

Based on the IMF's January 2021-dated estimates, the world economy is expected to have contracted by 3.5% in 2020.

Turkey was among the countries to have successfully managed the pandemic process with the public health

measures taken and packages implemented within the framework of the monetary policies and financial policies which it put in place.

In this challenging period, our country was able to manage the pandemic with a proactive approach thanks to the timely and rapidly implemented measures taken by our government and other regulatory bodies.

The success achieved has two axes. The first of these has been the determined stance in the field of protecting public health. With its strong and modern health infrastructure, our country has achieved significant success in this field, with the devoted efforts of the health sector employees, notably in the Ministry of Health, being the prime factor behind the success. On behalf of myself and our Board of Directors, I would hereby like to take this opportunity to express my gratitude to all of esteemed healthcare professionals.

Another success was achieved in the field of sustainability of economic activities. Our government ensured that the loss in the production-employment cycle was as limited as possible with its range of rapidly implemented support packages as well as other measures which regulate economic life, standing shoulder to shoulder with households in need and the real sector.

The Turkish economy recorded 4.5% growth in the first quarter of the year, before contracting by 10.3% in the second quarter with the shock caused by the pandemic. However, the economy subsequently bounced back with the corrective measures taken in the second half of the year, and the economy recorded 6.3% growth in the third quarter and 5.9% growth in the fourth quarter. As a result, Turkey wound up the year 2020 as one of the few countries in the world to conclude the year without entering a recession with a positive 1.8% rate of growth.

We think a combination of the gains brought about by the ongoing vaccination program in bringing the pandemic under control and the structural advantages and experience in the economic cycle gained from the difficult conditions of 2020 will play a role in driving the recovery in 2021, particularly in the second half of the year.

In its latest projections, IMF set out its forecast of 6% growth in Turkish economy in 2021.

Ziraat Bank is determined to seize the opportunities which are expected to be offered in the future with a well-judged and responsible approach.

Having been playing an active role in the building the financial future of Turkey for 157 years, Ziraat Bank maintained its operations in the extraordinary conditions of 2020, focused on fulfilling its duties as one of the main stakeholders in the economic cycle.

I would hereby like to express gladly that in addition to its physical service network covering all four corners of Turkey, our Bank has provided the necessary support to the real sector as well as to households, deploying the digital banking competencies it has built upon recently, continuing to generate value for its stakeholders.

Without deviating from its risk-sensitive lending approach and backed by its strong financial structure, our Bank will maintain its efficiency-oriented sustainable growth journey and continue to build long-lasting value for Turkey.

About the future...

The acceleration in industrialization which came about with the industrial revolution, a growing world population and excessive consumption of resources have led to the emergence of an equation with multiple variables, which has manifested itself in the form of global warming and the climate crisis, and which await an immediate solution.

The pandemic we experienced in 2020 served as a stronger than ever reminder for economic actors such as our Bank of our responsibilities. It is our belief that at a point where global and local action has continued unwaveringly, our advanced technological competencies have the power to provide a solution to environmental problems, and the climate crisis can be brought under control before it turns into a catastrophe in the coming centuries.

In our position as our country's largest provider of financial services, we have set out initiatives to contribute solving the climate crisis, which is also a matter of priority for our government, in the short, medium and long term. While continuing to offer financial solutions to our customers which set an example of good banking practices, we are also determined to step up our efforts in the field of sustainability.

We believe in the necessity of building a better and healthier world for all our stakeholders, notably our country and our people. The large family of Ziraat Bankers will also continue to work towards this goal.

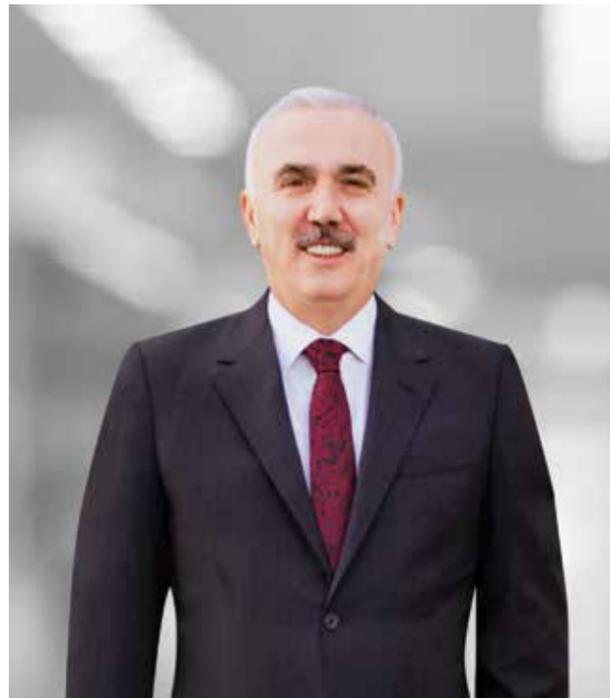
I would like to thank our human resources for the strong performance and the success story which they achieved during the challenging period of 2020.

On behalf of myself and our Board of Directors, as we move forward I would like to pay my respects to the valuable contributions and support of our stakeholders, and I wish you all health, prosperity and peace in 2021.

Dr. Ahmet GENÇ
Chairman of the Board

CEO's MESSAGE

2020 was a year dominated by the global Covid-19 pandemic and its serious social and economic impacts, along with the heightened uncertainty.



HÜSEYİN AYDIN
Member of the Board and CEO

Many sectors in Turkey adapted to this situation very rapidly. A combination of the technological means which our institutions and companies possess and our country's young working population have been among the factors to have helped facilitate this process.

Valuable stakeholders,

2020 was a year dominated by the global Covid-19 pandemic and its serious social and economic impacts, along with the heightened uncertainty.

Lockdowns and the restrictions put in place to tackle the Covid-19 pandemic have nearly brought social life and economies to a standstill all over the world. With the impact of the pandemic, rules requiring isolation and social distancing have been introduced around the world and in Turkey, ways of doing business have changed and new models have emerged such as remote working and transferring training to a virtual environment.

Many sectors in Turkey adapted to this situation very rapidly. A combination of the technological means which our institutions and companies possess and our country's young working population have been among the factors to have helped facilitate this process.

As an open economy, global economic developments have affected the Turkish economy and our industry.

The unprecedented conditions brought about by the pandemic have enabled our Bank to test its operational resilience and technological infrastructure in what is the key to adapting to the "new normal".

As of the end of 2020, Ziraat Bank has been continuing to provide qualified and high-quality banking products and services to its customers from its 1,752 domestic and international branches and 24,673 personnel, along with the facilities supported by its technological and operational infrastructure.

In 2020, Ziraat Bank further strengthened its position in the banking sector with a successful performance derived from the benefit it provides to the country's economy and its customers.

Ziraat Bank registered 45% growth in its asset base in 2020, with its total assets reaching TL 943 billion.

The momentum we have achieved in loan growth in recent years continued unabated in 2020. Accordingly, the total cash loans extended by the Bank increased by 34% compared to the previous year to reach TL 601 billion. When combined with non-cash loans, the Bank's total lending volume exceeded TL 740 billion.

Covid-19 has once again brought home the importance of IT in the world.

In order to protect its customers and employees from the Covid-19 pandemic, Ziraat Bank has implemented a large number of digital solutions to keep the contact to a minimum. Our Bank pressed ahead with its projects to digitalize branch processes and to use digital channels more effectively. Significant progress has been achieved in the digitalization of the head office processes and this initiative is still continuing.

Ziraat Bank facilitates the lives of its customers with its digital channels offering a wide diversity of more than 400 transactions, enabling customers to perform banking transactions easily and quickly. With an innovation launched this year, we offered our customers the opportunity to benefit from Ziraat Mobile's advantages by using the biometric data inside their national ID cards as a verification method.

14 million

As of the end of 2020, the number of Ziraat Bank's active digital banking users was registered as 14 million.

Keeping in mind the opportunities it will provide mainly to the banking sector, we will continue on our efforts to integrate the national ID card into our processes in all channels.

With its user-friendly and comprehensive content, Ziraat Mobile has made money transfers easier and faster. With the "Easy Address" application which we introduced in 2020, our customers were able to carry out money transfers quickly and easily, while with the FAST (Instant and Continuous Transfer of Funds) System, these transfers could be performed on a 24/7 basis. Our customers have the ability to carry out quick, contactless and easy payments via FAST by scanning the QR code provided by the business office with their mobile devices when purchasing goods and services.

The Ziraat Finance Group Mobile Application was launched so employees could access in-Bank applications from their mobile devices. With the application, Covid-19 notifications could be received, offering a significant advantage in taking action and monitoring processes quickly.

As of the end of 2020, the number of the Bank's digital customers had reached 24 million, while the number of active digital banking users was registered as 14 million. In the near future, we will probably not be using the definition of digital banking anymore. The concept of digital will be banking itself and banking will entirely be done digitally.

CEO's MESSAGE

Ziraat Bank has continued to support the real sector and the households during the pandemic to maintain uninterrupted economic activity.

Ziraat Bank has designed products which would enable corporate customers who have been directly or indirectly affected by the pandemic to continue their economic activities and to finance their basic requirements under preferential conditions.

In this context, the Bank offered products such as İşe Devam (Carry on Working) Loan Support Package, the Cheque Payment Support Package and Employment-oriented Working Capital providing KGF-guaranteed lending opportunities within the framework of the Treasury-Backed Guarantee System, extending loans in this context to support micro businesses and the tourism sector, including restaurants and cafeterias catering to tourists.

Within the scope of the "Economic Stability Shield Package" introduced by the Government, Ziraat Bank launched the Individual Basic Requirements Support Loan for our individual customers. In this context, loans up to TL 10,000 were extended with 36-month payment terms and a grace period of 6 months. Furthermore, Ziraat Bank also offered financing under appropriate conditions through the Second Hand Vehicle Support, Social Life Support and Vacation Support loan packages in order to support a transition towards normalization and a return to social life.

In all financing support packages, we attached more priority on reaching a large number of customers rather than the size of the loan, in order to provide effective financing that would contribute more to the economy through widespread loan extensions.

Continuing its uninterrupted financing support for the agricultural sector, Ziraat Bank extended a total of TL 80 billion in loans from its own resources to finance the agricultural sector in 2020, with the number of loan customers approaching 700,000. 35% of the agricultural loan portfolio consists of investment loans, as we also implement practices aimed at increasing the added value of agriculture and solving structural problems in addition

Sector leader

Ziraat Bank maintains its pioneering role in financing agriculture, with a market share of approximately 65%.

to financing agriculture. We offered our customers financing packages with affordable conditions in areas which included contracted production, modern irrigation systems, agricultural mechanization, green housing, animal husbandry, domestic cultivation of strategic plants which are currently imported intensively and the supply chain of agricultural products financing the supply chain of agricultural products.

We also carry out social projects in agriculture together with universities like Ziraat Bank Young Farmer Academy; and with governorships like Köyümde Yaşamak İçin Bir Sürü Nedenim Var (I Have Many Reasons To Live In My Village) projects. Ziraat Bank maintains its pioneering role in financing agriculture, with a market share of approximately 65%.

In addition to the contribution provided by the newly designed products, we also contributed to economic activity within the scope of "Financial Restructuring - FR" to support customers who were struggling with their operating cycles or in managing their cash flows due to temporary reasons, through facilities such as restructuring or delays to their repayment instalments which were handled with sensitivity due to the special situation during the pandemic period.

This year as well, Ziraat Bank has successfully completed its syndicated borrowing, being provided from international markets since 2012.

In April 2020, Ziraat Bank secured a USD 1.1 billion syndication loan with the participation of 38 banks from 22 countries. With a 367-day maturity, this loan was the Bank's eighth consecutive syndicated borrowing transaction from international markets used to finance foreign trade.

Despite the volatility in global markets brought about by the Covid-19 pandemic, the cost of this loan was lower than was in the previous year, and the size of the credit once again confirmed the confidence in the Turkish economy and in Ziraat Bank. With this funding we secured, our Bank will continue to support the real sector through foreign trade transactions, which are particularly important for our economy.

Continued expansion in the number of service points abroad

Ziraat Bank, which boasts the widest presence of any Turkish bank abroad, maintains its presence as a global bank from 113 locations in 18 countries through its foreign bank and branch network.

Providing services related to financial technologies in addition to banking services to the regions it operates in, Ziraat Bank also contributes to the financial sector in these regions.

The "Most Loved Bank" in Turkey's Lovemark Survey, for a fifth year in a row

The innovative practices and exemplary work launched by Ziraat Bank in 2020 have generated increasing value for both the Turkish economy and the banking sector, and these achievements have gained recognition at home and abroad, bringing a clutch of awards to Ziraat Bank.

In 2020, Ziraat Bank was chosen as the "Most Loved Bank" in Turkey's Lovemark Survey, receiving the same award for a fifth consecutive year.

Our Bank received recognition with the Banking Technology and Best Retail Bank of Turkey awards in the 2020 awards handed out by the Global Banking & Finance Review

With its strong position in the market, Ziraat Bank is focused on being an institution which reflects the opportunities offered by the financial sector to its performance in the most resolute way, which is based on the benefit provided to the country's economy and customers, and which puts its signature on the best practices.

magazine for progressive and inspiring innovations which stand out in excellence in the global banking and finance industry.

Ziraat Bank will continue to manage positive or negative developments which may arise in the future as well as providing the necessary resources and support to promote Turkey's development.

We perpetuate change and transformation continuously without deviating from our traditional ties; we aim to gain a place in the hearts of our customers as well as their memories with our practices which add value to their lives.

With its strong position in the market, Ziraat Bank is focused on being an institution which reflects the opportunities offered by the financial sector to its performance in the most resolute way, which is based on the benefit provided to the country's economy and customers, and which puts its signature on the best practices.

I would like to express my sincere thanks to our employees, who play a key role in Ziraat Bank's performance with their corporate and professional competencies, to our customers for their trust in us, to our business partners who always stand by us, and to our correspondents.

Hüseyin AYDIN

Member of the Board and CEO

THE SUSTAINABILITY APPROACH AT ZİRAAT BANK

Sustainability practices are aimed at further building on the Ziraat Bank’s strong position in the domestic market and its global competitive strength.

SUSTAINABILITY VISION

To use the unrivalled experience and knowledge that we have built up over 150 years and to utilize our resources efficiently within the framework of responsible banking principles, for the benefit of the economy, the environment, and the community; to produce enduring value for our stakeholders; to be a bank which embraces all parts of the society by improving our customer-oriented business model.

SUSTAINABILITY GOALS

To further develop the Bank’s strong position in the national market and its global competitiveness with corporate, environmental and social sustainability practices to be implemented within the scope of this policy.

SUSTAINABILITY APPROACH

Ziraat Bank’s sustainability approach is shaped in light of its responsibilities as a financial services provider, of its obligations to the environment and the community, and of its duties as an employer.

- Ziraat Bank is a strong, leading, and trusted bank. We desire to perpetuate our existing success in economic sustainability into the future by supporting it with long-term corporate, environmental and social sustainability perspectives.
- In our decision-making processes, we take a careful and thoughtful approach when dealing with environmental and social issues and the potential risks associated with them in the management of our resources and our service infrastructure.
- We regard environmental sustainability including climate change and the transition to a low-carbon economy as an important item on our agenda.
- As an employer, we believe in the importance of humane working conditions. In our business model, we attach importance to opportunity equality and to build up a learning organization structure by providing chance of self-improving among all of our employees: we target to increase employee motivation and

corporate loyalty by continuously advancing human resources practices.

- As a service provider, we regard behaving customer-oriented and ensuring customer satisfaction as fundamental to everything. By constantly improving our processes, our goal is to offer banking products and services to all of our customers in practical, intelligible and accessible ways and also to enrich the banking industry through innovative and exemplary practices.
- As a business partner, we are committed to develop our relationships with suppliers on the grounds of mutual respect, responsibility, and fairness. We support our suppliers’ success through cooperative projects that we carry out together.
- We are committed to continuously develop and implement projects with the purpose of integrating universally-accepted sustainability principles into our business model.
- We attach importance to having a presence and playing an active role in multilateral sustainability initiatives and collaboration platforms both at national and international level.

Based on these fundamental points, Ziraat Bank is focused on promoting, developing and maintaining sustainability throughout its value chain.

SUSTAINABILITY STRUCTURE

Ziraat Bank’s sustainability plan, structured under the auspices of the Ziraat Bank Board of Directors, has been put into practice within the scope of a lean and effective organizational structure.

The sustainability activities at Ziraat Bank are executed under the leadership of the Bank’s CEO.

Sustainability activities are coordinated by the Department of Finance Group Companies Management and Investor Relations.

ZİRAAT BANK WEBSITE

The Bank’s corporate website, www.ziraatbank.com.tr, plays an important role in enlightening the public with up-to-date information. Ziraat Bank offers information and documentation in Turkish and English on the website within the scope of compliance with the Corporate Governance Principles.

ZİRAAT BANK’S CURRENT POLICIES

- For Sustainability Policy 
- For Disclosure Policy 
- For Prevention of Money Laundering and Combating against Financing of Terrorism Policy 

ZİRAAT BANK'S VALUE GENERATION MODEL

INPUTS



FINANCIAL CAPITAL
Strong equity and financial structure, a wide customer and deposit base, effective use of capital markets, cooperation with international financial institutions



MANUFACTURED CAPITAL
Turkey's largest banking service network, infrastructure providing customer and data security



INTELLECTUAL CAPITAL
Ziraat - a brand synonymous with trust, corporate knowledge built up over 157 years, and products and services supported by digital projects and innovation



HUMAN CAPITAL
High-level human resources offering customers the right value from the right channel at the right time, with its superior market knowledge and experience



SOCIAL AND RELATIONSHIP CAPITAL
Effective communication with stakeholders, a comprehensive structure offering access to financial services throughout Turkey, a wide impact area generated with the Ziraat Finance Group through solutions provided with the principle of being 'more than just a bank'



NATURAL CAPITAL
Studies carried out to keep direct and indirect environmental effects under control and to manage and continuously improve them with the right strategies and technologies

A DEEPLY ROOTED HISTORY, STRONG FOUNDATIONS



Ziraat Bank has a broad portfolio of domestic and international subsidiaries in the fields of banking, investment services, portfolio management, venture capital, real estate investment trusts and financial technologies. This strong structure reinforces the Bank's ability to provide integrated financial services.

VALUE GENERATION MODEL



FINANCIAL HIGHLIGHTS

TL **943** billion

Total Assets

TL **601** billion

Cash Loans

TL **630** billion

Deposits

TL **7.8** billion

Net Profit

THE VALUE WE GENERATE FOR OUR STAKEHOLDERS

FINANCIAL CAPITAL

- Strong support to the Turkish economy and real sector, particularly during the pandemic
- Loan packages for retail customers to encourage the continuation of social life
- 16% market share in cash loans
- Total non-deposit international funds secured: USD 10 billion
- An extensive correspondent bank network consisting of 1,760 banks from 140 countries

MANUFACTURED CAPITAL

- A service network consisting of 113 locations in 18 countries
- 9 foreign subsidiaries, 24 branches abroad and one representative office
- 6 domestic subsidiaries
- Internet Banking
- Mobile Banking
- Telephone and SMS Banking

INTELLECTUAL CAPITAL

- Number of customers in digital banking: 23.8 million
- Number of active digital banking customers: 14 million
- Chosen as the best mobile application in the Golden Spider Awards
- Number of transactions performed through the Operation Center: 198+ million, overall centralization ratio: 99.39%
- OPI-Operational Innovation Application: Transactions directly transferred to the center with nearly 100,000 customers using Internet and Mobile banking.
- 90% digitalization in tax and SSL payments with barcode and QR code.

HUMAN CAPITAL

Ziraat Bank: 24,673 employees
Ziraat Finance Group: 28,389 employees
674 new employment
Average service duration: 13 years
Average classroom training: 4 hours per person
Average distance learning: 26 hours per person
Unionization rate: 90%

SOCIAL AND RELATIONSHIP CAPITAL

- 1,752 branches and 7,278 ATMs in Turkey and abroad
- More than 36 million customers
- The one and only bank to operate in almost 400 districts throughout Turkey
- The Ziraat Bank painting collection with over 2,500 works
- The First Banking Museum
- Contribution to regional development through the "Köyümde Yaşamak İçin Bir Sürü Nedenim Var (I Have Many Reasons To Live In My Village)" project
- Training for young farmers with the "Young Farmer Academy" social responsibility project
- Improvement of schools in priority regions for development through the "Children on Vacation, Schools on Renovation"
- Barrier-free Banking Investments
- The most effective bank in social media channels

NATURAL CAPITAL

Greenhouse gas intensity (tCO₂e /million TL turnover): 0.08
Recycled IT products: 10,660 kg (2,870 units)
Recycled waste paper: 955 tons
60,000 saplings planted on behalf of Ziraat Bank employees, their children and retirees
A commitment to plant trees on 5,000 hectares secured from borrowers for project finance loans
28% savings in paper consumption compared to the previous year
Training presentation, distance learning and informative articles on "Zero Waste" for personnel
Renovation of 104 service buildings carried out with the concept of sustainability

STRATEGIES AND ACHIEVEMENTS IN 2020

STRATEGIES

THE DRIVING FORCE

As Turkey's most deeply rooted bank, Ziraat Bank's robust financial structure, vast experience, qualified human resources and its ability to provide integrated financial services ensure that its strategies are implemented seamlessly and flawlessly across the entire value chain, and that the business model delivers successful results.

ADDITIONAL VALUE

STRONG BRAND VALUE

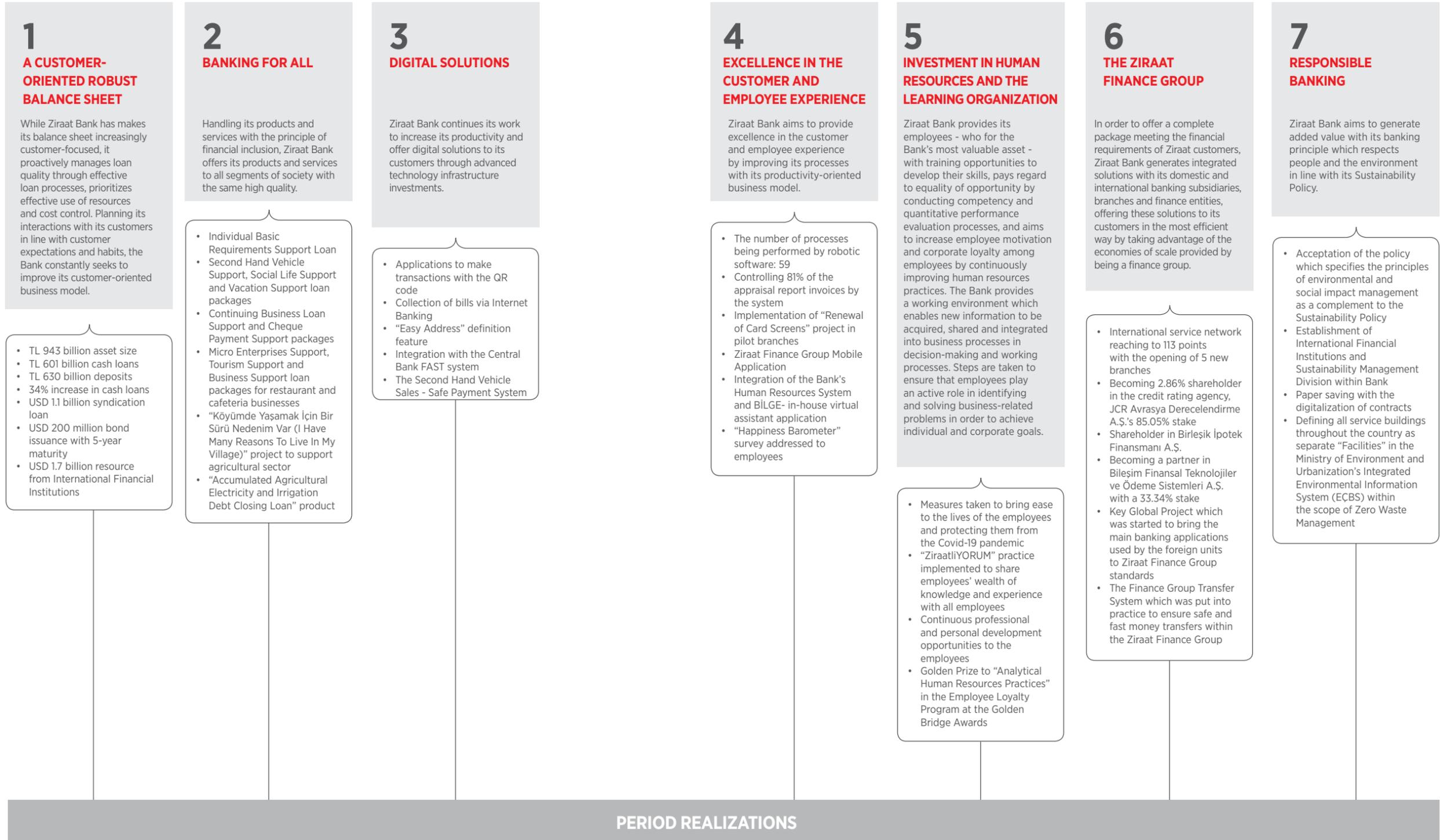
A SOUND EQUITY STRUCTURE

A WIDESPREAD LOCAL AND GLOBAL SERVICE NETWORK

A VAST PORTFOLIO OF DOMESTIC AND INTERNATIONAL SUBSIDIARIES

25,000 COMPETENT EMPLOYEES

MODERN INFRASTRUCTURE SYSTEMS



THE SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND ZIRAAT BANK

Adopted by 193 UN-member countries on September 25, 2015, the convention entitled “Transforming our World: The 2030 Agenda for Sustainable Development” covers 17 Sustainable Development Goals and 169 sub-headings.

Setting out a sustainability agenda which is far more comprehensive, the 17 Sustainable Development Goals (SDGs) went beyond the UN Millennium Development Goals.

The SDGs are aimed at eradicating poverty and at realizing development for all as a universal necessity. The global consensus achieved around the SDGs marked a major turning point for shifting the world onto a more inclusive and sustainable growth path.

The Bank’s activities which are considered to contribute to the SDGs within the scope of its service cycle are addressed in detail in various sections of this report.

SDG	ZIRAAT BANK’S OPERATIONS WHICH DIRECTLY/INDIRECTLY CONTRIBUTE TO THE SDGs
1 2 5 8 10 12	SME financing and credit-guarantee products, inclusive banking services, retail and corporate loan solutions specific to the pandemic, sustainable agriculture financing
3	Measures to protect employee and customer health during the pandemic period
4 8	Training and development programs offered to Ziraat Bank’s human resources, supporting training projects which raise enterprise awareness for customers, financial literacy training programs
7 12	Financing provided to renewable energy and energy efficiency projects, efficiency investments in the service building
8 9	Financing to infrastructure, SME and industrial investments, digital banking products and solutions, consumer-friendly financing and savings products, barrier-free banking
5 8 10 16	Corporate governance practices, human resources management, remuneration policies, equality of opportunity implemented in Ziraat Bank
11 17	Financing provided to development and investment projects of a national-scale and to the housing sector, support for the green economy, contribution to cultural heritage
9 17	Financing provided to diverse sectors on the basis of thematic funds, bilateral and multilateral cooperation initiatives, operational activities, corporate governance practices and reporting
1 8	Loan projects special to priority regions for development
12 13	Carbon footprint measurement activities, waste management practices, efforts to establish an environmental and social impact management system



On tables at pages 40-43, the relationship between SDGs and Ziraat Bank’s activities and strategies is indicated by specifying the SDG number and color.



For detailed information about SDGs: www.kureselamaclar.org

STAKEHOLDERS OF ZIRAAT BANK

The Bank’s shareholder, employees, customers and suppliers constitute Ziraat Bank’s main stakeholder group. The Bank carries out its operations in constant communication and cooperation with its stakeholders in this group.

Stakeholder communication, most of which continues within the scope of the daily service cycle, provides an extremely

valuable platform for Ziraat Bank to correctly understand and evaluate demands and expectations.

In addition to its main stakeholder group, Ziraat Bank is also in close contact with its other stakeholders including regulatory bodies, international banks, investors and credit rating agencies, the media, unions in various sectors, organizations and the broader society.

	Stakeholder Group	Interaction Frequency	Interaction Channels
Main Stakeholders	Employees	As part of the business cycle - daily	Employment process, training programs for employees, performance evaluation meetings, internal communication channels, executive interviews and informing/sharing meetings.
	Customers	As part of the service cycle - on a 24/7 basis	Ziraat Bank branches, alternative distribution channels (ATM, internet banking, mobile banking, call center), customer relations representatives, customer visits.
	Suppliers	As part of the business cycle - daily	The procurement process of all services outsourced by Ziraat Bank.
	Shareholder	Annual General Meeting and in other necessary situations	General Assembly Meeting (annual). Ziraat Bank also conducts studies to enlighten the public through the Finance Group Companies Management and Investor Relations Unit. Annual reports and other presentations and statements posted on the Public Disclosure Platform come under this scope.
Other Stakeholders	Regulatory bodies	As part of the business cycle - when deemed necessary	Reports, correspondence and related meetings made in accordance with the legislation
	International banks and investors	As part of the business cycle - daily	Meetings and contacts held with World Bank, European Investment Bank etc. and other financial institutions which the Bank is in cooperation with.
	Credit Rating Agencies	As part of the business cycle - when deemed necessary	Meetings, reporting, presentations, correspondence.
	Sectoral unions and organizations	As part of the business cycle - daily	Meetings, presentations and daily communication actions.
	Media	As part of the business cycle - when deemed necessary	Actions to enlighten the public with a transparent and quick approach (press meetings, press bulletins, interviews, responding to questions etc.).
	Society	As part of the social responsibility projects	Corporate social responsibility projects and donation activities.

IMPACT FRAMEWORK OF STRATEGIES

Ziraat Bank boasts the largest and most extensive service network of any bank in Turkey. The Bank generates value by offering its financial products, services and solutions to a wide range of customers.

The Bank uses six capital items in the value generation process. Ziraat Bank needs different amounts of input from each capital item in order to implement its strategies and generate value for its stakeholders.

Strategies, the Bank’s approach, and relations between the relevant stakeholders and items are taken into account in the use of capital items. On the other hand, increasing efficiency in operations and reductions in the direct and indirect negative impacts on the environment are considered cyclically.

Strategies	Ziraat Bank’s approach	Associated stakeholder	SDGs which have been contributed to
Customer-oriented Strong Balance Sheet	While Ziraat Bank seeks an increasingly customer-focused balance sheet, it proactively manages loan quality through effective loan processes, prioritizing effective use of resources and cost control. Planning interactions with its customers in line with customer expectations and habits, the Bank constantly improves its customer-oriented business model.	Customers	1 2 7 8 9 11 12 17
Banking for All	Handling its products and services with the principle of financial inclusion, Ziraat Bank offers its products and services to all segments of society with a high quality.	Customers	1 2 5 7 8 9 10 11 12
Digital Solutions	Ziraat Bank continues its efforts to increase its productivity and offer digital solutions to its customers through advanced technology infrastructure investments.	Customers, Employees	1 2 8 9 10 17
Excellence in the Customer and Employee Experience	Ziraat Bank aims to provide excellence in the customer and employee experience by improving its processes with its productivity-oriented business model.	Customers, Employees	8 9 10 17

Strategies	Ziraat Bank’s approach	Associated stakeholder	SDGs which have been contributed to
Investment in Human Resources and Learning Organization	Ziraat Bank provides its employees - its most valuable asset - with training opportunities to support the development of their skills, paying regard to the equality of opportunity by conducting competency and quantitative performance evaluation processes, and aims to increase employee motivation and their corporate loyalty by continuously improving human resources practices. It provides a working environment which allows new information to be acquired, shared and integrated into business processes in decision-making and working processes. The Bank ensures that employees play an active role in identifying and solving business-related problems in order to achieve their individual and corporate goals.	Employees	3 4 5 8 10 16
Ziraat Finance Group	In order to offer a complete package meeting the financial requirements of Ziraat customers, Ziraat Bank generates integrated solutions with its domestic and overseas banking subsidiaries, branches and finance entities, offering these solutions to its customers in the most efficient way by taking advantage of the economies of scale provided by being a finance group.	Employees, Customers, Suppliers, Shareholder	8 9 10 11 12 16 17
Responsible Banking	Ziraat Bank aims to generate added-value with its banking principle that respects people and the environment in line with its Sustainability Policy.	Customers, Society, International banks and investors, Regulatory bodies, Sectoral unions and organizations	10 11 12 13 16 17

MACROECONOMIC OUTLOOK

The ongoing Covid-19 pandemic sets the stage for a prolonged period of uncertainty for world economies.

Global economy

The ongoing Covid-19 pandemic sets the stage for a prolonged period of uncertainty for world economies

The world economy, which started 2020 with hope with the partial reduction of the trade tension between the USA and China, left behind a year in which it experienced the biggest contraction in economic activity since the Great Depression with the rapid spread of the epidemic that started in China. While the deepest impact of the damage caused by the epidemic was felt in the second quarter, a strong recovery was observed in the economies in the third quarter as a result of the normalization steps taken in addition to the support of extraordinary policy measures.

Although there was a slowdown in the last quarter of 2020 as a result of increasing restrictions, the countries not going to close down as in the first period of the pandemic and the support of the positive performance of China, the locomotive of foreign trade, ensured that the slowdown in growth remained limited compared to the second quarter.

Commodity prices, which fell sharply in the first period of the epidemic, showed a tendency to recover for the rest of the year, with the Chinese economy performing better than predictions, the expectation that the old normal will be approached with the vaccination process, and the global abundant liquidity as well as additional financial incentives on the way.

Commodity

The rise in commodity prices, on the other hand, led to heightened inflation expectations and raised questions over the prospect of a normalization in monetary policy.

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While entering 2021 positive advances regarding the development of vaccines increased hopes for the future, the continued increase in the number of Covid-19 cases and the emergence of coronavirus mutations served as a reminder that the uncertainties would remain with us for some time to come. With the US Presidential election and the Brexit trade deal behind, some of the uncertainty was resolved and expectations for additional incentives remained very much on the agenda, even as the large scale incentives already announced were still being rolled out.

The US Federal Reserve (Fed) stated that its support for the economy would continue.

With the coronavirus epidemic, the US economy, which ended its longest-term growth trend in 2020, experienced the highest contraction since 1946. The deepest impact of the epidemic on the labor market was observed in the US economy, and household spending remained under pressure in 2020 with the weakness in employment. Despite the continued increase in cases, the acceleration of the vaccination process in the country has strengthened the positive expectations for 2021 growth.

The world economy, which experienced a difficult period with the pandemic in 2020, needed strong support from fiscal policies as well as monetary policies. The Fed, on the other hand, anticipated the interest rate to remain close to zero until 2023 and announced high-cost incentives with unlimited bond purchases. In the past year, the USA also put into effect the largest fiscal stimulus package in its history.

As a result the support would continue as the US economy remains a long way from its inflation and employment targets. The Fed's average inflation target is also expected to provide room for manoeuvre in the face of temporary increases in inflation. With the election of the Biden administration, it was observed that expectations for additional financial incentives got stronger.

In the Euro Zone, Germany continued to be the driving force of the region's economy.

In 2020, the Euro Zone was the region most affected by the epidemic, led by Italy and Spain, and left behind a year in which deflationary concerns came to the fore with an overvalued euro, weak demand and low energy prices. Manufacturing PMI data, with firms returning to their operations after the relaxation of restrictions in June, tended to recover for the rest of the year, but service PMI data were seen to close the year with a partial weakening as the second wave concerns prevailed in the outbreak.

The emergence of the more rapidly spreading mutated coronavirus in the UK in the final days of the year led to a wave of further restrictions in the new year.

ECB

Having announced strong monetary incentives throughout 2020, the European Central Bank (ECB) continued its support by increasing the Pandemic Emergency Purchasing Program in the last month of the year.

The course of the pandemic suggests that growth in the first quarter of 2021 could come under pressure, especially in the service sector. However, German manufacturing PMI data performed strongly in the final quarter of the last year, reaching its highest level since February 2018 and continuing to underpin the region's economy. With the more positive outlook in Europe's manufacturing industry, Turkey posted record export growth in the fourth quarter. This positive trend in our export outlook offers a ray of hope for this year with economies expected to recover.

Having announced strong monetary incentives throughout 2020, the European Central Bank (ECB) continued its support by increasing the Pandemic Emergency Purchasing Program in the last month of the year.

One of the determining factors on the agenda of 2020 has been the Brexit trade agreement, and in the last days of the year, a consensus was reached between the UK and the European Union. Turkey also signed a free trade agreement with Britain to ensure the continuation of current trading conditions in agricultural and industrial products. While our foreign trade relations with the UK, which is our second largest export market, are expected to strengthen further, the arrangement of the agreement to take account of current conditions with the prospect of new areas of cooperation stand out as an advantage.

MACROECONOMIC OUTLOOK

Having made a strong start to 2020, economic activity in Turkey appeared to slow down owing to the effects of the epidemic from mid-March on.

China staged a return to its pre-pandemic levels of growth in the last quarter of 2020.

China, the world's second largest economy, which managed to quickly eliminate the effects of the epidemic in an environment where trade disputes with the USA continued, ended the year 2020 with positive growth. The country, which contracted by 6.8% in the first quarter of 2020, exhibited a strong recovery trend for the rest of the year and posted a positive message for 2021 by registering growth at pre-pandemic levels in the last quarter of 2020.

Despite the low interest and abundant liquidity environment in 2020, portfolio flows towards developing countries (EM) followed a volatile course. In the early days of the pandemic, there was a sharp exit from the developing countries' stock and bond markets, while bond-based capital inflows to developing countries started as of May. The availability of the vaccine in November and the finalization of the US elections supported the entry into the stock markets.

With the expectation that developed countries would press ahead with their ultra-expansionary policies, capital flows to emerging countries are expected to continue this year as well. There is an expectation of more predictable implementations in trade policies as well as the establishment of new commercial blocks which could support global trade

The Turkish Economy

Turkey's economy is expected to maintain its strong growth.

Having made a strong start to 2020, economic activity in Turkey appeared to slow down owing to the effects of the epidemic from mid-March on. With the spread of the epidemic, measures have been taken to minimize the negative effects on the economy. The fiscal policies implemented were in line with the monetary policy and in an expansionary direction.

Economic Recovery

Turkey, in 2020 has been one of the few economies in the World to close the year with growth. Turkey's economy in the first quarter of 2020, partially affected by the epidemic grew 4.5%.

With the gradual normalization steps and the monetary and fiscal measures put into practice, it was observed that the economic indicators started to recover as of May.

As inflationary effects became evident with the increasing domestic demand, the CBRT strengthened its tightening policies against the upside risks in inflation and determined a simpler monetary policy framework.

Inflation was high in the last quarter of 2020 with the cumulative exchange rate effects and the rise in global commodity prices, with inflation ending the year at 14.6% - higher than the Central Banks' year-end forecast. Inflation is expected to remain high throughout the first half of 2021 before following a downward trend by the second half of the year. In addition, it is predicted that in 2021, with the contribution of both the CBRT's tightening monetary policy and global liquidity conditions, the exchange rate will display a stable outlook, which will increase the tendency to domestic savings in TL, contribute to the balancing of domestic demand and alleviate inflationary pressures.

Turkey, in 2020 has been one of the few economies in the World to close the year with growth. Turkey's economy in the first quarter of 2020, partially affected by the epidemic grew 4.5%. The economy, which contracted by 10.3% in the second quarter due to the restrictions, recovered as of the third quarter as a result of the measures taken and grew by 6.3% annually. With an annual growth of 5.9% recorded in the fourth quarter, it ended 2020 with a growth of 1.8% with the contribution of consumption, investment and stocks.

Despite the existence of tightening financial conditions, it is considered that both the initiation of the vaccination process and the continuation of global expansion policies can partially alleviate the pressure on growth. This year, the recovery is expected to come to the fore with the contribution of the base effect in the second quarter. Especially with the expected positive developments in the tourism sector, it is thought that the recovery in economic activity will accelerate under the leadership of the service sector, which was deeply affected by the epidemic in the second half of the year.

Under these circumstances, it seems possible for us to reach our potential growth in 2021. In 2020, the sum of incentives and support packages provided within the framework of the expansive fiscal policy pursued to limit the impact of the epidemic on economic activity approached approximately 10% of the national income. The budget deficit / GDP ratio realized as 3.4% in 2020, remaining below the NEP target of 4.9%, as a result of the contribution of tax revenues strengthened by the previous gains in the budget balance and the growth performance better than expected.

There is a strong expectation that fiscal discipline will not be compromised in 2021, with the exception of spending on the outbreak.

The current account surplus, which was recorded in the second quarter, turned into a current account deficit due to the decline in exports as a result of the closures and the weakening in tourism revenues due to travel restrictions. With the easing of quarantine measures in the third quarter, the recovery in exports of goods became evident. However, the current account deficit continued its course due to the widening foreign trade deficit due to deferred demand and the increase in gold imports and weak tourism revenues. Thus the Turkish economy's 6.8 billion US dollar current account surplus in 2019 turned into a 36.7 billion US dollar deficit in 2020.

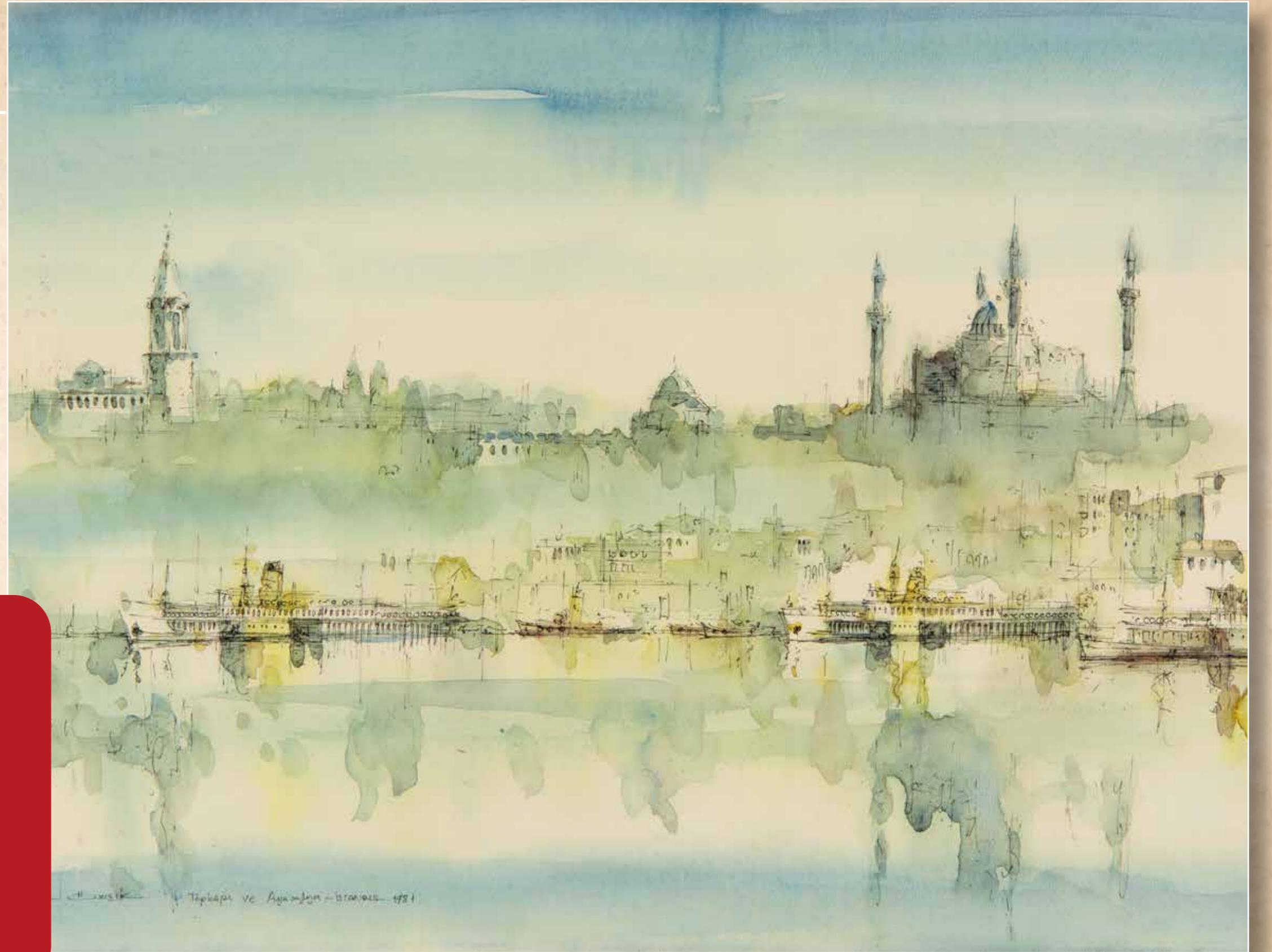
For 2021, the increase in imports is expected to slow down on the back of tightening policies with gold imports set to ease back as the dollarization trend diminishes. With the national vaccination rollouts gaining pace, tourism revenues are expected to record a strong recovery this year, paving the way for a significant narrowing in the current account compared to the previous year.

Due to the high uncertainty brought about by the epidemic in 2020 and the increasing restrictions, the labor market was under pressure, especially due to service sector employment. While the impact of the epidemic on the employment market was felt strongly in the second quarter, the recovery observed in economic activity in the second half of the year helped to compensate some of the employment loss. Measures such as short-term work allowance and 3-month dismissal ban put into practice by the government have been determinant in limiting the increase in unemployment rate. Despite the tightening financial conditions, the fact that exports start 2021 with a strong strength is considered as a factor that will support growth and employment through the industrial sector.

Işıl Özışık - Topkapı ve Ayasofya (Topkapı and Hagia Sophia)

(1939-) During her secondary and high school periods, she was a student of Ömer Hatipoğlu, Turgut Zaim, Cemal Bingöl and Eşref Üren, after which she completed her archeology education at Anadolu University. She is among the artists who painted İstanbul scenes. In her work titled "Topkapı and Hagia Sophia" which belongs to the Ziraat Bank Art Collection, the artist reflected the views of the Bosphorus, Topkapı and Hagia Sophia with stains, color and light accents using watercolor technique.

Watercolor, 1981, 33x48 cm.



We create value
for sustainable
life.

IN OUR 157TH YEAR... MOVING FORWARD TO THE FUTURE UNDER THE GUIDANCE OF OUR STRATEGIES

In 2020, Ziraat Bank realized a number of investments covering new projects and ideas aimed at achieving the targets it has set in line with its strategies

ZIRAAT BANK PRESSES AHEAD IN ITS CORPORATE DEVELOPMENT JOURNEY WITH THE SAME COMMITMENT IT HAS DEMONSTRATED FOR 157 YEARS.

In 2020, Ziraat Bank realized a number of investments covering new projects and ideas aimed at achieving the targets it has set in line with its strategies.

With a commitment to generating value for its customers and our country, Ziraat Bank has stood by its customers, offering the right solutions at the right time to meet the requirements of the real sector and households throughout the year, and implemented numerous innovations together with its domestic and international subsidiaries.

OUR STRATEGIES

A Customer-oriented, Robust Balance Sheet

While Ziraat Bank makes its balance sheet increasingly customer-oriented, it proactively manages loan quality through effective loan processes and prioritizes the effective use of resources and cost control. Planning its interactions with its customers in line with customer expectations and habits, the Bank constantly works to improve its customer-oriented business model.

The Bank continued to develop the right solutions by working to understand the financial needs of its customers and offering products and services that make life easier.

Cash loans registered 34% growth in 2020, bringing the share of loans in the Bank's balance sheet to 64%. While

the necessary resources were largely met through customer deposits, both domestic and international non-deposit resources were also used effectively.

In April 2020, Ziraat Bank secured a USD 1.1 billion syndication loan with a 367-day maturity, participated in by 38 banks from 22 countries. This loan was the Bank's eighth consecutive syndicated borrowing transaction from international markets to finance foreign trade.

The Bank's USD 7 billion GMTN (Global Medium Term Notes) program was updated in March 2020, and the Bank realized a bond issuance through private placement of USD 200 million with a 5-year maturity in international markets in August 2020.

The Bank has also provided alternative resources such as bilateral loans and post-financing from correspondent banks, which totaled USD 1.9 billion as of the end of 2020. The total resources provided from International Financial Institutions reached USD 1.7 billion.

Ziraat Bank has maintained its contribution to the real sector and our country's savings balance with the funds it has supplied.

Banking for All

Ziraat Bank handles its products and services with the principle of financial inclusion, offering them to all segments of society with high quality.

Ziraat Bank focused on effectively meeting the financial requirements of the household and the real sector in 2020. With the aim of minimizing the potential damage wrought by the Covid-19 pandemic on economic life, production and employment, the Bank offered various loan packages for individuals and the real sector in 2020.

Ziraat Bank launched the Individual Basic Requirements Support Loan for its retail customers within the framework of the "Economic Stability Shield Package". In this context, loans of up to TL 10,000 were provided with 36-month payment terms and a 6-month grace period.

Ziraat Bank offered its customers Second Hand Vehicle Support, Social Life Support and Vacation Support loan packages under favorable conditions to support the transition to normalization and to stimulate social life.

The Bank has also implemented the Continuing Business Loan Support and Cheque Payment Support packages to financially support the real sector. In addition, within the scope of support for the revival of economic life, KGF-guaranteed (Credit Guarantee Fund) Micro Enterprises Support, Tourism Support and Business Support loan packages for restaurant and cafeteria businesses were offered to customers within the framework of the Treasury-Backed Guarantee System.

Continuing its uninterrupted financing support to the agricultural sector, Ziraat Bank implemented the "Köyümde Yaşamak İçin Bir Sürü Nedenim Var (I Have Many Reasons To Live In My Village)" project in September 2020 with the aim of increasing the scale of enterprises operating in the field of small cattle.

Standing by its customers in their time of need, Ziraat Bank introduced the 36-month "Accumulated Agricultural Electricity and Irrigation Debt Closing Loan" product to producers in order to ensure that agricultural production in our country would continue without interruption during the pandemic, where sustainability of agricultural production and food supply security has become more crucial than ever before. Through this loan, the Bank allowed producers to pay their accumulated debts arising from their agricultural electricity and irrigation subscriptions over a reasonable period of time with a favorable interest rate.

Digital Solutions

Ziraat Bank continues its efforts to increase its productivity and offer digital solutions to its customers through advanced technology infrastructure investments.

Ziraat Bank has implemented many digital solutions to protect its customers and employees from the Covid-19 pandemic. Pressing ahead with its projects to digitalize branch processes and use digital channels more effectively in 2020, the Bank offered a wide array of facilitating innovations to Ziraat customers within the scope of these efforts.

In order to bring ease to the payment and collection transactions of its customers, Ziraat Bank;

- Put into practice applications making transactions with the QR code. Payments can be carried out by scanning the barcodes and QR codes on the tax and SGK (Social Security Institution) accrual receipts through Ziraat Mobile. The Bank also enabled the sharing of data matrices from Ziraat Mobile and fast money transfer through the QR code.
- Thanks to its integration with the Turkish Tax Office, the taxpayers were able to query information regarding their debt on the Tax Office website and pay them through their Ziraat Bank account.
- Enabled the collection of bills via Internet Banking.

IN OUR 157TH YEAR... MOVING FORWARD TO THE FUTURE UNDER THE GUIDANCE OF OUR STRATEGIES

In order to facilitate the money transfers;

- “Easy Address” definition transactions were provided for the use of customers through the internet, mobile and branch channels. Ziraat Bank accounts were accordingly secured with the customer’s mobile phone number, e-mail address, TCKN (Turkish ID number) Tax Identity No (VKN), Foreign Identity No (YKN) or passport number information, allowing the use of an Easy Address instead of account information in TL money transfer transactions.
- Integration with the Central Bank FAST system was ensured, enabling money transfer on a 24/7 basis.
- The Second Hand Vehicle Sales - Safe Payment System, which works in integration with the Notaries Union of Turkey Information System, was launched for the safe execution of second hand motor vehicle purchase and sale processes.

In order to facilitate insurance operations, the Bank;

- Provided the opportunity to carry out PPS sales and collections through the Bank’s website and mobile application.
- Provided DASK (Turkish Natural Catastrophe Insurance Pool, TCIP) sales and collections through the Bank’s website, internet branch and mobile application.

By using the national ID card in customer acquisition processes, it was possible to become a mobile banking customer without going to the branch, and also possible for customers to renew their internet/mobile banking password. Efforts on remote customer acquisition with the national ID card are ongoing.

As part of the banking software transformation project, middle tier and REST transformations were completed in 2019, and front-end transformation efforts continued in 2020. Basic banking software development studies for Ziraat Bank’s foreign subsidiaries also continue with the experience gained through this project.

As part of the efforts to integrate data management principles into the business processes, Ziraat Bank completed the technical infrastructure for the systematic management of the data dictionary and business dictionary concepts to ensure data ownership and data singularity.

Separately, the Bank has started work on the process of obtaining explicit consent via SMS in order to digitally follow

up explicit consent statements which have been physically obtained from the branches within the context of KVKK (The law on the protection of personal data).

Excellence in the Customer and Employee Experience

Ziraat Bank aims to provide excellence in the customer and employee experience by improving its processes with its productivity-oriented business model.

In 2020, Ziraat Bank continued to work on the centralization, improvement and automation of the operational processes in the Head Office and the branches.

Within this context Ziraat Bank;

- Expanded the use of Robotic Process Automation and the number of processes being performed by robotic software increased to 59.
- Centralized the removal/deed of release transactions and update of foreclosure information records transactions.
- Thanks to the automatic control of the appraisal report invoices, 81% of the invoices were checked by the system.
- As a result of improvement and simplification efforts regarding the “Tax Collection Transactions” process, tax screens were combined on a single screen, allowing faster and easier transactions.
- The “Renewal of Card Screens” project was initiated in order to simplify existing screens, combine screens with similar content, to provide easy and fast access to information and to design user-friendly screens, and the related screen enhancements were implemented in pilot branches.

The Ziraat Finance Group Mobile Application was launched to enable employees to access in-Bank applications from their mobile phones. With this application, employees were able to access various financial data pertaining to the Bank, follow innovations and carry out emergency notifications. It was also possible to receive Covid-19 notifications from this application, providing a significant advantage in taking action and monitoring the process quickly.

Branch managers could also provide approval through the Ziraat Finance Group Mobile Application. It was thus possible for branch processes to continue without interruption even when managers were out of the branch.

Ziraat Finance Group Mobile Application

The Ziraat Finance Group Mobile Application was launched to enable employees to access in-Bank applications from their mobile phones.

In 2020, a program was initiated to improve processes in the Head Office. Within the scope of this study, plans were put in place to improve processes in the Head Office, including 75 requests and 5 projects. These studies were aimed at ensuring that the Head Office would work more flexible and efficiently.

Development of the in-house virtual assistant application, “BİLGE”, continued in 2020. As part of the ongoing developments to respond to employees’ questions regarding human resources practices, the Bank’s Human Resources System and BİLGE were integrated. Development work on different internal processes is ongoing. Within the scope of Ziraat Bank’s internal control operations, artificial intelligence/ machine learning models, whose infrastructure was prepared in the areas of instant loan and accounting operation controls, were used effectively. This model is aimed at identifying new risk areas early by performing anomaly analysis in addition to ensuring resource efficiency.

Investment in Human Resources and the Learning Organization

Ziraat Bank supports the development of the skills of its employees - who are its most valuable asset - with the training opportunities it provides, pays regard to equality of opportunity by conducting competency and quantitative performance evaluation processes, and aims to increase employee motivation and corporate loyalty by continuously improving human resources practices. The Bank provides a working environment which enables new information to be acquired, shared and integrated into business processes in decision-making and working processes, ensuring that employees play an active role in identifying and solving business-related problems in order to achieve individual and corporate goals.

During the pandemic in 2020, Ziraat Bank focused on bringing ease to the lives of its employees and protecting them from the pandemic. Within this context;

- employees with chronic illness were given the opportunity to work remotely,
- in order to reduce the density of staff in the Head Office buildings, some employees were transferred to different locations,
- steps were taken to allow operational units to work remotely,
- the training content in the Banking School application, which can be accessed from computers and mobile devices, was enriched and training activities such as healthy living and having fun at home with children were added.

In order to ensure the development of Ziraat Finance Group employees in line with the strategies, the competence and numeric performance score processes continued in 2020.

Having initiated individual performance and competency assessment and premium system implementations in domestic subsidiaries, Ziraat Bank continues to work on bringing individual performance management systems into use in its foreign subsidiaries.

Ziraat Bank launched the “ZiraatliYORUM” practice so employees could share their wealth of knowledge and experience with all employees. Accordingly, employees are able to write content in areas ranging from banking issues to professional development, examples of good practice in the branch and day-to-day issues such as healthy living, and share their comments with other employees.

IN OUR 157TH YEAR... MOVING FORWARD TO THE FUTURE UNDER THE GUIDANCE OF OUR STRATEGIES

Providing continuous professional and personal development opportunities to its employees, Ziraat Bank averaged 4.33 hours of classroom training and 26 hours of e-learning per person during 2020.

Ziraat Finance Group employees received numerous awards in 2020 in recognition of the innovations they introduced:

- Ziraat Bank was given the highest ranking with the Brilliance award from the Business Brilliance Awards organization in the “Environmental and Corporate Sustainability” category in recognition of its innovative business processes and sustainability work.
- The Bank was awarded the Banking Technology and Best Retail Bank of Turkey awards in the 2020 awards given by the Global Banking & Finance Review magazine in recognition of progressive and inspiring innovations which stand out in excellence in the global banking and finance industry.
- While Ziraat Bank works to contribute to our country as “More Than A Bank”, it also aims to preserve its place in the hearts of its customers. Thanks to its efforts taken in line with this goal, Ziraat Bank was chosen as Turkey’s most loved bank for the fifth year in a row in the “Turkey’s Lovemarks” survey.
- Ziraat Bank’s “Analytical Human Resources Practices”, which were developed based on the vision of making decisions with data in human resources processes, aimed at monitoring the level of team development and taking actions appropriate for proactive development, were rewarded with the Golden Prize in the Employee Loyalty Program at the Golden Bridge Awards.
- In the annual PSM AWARDS 2020, Ziraat Bank received the Golden PSM Award in the “Innovative Customer Interaction and Experience” category with its work on the “National ID Card and Ziraat Mobile - Internet Banking Online Application & I Forgot My Password”. The Bank additionally received the Silver PSM Award in the “Social Responsibility” category under the heading of “Social Benefit” with its “Individual Basic Requirements Support Loan (BTİDK)”.
- Previously selected as the Public’s Favorite and the category winner in the Banking & Finance-Mobile Application category, Ziraat Mobile was chosen as the Best Mobile Application in 2020 in the Golden Spider web awards.

- In the Middle East Stevie Awards, Ziraat Bank was awarded the gold trophy with the “Best Operation Center Innovation Project” in the Innovation in the Business to Business Services category and the bronze trophy in the Business Technology Solutions category with its “Innovation in Operation Application” within the scope of the International Stevie Awards.

The Ziraat Finance Group

In order to offer a complete package meeting the financial requirements of its customers, Ziraat Bank generates integrated solutions with its domestic and international banking subsidiaries, branches and finance entities, offering these solutions to its customers in the most efficient manner by taking advantage of the economies of scale provided by being a finance group.

In 2020, Ziraat Bank continued to expand its international service network. Its number of branches in Georgia reached seven with the openings of Gldani and Varketili branches of JSC Ziraatbank Georgia in Tbilisi. Operating in Uzbekistan, UTBANK JSC opened its fourth branch in the city of Samarkand. In addition, the Ahmed Recepli branch of Ziraat Bank Azerbaijan ASC in Azerbaijan and Kazakhstan Ziraat Int. Bank’s Turkistan branch were opened during the year.

In 2020, as part of affiliate acquisition/transfer operations, Ziraat Bank;

- Became a 2.86% shareholder in the credit rating agency, JCR Avrasya Derecelendirme A.Ş., together with 17 banks, Borsa İstanbul (BIST) and unions, which acquired a total stake of 85.05%.
- Became a shareholder in Birleşik İpotek Finansmanı A.Ş. (a lien financing company) the establishment work of which was completed in partnership with the Treasury, Borsa İstanbul (BIST), Banks and the unions.
- Became a partner of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. (financial technologies and payment systems company) with a 33.34% stake.
- Within the scope of the project to unite the insurance/life-pension companies owned by public banks under a single roof, Ziraat Sigorta A.Ş. (Insurance) and Ziraat Hayat ve Emeklilik A.Ş. (Life and Pension) were transferred to the Turkey Wealth Fund.

Various work was carried out within the Ziraat Finance Group in 2020, including technological infrastructure projects.

While work to develop the main banking applications used by the foreign units continues, processes in the London and Greece branches were completed. Additionally, work on the Key Global Project started in order to bring the banking practices to Ziraat Finance Group standards.

The Finance Group Transfer System was put into practice which will ensure safe and fast money transfers within the Ziraat Finance Group with the transfer infrastructure used jointly with foreign branches and affiliates.

The renewal of the websites in all subsidiaries and foreign branches of the Bank to bring them in line with the corporate identity of the Ziraat Finance Group was completed.

Ziraat Bank transfers its know-how to all Group banks and international branches. In this context;

- Mobile/internet banking frontages of Group banks/ international branches have been renewed under the consultancy of Ziraat Teknoloji.
- Efforts continue to extend the robotic process automation practice to the Ziraat Finance Group. In 2020, some processes in the London branch and KZI Bank operating in Kazakhstan were put into robotic automation.

Ziraat Bank continued its efforts to measure the compliance with the business model standards established to ensure that all subsidiaries and international branches provide services to similar levels with the same business model. The system is also subject to the performance system and the criteria applied for the system are constantly updated, thus guaranteeing continuous improvement of the business model at the same standards throughout Group companies.

Responsible Banking

Ziraat Bank aims to generate added value with its banking principle which respects people and the environment in accordance with its Sustainability Policy.

The policy, which specifies the principles of environmental and social impact management within the scope of lending operations, was accepted by the Bank’s Board of Directors as a complement to the Sustainability Policy. Accordingly, an environmental and social risk assessment will be carried out for all investment projects over a certain amount. Operations related to environmental and social impact management are planned to be brought into use systematically within the Bank.

The International Financial Institutions and Sustainability Management Division was established under the Finance Group Companies Management and Investor Relations Department to conduct sustainability operations in the Bank in a more effective and coordinated manner.

As part of the digitalizing contracts project, work was taken to ensure that the contracts and forms used in the Bank’s business processes could be viewed and approved through internet branch/mobile banking applications or by SMS/e-mail verification. With the project, 353 pages and 43 documents were included in the digital approval flow, saving 1,336 trees from being felled. The digitalization of new contracts and forms will continue in 2021 within the scope of the project.

Within the scope of Zero Waste Management, all of Ziraat Bank’s service buildings throughout the country were defined as separate “Facilities” in the Ministry of Environment and Urbanization’s Integrated Environmental Information System (EÇBS) and “Facility Supervisors” were appointed among unit/branch personnel. On the other hand, “Zero Waste” training, which was prepared by the Ministry, was completed by all personnel through the Bank’s training portal.

Uniform waste boxes needed within the scope of the practices were provided and sent to all units and branches in accordance with the number of floors and usage areas.

AN ASSESSMENT OF 2020: DEVELOPMENTS AND TARGETS FOR THE FUTURE

Focusing on institutionalizing and extending the culture of change and progress in all fields, Ziraat Bank continued to generate value with the innovations which it has implemented in 2020.

Having adopted a strategy based on sustainable profitability and growth, Ziraat Bank commanded TL 943 billion in total assets and TL 93 billion in shareholders' equity as of the end of 2020. Attaching importance to backing its shareholders' equity with sustainable profitability, the Bank attained a 9.7% return on equity (RoE) and 1% return on assets (RoA) in 2020.

Ziraat Bank's total lending amounted to TL 601 billion at the end of 2020, accounting for 64% of the Bank's assets.

The Bank's total deposits increased to TL 630 billion in 2020, accounting for 67% of its liabilities. Ziraat Bank remained the sector leader in terms of total deposits in 2020.

CORPORATE/SME BANKING

Through its product, service and distribution network diversity, its clout in securing low-cost funding and its liquidity advantages, Ziraat Bank continues to achieve successful results in the Corporate/SME Banking business line.

Positioning itself as a service provider focused on growing in the Corporate/SME Banking business line, the Bank responds with the same degree of efficiency in meeting the product and service requirements of small-scale enterprises as it does when responding to its corporate customers' demands for big ticket financing facilities.

Ziraat Bank took a series of measures to tackle possible disruptions in economic activity during the pandemic and has designed products which would enable corporate customers which have been either directly or indirectly adversely affected by the pandemic to continue their economic activities, and to finance their basic requirements under appropriate conditions. In this context, the Bank offered products such as the İşe Devam (Carry on Working) Loan Support Package, the Cheque Payment Support Package, the Tourism Restaurant-Cafeteria Business Support Loan Package and the Tourism Support Loan providing KGF-guaranteed lending opportunity within the framework of the Treasury-Backed Guarantee System.

Ziraat Bank studiously paid attention to promoting the access and widespread use of these loan packages, which provided a suitable source of financing to a large number of customers.

On the other hand, Ziraat Bank also aimed to fulfill the growing demand for strategic raw materials and intermediate goods and for machinery, the most basic input for produced goods in the raw material/intermediate goods manufacturing industry and machinery manufacturing industry which serves as the driving force of industrialization through local production. Designed in line with this target and presented as a new product in 2019, lending operations within the scope of the "İVME (Advanced, Productive, Indigenous Industry) Financing Package" continued in 2020 with approximately TL 26.8 billion in loans extended.

Ziraat Bank acknowledges the need to provide a healthy and sustainable contribution to existing employment, as well as to the production infrastructure, in order to ensure the consistent growth and development of the national economy. In this vein, the Bank works to expand the set of facilities which the banking sector makes available to the real sector. Accordingly, approximately TL 12.8 billion was lent to over 7,000 customers within the scope of the Employment-Oriented Working Capital Loan (in Turkish: İSTOD) which was introduced on October 31, 2019.

SUPPORT PACKAGES FOR SMEs

In addition to the convenient financing source offered by the İşe Devam (Carry on Working) Loan Support Package and Cheque Payment Support Package, Ziraat Bank has prioritized support for the tourism sector, which is one of the sectors to have been hardest hit by the pandemic, providing affordable financing to meet their requirements, particularly to restaurants and cafeterias which rely on tourism. For this purpose, the Bank brought the Touristic Restaurant-Cafeteria Business Support Loan Package into practice which provides KGF-guaranteed lending opportunities within the framework of the Treasury-Backed Guarantee System.

Moreover, within the scope of the transition to the normalization process and to support the revival of economic life, Ziraat Bank aims to enable micro-enterprises, which form the backbone of the economy and the social order, to meet their financing requirements under appropriate conditions through the KGF-guaranteed Support Loan Package for Micro Enterprises within the framework of the Treasury-Backed Guarantee System. The

purpose of the loan package, which supports the protection of production and employment capacities and market values of micro enterprises, is to meet salary and rental payments and fixed expenses related to the contract/invoices of micro enterprises.

In addition, the Bank introduced the KGF-guaranteed Tourism Support Loan within the framework of the Treasury-Backed Guarantee System for enterprises in the tourism sector which provide accommodation and food services, travel agencies, tour operators and other reservation services and related operations, as well as for the enterprises which provide goods and services to these businesses.

LOANS SECURED FROM INTERNATIONAL FINANCIAL INSTITUTIONS AND ON-LENT TO SMEs

Since 2010, Ziraat Bank has been obtaining low-cost funds from international financial institutions for on-lending to SMEs or larger-scale companies.

The agreements executed within this framework incorporate special provisions related to environmental and social control criteria, while also mandating overall compliance with the environment-related legislation in Turkey. The agreements also include lists of environmentally-sensitive sectors or sectors which must be excluded.

International Financial Institution	Project Topic	Amount	Maturity
World Bank (IBRD)	Financing for SMEs (SME II)	USD 200 million	25 years
World Bank (IBRD)	Financing for SMEs through leasing companies as an APEX loan (SME III)	USD 300 million	30 years
World Bank (IBRD)	Financing energy efficiency projects of SMEs	USD 200 million	30 years
European Investment Bank (EIB)	SME financing	EUR 100 million	10 years
European Investment Bank (EIB)	SME and MIDCAP financing (5 projects)	EUR 500 million	8 years
European Investment Bank (EIB)	Financing IPARD investments approved by the Agricultural and Rural Development Support Institution	EUR 100 million	14 years
German Development Bank (KfW)	Financing SMEs operating in the agricultural sector or rural areas	EUR 150 million	10 years
Council of Europe Development Bank (CEB)	Micro and SME business loan (to create employment or protect existing jobs)	EUR 100 million	7 years
French Development Agency (AFD)	Financing for SMEs which process agricultural products and food of animal origin	EUR 100 million	12 years

Diversity

Through its product, service and distribution network diversity, its clout in securing low-cost funding and its liquidity advantages, Ziraat Bank continues to achieve successful results in the Corporate/SME Banking business line.

Pursuant to international credit agreements, customers are required to sign a supplementary agreement in addition to Ziraat Bank's general credit agreement for such loans on-lent to SMEs. The document constitutes a pledge by the customer to ensure compliance with the environmental and social requirements stipulated by the related financial institution. During the reporting period, international financial institutions which Ziraat Bank cooperates with also conducted audits at the Bank and its credit customers on a periodical basis.

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While continuing its uninterrupted financing support for the agricultural sector, Ziraat Bank also develops projects aimed at resolving the sector's structural problems and facilitating direct access to finance.

FINANCING OF THE AGRICULTURAL SECTOR

While continuing its uninterrupted financing support for the agricultural sector, Ziraat Bank also develops projects aimed at resolving the sector's structural problems and facilitating direct access to finance. These projects are implemented through joint work with the related ministries, institutions, establishments and agricultural organizations.

In this context, the Bank prioritizes diversification of credit products which will facilitate access to financing for small business owner farmers, who constitute the most critical link in the agricultural value chain.

Investments and operations aimed at increasing agricultural businesses' storage, processing, packaging and marketing capacities for their own production are among the Ziraat Bank's target production areas, with a special emphasis on the following areas in operations carried out in line with this objective;

- contracted production model,
- controlled undercover farming,
- increasing the production of products which will reduce reliance on imports,
- building agricultural enterprises up to an economic scale,
- use of idle operating capacities,
- increasing the agricultural mechanization of businesses,
- projects to encourage the use of technology to increase productivity in agriculture,
- investment projects which will create added value in agricultural production and respond to our country's needs,
- licensed storage and cold storage depot investments.

TL 79.9 billion loan from Ziraat Bank's own resources to finance the agricultural sector

The balance of agricultural loans provided from the Bank's resources had reached TL 79.9 billion by the end of 2020, and the number of customers with loans reached 684,000. The number of new customers added to the portfolio exceeded 53,000. 35% of Ziraat Bank's agricultural loan portfolio consists of investment loans while 65% of it consists of working capital loans.

On the other hand, the Bank also mediated in the payment of TL 70.6 million in loans from the funds provided by various institutions to more than 1,200 individuals determined by the related institutions. In this context, a total of TL 1.6 billion originating from fund-based credit payments which it mediates were reached with the number of customers exceeding 59,000 by the end of 2020.

Overall, the total volume total of loans extended by Ziraat Bank from its own resources to finance the agricultural sector, together with the fund-based credits which it mediated in had reached TL 81.5 billion by the end of 2020, with a total of 744,000 customers receiving loans.

Affordable interest rate practice on agricultural loans

In line with the decree and communiqué on reduced interest rate loans, Ziraat Bank continued to extend loans to its customers operating in the sector at affordable interest rates within subsidized rates which are defined on the basis of production areas.

The contribution of the financial model to agriculture-based industry-producer cooperation

Contracted Production

Within the framework of contracts entered into with 24 firms operating in a number of areas including vegetable farming, seed farming, broiler breeding, pepper and tomato cultivation and sugar beet production, Ziraat Bank's balance of contracted production loans extended to more than 35,000 contract producers stood at approximately TL 307.5 million at the end of 2020.

Producer Financing System

The Producer Financing System was introduced in line with Ziraat Bank's strategy of "being an effective bank in financing the agricultural value chain from the farm to the plate".

This system was put in place to promote the development of direct product trade between agricultural producers, notably producers of fresh vegetables, fruit and red meat, and buyers (such as chain markets, meat integrated facilities, canned food factories, ready-made food factories) without the use of intermediaries (such as brokers or merchants), while reducing the influence of intermediaries in the supply chain on the formation of the final product price and contributing to the formation of more reasonable product purchase prices and consumer prices by providing maturity advantages to buyers.

Within the scope of the system, which was put into practice in the second half of 2020, approximately TL 80 million of loans had been extended for the sale of agricultural products as of the end of the year.

Crop production loans

In 2020, Ziraat Bank extended a total of TL 22.8 billion in loans to 225,000 customers for vegetative production. As a result of this lending under various areas, the balance of loans disbursed for crop production had reached TL 25.6 billion as of the year-end, with the number of customers receiving credit reaching 277,000.

Livestock loans

In 2020, Ziraat Bank extended a total of TL 21 billion in livestock production loans under various names to approximately 170,000 customers. As of the end of 2020, the balance of loans disbursed for livestock production had reached TL 29.7 billion with the number of customers receiving credit reaching 255,000.

Agricultural value chain

Ziraat Bank prioritizes diversification of credit products which will facilitate access to financing for small business owner farmers, who constitute the most critical link in the agricultural value chain.

Aquaculture loans

During the same period, Ziraat Bank extended TL 566.4 million in loans to more than 1,600 customers under various titles in the field of aquaculture. As of the end of 2020, the balance of loans disbursed in this area had reached TL 771.5 million and the number of customers receiving such credit exceeded 2,500.

Modern irrigation system loans

In 2020, Ziraat Bank extended TL 519 million in loans to be used for pressurized irrigation systems to more than 4,600 borrowers. These loans were used to irrigate approximately 346,000 decares of land using modern pressurized irrigation systems, resulting in 30%-40% water savings thanks to the use of drip and overhead irrigation systems.

Agricultural mechanization loans

Ziraat Bank provides financing for tractors and agricultural mechanization in order to increase the level of mechanization of agricultural enterprises, efficiency of production and profitability.

In this framework, TL 5 billion in tractor loans were extended to more than 44,000 customers, along with TL 1.1 billion in agricultural mechanization financing loans to more than 32,000 customers in 2020.

As of the end of 2020, the Bank had more than 182,000 customers using a total of TL 9.7 billion in tractor loans, and more than 85,000 customers using TL 2.1 billion in mechanization loans.

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In 2020, 21,120 customers benefited from Small Equipment Credit provided for the purchase of small farming tools and equipment needed by agricultural enterprises belonging to real persons or legal entities, to help them sustain their operations efficiently and profitably. Approximately TL 590 million of loans were extended within this context.

Loan Packages

In addition to the loans which the Bank continuously extends to finance agriculture, Ziraat Bank last year designed and offered three new loan packages for its customers. Within this framework, the following packages were introduced:

- The “Greenhouse Farming Loan Package” with loans to cover increased agricultural production in greenhouses, the installation of new greenhouses, work to bring idle greenhouses into economic use and the modernization of existing greenhouses
- The “Loan Package for Livestock Establishments Growing Their Own Feed” in order to encourage livestock enterprises to grow foraging crops in order to meet their needs for animal feed, partially or completely, and/or to meet these needs through pasture grazing.
- The “Soy Bean, Corn and Sunflower Loan Package” to encourage production of strategic arable products which are currently largely imported.

The following results were reached with the implemented packages during 2019 and 2020;

- Under the **Greenhouse Farming Loan Package**, TL 3.3 billion in loans were extended to 11,013 growers in 2020; the volume of loans granted since 2019 has reached TL 6.2 billion with the number of producers reaching 18,000 within the scope of the package.
- Under the **“Soy Bean, Corn and Sunflower Loan Package”**, TL 2.7 billion of loans were extended to 22,806 growers in 2020, taking the volume of loans extended since 2019 to TL 3.9 billion and the number of producers to 30,000 within the scope of the package.
- Under the **“Loan Package For Livestock Establishments Growing Their Own Feed”**, TL 3.4 billion of loans were extended to 30,216 growers in 2020, taking the volume of loans granted since 2019 to TL 4.8 billion and the number of producers to 42,000 within the scope of the package.

Within the scope of these loan packages implemented in 2019-2020, the number of producers granted loans exceeded 91,000 with and the total volume of loans reaching TL 14.9 billion.

A new addition to the financial solution alternatives for small businesses: “I have Many Reasons To Live In My Village” project

In 2020, the “I have Many Reasons To Live In My Village” project and the “Accumulated Agricultural Electricity and Irrigation Debt Loan” product were added to existing range of packages.

The **“I have Many Reasons To Live In My Village”** project had the following aims;

- increasing the scale of enterprises operating in the field of small cattle,
- bringing idle operating capacity into production,
- providing regional development with local sheep breeding,
- increasing demand for domestic-born female livestock, creating a market as well as reducing livestock imports,
- diversification of financial solution alternatives for small businesses.

Within the scope of the project introduced at the beginning of September, protocols were signed with 29 governorships within a period of four months.

The **“Accumulated Agricultural Electricity and Irrigation Debt Loan”** product was offered with the aim of ensuring that agricultural production in our country continued without interruption during the period where the sustainability of agricultural production and food supply security are of paramount importance, and offered reasonable payment periods for accumulated debts arising from agricultural electricity and agricultural irrigation subscriptions used by producers in their agricultural production operations.

With this loan, producers were provided with the opportunity to pay their accumulated agricultural electricity and irrigation debts with terms of up to 36 months at a preferential rate of interest.

The Young Farmers Academy, a social responsibility project launched in September 2018, continues to develop and expand.

Young Farmers Academy

The Young Farmers Academy, a social responsibility project launched in September 2018, continues to develop and expand. Within the scope of the project through which Ziraat Bank has received more than 10,000 applications to date, the number of participants successfully completing the training programs organized on dairy cattle breeding, greenhouse farming and sheep breeding has approached 300 with the cooperation established with six universities.

With university education interrupted by the pandemic affecting the whole world, the Academy was unable to open for the new period. However, interest in the Academy continues to grow and the Academy continues to receive applications.

The Bank plans to resume training at the Academy as soon as universities begin face-to-face education once the pandemic is brought under control.

RETAIL BANKING

Having offered a number of new products, Ziraat Bank introduced banking practices in the retail banking business line in 2020 which will bring ease to the lives of its customers.

In Retail Banking, which has the largest customer group of any business line in Ziraat Bank, the Bank offers services with a diverse range of products to a large retail audience ranging from students to pensioners, merchants to entrepreneurs and housewives to farmers, by effectively deploying its nationwide branch network. The Bank’s ATMs, the internet and mobile banking applications are all used extensively in these services.

During the pandemic, which negatively affected economic and commercial activity in all aspects, Ziraat Bank prepared a raft of loan packages aimed at meeting the basic requirements of its individual customers under favorable conditions. To this end, the Bank offered its customers Individual Basic Support Consumer Loan products, which provide KGF-guaranteed loans within the scope of the Treasury-Backed Guarantee System.

Ziraat Bank offered Second Hand Vehicle Support, Social Life Support and Vacation Support loan packages to meet the possible financial requirements of its customers under appropriate conditions with the aim of stimulating the return normal life in the normalization process as society emerged from the global pandemic.

Ziraat Bank continued to market the State Subsidized Dowry (Çeyiz) and the State Subsidized Housing Account products set out in legislation drawn up by the Ministry of Family, Labor and Social Services and the Ministry of Treasury and Finance to promote savings among the general public. Accordingly, the Dowry Account had 9,200 customers with a balance of TL 74 million, while the Housing Account had 2,400 customers and a balance of TL 60 million as of the end of 2020. The Bank transmits state subsidy applications from customers who have carried out payments regularly for three years to the Ministries, and state subsidies are deposited in the accounts of qualifying customers.

Ziraat Bank carries out operations focused on deepening its funding base, diversifying and enriching its products to provide financing in accordance with customer activities and needs.

Accordingly, marketing operations also continued in 2020 for Inflation-Indexed/Interest Protected and Inflation Protected products which were introduced to customers in 2019, and the maturities of the accounts were renewed. By the end of December 2020, balances had reached TL 18.3 billion with 147,000 customers in Inflation-Indexed/Interest Protected accounts, while reaching TL 1.3 billion with 14,000 customers in Inflation Protected accounts.

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INSURANCE OPERATIONS

Within the context of the New Economy Program, the work being carried out by the Ministry of Treasury and Finance to gather public insurance and life/pension companies under a single roof, with the aim of creating a strong structure, was completed. Ziraat Bank commenced agency operations with Türkiye Sigorta A.Ş. and Türkiye Hayat Emeklilik A.Ş.

Within the scope of studies aimed at digitalizing insurance products and reducing the operational burden of branches, sales and collections were provided for the following;

- PPS plans over the Bank's website and mobile application,
- The Turkish Natural Disasters Insurance Pool (DASK, TCIP) product was offered from the Bank's website, internet branch and mobile application.

The transition to an online structure got underway with the rollout of "Life Insurance Transactions Related to Agricultural Loans" offered for corporate loans used by real person customers operating in the agricultural sector. As a result of this transition, the continuity of credit connections for TL 65 billion of insurance coverage in 1.2 million policies was achieved for 442,000 insured customers, contributing to commission income.

The Complementary Health Insurance-TSS (CHI) product, which covers treatment costs without paying any additional fees, was put into place in Social Security Institution (SSI, SGK) and Türkiye Sigorta A.Ş. contracted private hospitals.

BANKKART BAŞAK SETS ITSELF APART WITH ITS SUPERIOR FEATURES

In the first quarter of 2019, Ziraat Bank began offering the Bankkart Başak which combines the characteristics of a debit and credit card thus enabling "Assets and Liabilities Management with a Single Card" to its SME and corporate customers.

Designed in accordance with market conditions in view of our country's macroeconomic priorities and setting itself apart from other products in the market with its superior features, the Bankkart Başak promotes commercial shopping and introduces a new perspective to economic life, and continued to attract further growth in its customer portfolio and transaction volume in 2020.

Safe Trade System - Bankkart Başak Supply Chain Financing

The Safe Trade System - Bankkart Başak Supply Chain Financing product which offers special pricing and maturity advantages to buyers and sellers in the supply chain through its merchant and corporate card infrastructure, and which eliminates the risk of collection between buyers and sellers has been introduced.

Bankkart Başak is equipped with an array of features which support commercial life in addition to its features as a debit and credit card. These features include the following;

- Guaranteeing the receivables of small-scale parent companies possessing an extensive dealer and sales network with **Micro DDS**,
- Optimizing supplier-dealer cash flow processes with **Dealer Special Limit**,
- Managing sectors in which holders of supplementary cards can shop with **Sector-Based Spending**,
- Easily reaching spending details of all Bankkart Başak cards allocated to companies with **Detailed Reporting**.

The number of cards in circulation reached 694,000 while total risk balance stood at TL 7.3 billion at the end of 2020.

Ziraat Bank introduced the Safe Trade System - Bankkart Başak Supply Chain Financing which offers special pricing and maturity advantages to buyers and sellers in the

supply chain through its merchant and corporate card infrastructure, and eliminates the risk of collection between buyers and sellers.

In the Safe Trade System, buyers and sellers can safely trade among themselves through the card payment system by creating a payment schedule suitable for their own cash flows. The product, which will increase the business volumes of buyers and sellers and allow buyers to access products and raw materials more quickly, was introduced to the Union of Chambers and Commodity Exchanges of Turkey (TOBB) members and the general public in a meeting held with TOBB on December 10, 2020. The relevant process is continuing for the signing of a protocol with the TOBB member chambers, stock exchanges and professional chambers throughout Turkey.

Operational process improvements

Ziraat Bank carries out initiatives in line with its targets of simplifying and centralizing its operational processes, and reducing and digitalizing back-office operations. The following key developments were carried out by the Bank in 2020:

- Steps were taken to ensure that tax collections could be performed quickly and easily with 20 different payment options through the Bank's transaction channels.
- The level of operational business taking place in the branches was reduced by centralizing lien removal and deed of release transactions and updating the foreclosure information records carried out by the branches.
- Efforts to digitally receive 100,000 Social Housing applications to the Housing Development Administration of Turkey (TOKİ) over the e-government portal were completed in partnership between TOKİ, Türksat and the Bank and expanded in all projects. Of the 1,035,000 applications made, 43% were through the e-government portal, with 390,032 applicants not needing to come to the branches thanks to rebate applications being performed through ATMs without a card.
- For citizens affected by natural disasters such as earthquakes or flood throughout the country, debt account openings sent to the Bank by the Disaster and Emergency Management Presidency (AFAD) were centralized.
- Electronic data sharing with relevant institutions was initiated by ensuring that reports requested by source institutions (collection, utilization, remaining debt, etc.) were transferred to a digital environment.
- Customers were given increased ability to collect bills through Internet Banking, contributing to increased customer satisfaction and improved branch business management.
- A Letter of Attorney Inquiry System was activated with the integration realized with the protocol signed between the Notaries Union of Turkey (TNB) and the Bank. The Letter of Attorney Inquiry System was made available to all branches, eliminating uncertainty in the process flow and ensuring reliability.
- The "Scan QR Code and Pay" option was added to the Mobile Banking application in order to keep SSI premium collections straightforward and error-free.
- The Second-Hand Vehicle Sales - Safe Payment System, integrated with the Notaries Union of Turkey Information System, was offered to customers through branches, Internet Banking and Ziraat Mobile in order to ensure the simultaneous and safe exchange of the ownership of the vehicle and the funds in the purchase and sale of second-hand motor vehicles.
- "Easy Address" definition operations, which can be used instead of account information in TL money transfer transactions, were put in practice through the Internet, Mobile and branch channels by associating an account with an easier to remember mobile phone number, e-mail address, TCKN (national ID number) Tax Identity No (VKN), Foreign Identity No (YKN) or passport number.
- Following development and simplification work regarding the "Tax Collection Transactions" process, tax screens were combined on a single screen and made available to branches, allowing faster and easier transactions.
- In order to simplify existing screens related to debit and credit cards, combine screens with similar content, provide easy and fast access to information and design user-friendly screens, the "Renewal of Card Screens" project was initiated and screen enhancements were implemented in pilot branches.
- Integration to the FAST system was achieved, enabling money transfer on a 24/7 basis within the limits set by the Central Bank.
- The rollout of the TR QR code has enabled QR code sharing and fast money transfer over the QR code.
- Introduced at the end of 2019, the "OPI-Operational Innovation" initiative, which allows customers to send transaction instructions to the Operation Center directly through the internet and mobile channels, had reached nearly 100,000 corporate customers as of the end of 2020. Within this scope, there were achievements in terms of simplifying back-office operations in the branches and ensuring customer satisfaction.

A total of 198,653,392 transactions were performed through the Operations Center in the 2020 operating period, with an overall centralization ratio of 99.39%.

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CUSTOMER-ORIENTED CASH MANAGEMENT IMPLEMENTATIONS

Ziraat Bank aims to ensure that its banking products and services are competitive, effective and productive. Creating no-cost funds and cross-selling opportunities on the back of its activities carried out towards this target, the Bank pressed ahead with its customer-focused cash management implementations in 2020.

The number of businesses covered under an agreement within Ziraat Bank's Direct Debit System (DDS) stood at 778 at the end of 2020. The total collection volume decreased by 67% compared to the previous year, while the number of dealers included in the system decreased by 43% as dealer entries reached their saturation point in the receivable collection model within the scope of the direct income support.

In addition, the Micro DDS (MDDS) product was introduced in order to guarantee the receivables of small-scale parent companies with extensive dealer and sales networks or to include dealers with relatively small volumes in the relevant sector into the system, allowing such companies to customarily take out instalment loans and offering them the opportunity to defer instalments. The number of Micro DDS Protocols executed within this framework reached 718 during 2020.

The Bank offered its Discounted DDS product, which serves to carry collections for bills in the system by direct debit ahead of their due payment dates, and which contributed to the interest income generated by the Bank.

Ziraat Bank intermediates in invoice and other payments with a total of 715 contracted organizations, with the Bank's Customers able to carry out their payments through ATMs, Internet Banking, Mobile Banking and Automatic Payment channels in addition to the branches.

Ziraat Bank realized 297.4 million contracted institution collections with the Corporate Collection System, amounting to a total of TL 509.2 million. The Bank had automatic payment orders for 13.8 million institutional payments as of 2020. In addition, the Bank continued to offer customized payments, electronic cheques/notes, accounting integrations, pool accounts and cash collection services to meet the needs of its customers.

Within the strategy of carrying out public collections, notably tax payments, through card systems and new payment methods being developed in digital channels, the Bank introduced the Customs Duty Collection Loan product. This product provided customers with the opportunity to use intra-day credit for customs duties which they pay via SMS.

Meanwhile, the Customs Consultancy Web Service for customs consultations facilitated Customs Collection, Liquidation Laboratory (TASİS) Collection and Money Transfer (Money Order/EFT) transactions for customs consultancies.

DIGITAL BANKING

Ziraat Bank is one of the banks to use technology most intensively in the banking sector, increasingly integrating it into its product and service delivery process.

Developing and renewing its existing technologies, the Bank is also focused on new technologies which can add value to its customers.

Closely pursuing technological developments in 2020, Ziraat Bank has continued to invest in modern infrastructure systems in order to expand the use of alternative distribution channels.

By the end of 2020, the number of the Bank's digital customers had reached 23.8 million, with a total of 14 million active digital banking users.

As of the fourth quarter of 2020, there were a total of 9.36 million Ziraat Bank credit cards registered, with a 12.37% share of the credit card market in terms of the number of cards and a 9.11% share in terms of monthly turnover. During the same period, a total of 39.96 million debit cards were in circulation, as the Bank's leading position in the sector was maintained with a 21.21% market share in monthly shopping turnover.

Ziraat Bank improves its processes and system flows in line with its goals of simplifying operational processes, reducing and digitalizing branch transactions, and developing digital channels.

As of the fourth quarter of 2020, the number of the Bank's member merchants stood at 741,400, with 604,700 POS and Payment Recording devices and TL 53.5 billion in member merchants turnover. The Bank maintained its leading position in the sector in 2020 in terms of number of POS and Payment Recording devices.

Online transactions with Ziraat Mobile

Ziraat Bank added a new project to its portfolio aimed at encouraging the active use of digital banking channels and allowing online applications and password renewal transactions to be carried out over Ziraat Mobile with a national ID card.

This innovation allows the Bank's customers to use their national ID cards as a verification method while carrying out online applications to the digital channels and renewing their mobile banking passwords. With this method, the customer's information on the ID card is matched with information on the card chip, and the image of the user at the time of the transaction is verified by accessing the biometric photo inside the card using NFC (near field communication) technology, with a vitality analysis then performed. As a result, customers are offered the opportunity to become digital banking customers without needing any other product-related verification element. Ziraat Bank broke new ground again in the sector with this two-component security infrastructure.

Ziraat Bank has placed special importance on efforts to integrate the national ID card into the banking system. Following the development actions, the Bank aims to further increase transaction security by renewing its processes, increasing efficiency by shortening processes and maximizing customer satisfaction. Studies are underway to use the same method in the remote customer acquisition process in the future.

Tax and SSI payments with barcode and QR code

Ziraat Bank improves its processes and system flows in line with its goals of simplifying operational processes, reducing and digitalizing branch transactions, and developing digital channels. Development work carried out within this framework ensured that customers could complete payments by scanning barcodes and QR codes on their tax and SSI slips to Ziraat Mobile.

This method ensures an error-free and easy performance in payments. With the implementation of the developments, the rate of realization of related transactions through digital channels had increased to 90% by the end of 2020.

Individual Basic Requirements Support Loan

With the goal of minimizing the potential fallout of the global Covid-19 pandemic on economic life, production and employment, which has affected our country as well as the rest of the world, the Government introduced the "Economic Stability Shield Package". In order to contribute to this package, Ziraat Bank launched the Individual Basic Requirements Support Loan to financially support customers in the retail segment with a household income of TL 5,000 or less per month.

Within this context, loans of up to TL 10,000 were extended to customers with 36-month terms to be paid back in equal monthly instalments with a 6 month grace period, to finance their basic requirements under favorable terms.

Within the scope of this loan package (BTİDK), all 9.3 million applications made to Ziraat Bank so far have been received through digital channels (Ziraat Mobile, the Internet Branch, Call Center and Website) in order to protect the health of employees and customers. Since April 13th, loans were extended to a total of 3.82 million applicants, with the unconfirmed phone information of 1.27 million (33%) of these applicants subsequently confirmed through the use of the Credit Registry Bureau (KKB) and Information and Communication Technologies Authority (BTK) confirmation mechanisms, removing the need to involve the branches.

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With these confirmation mechanisms, 758,000 applicants newly became customers of the Bank. In addition, through the BTİDK payment screen added to the ATM cardless transaction menu, approximately 930,000 customers without a card were able to receive their loans without entering the branch.

The ATM-Ankes (ATM-Cash Balance) Mobile Application

Ziraat Bank launched the ATM-Ankes Mobile application within the scope of its digital transformation activities. The application is aimed at bringing ease to the lives of its customers, to use technology more effectively in today's conditions to minimize operational costs and to provide 24/7 access to ATMs, which are an indispensable part of the alternative distribution channels.

This application provides the opportunity to access the Branch Support Line along with the Active ATM List, ATM Fault Notifications, Instant and Closed Service Level Agreement (SLA) Status Reports, ATM Safe Status Tracking Screens and the E-Library application for the management of faults.

The introduction of the ATM-Ankes Mobile application removed the need to send 75 million SMS text messages per year.

Awards for digital channel activities

Ziraat Bank won two awards in the annual PSM AWARDS 2020, which is held every year to reward technology-oriented innovative projects in the finance, informatics, software and insurance segments of financial institutions, notably banks, FinTechs, start-ups and companies which develop joint projects by providing solutions to these sectors, and to encourage the innovative creativity.

Having submitted its applications for the PSM AWARDS 2020 in the two categories of "Innovative Customer Interaction and Experience" and "Social Responsibility", the Bank's work was recognized with awards in both categories following the evaluation by the PSM Awards jury.

With its "National ID Card and Ziraat Mobile - Internet

Banking Online Application & I Forgot My Password" projects, Ziraat Bank won the Golden PSM Award in the "Innovative Customer Interaction and Experience" category under the heading of "Innovation" and the Silver PSM Award in the "Social Responsibility" category under the heading of "Social Benefit" with its "Individual Basic Requirements Support Loan (BTİDK)".

In today's banking world, where services in the banking sector can be provided to customers regardless of the time or the place, and with digitalization at the forefront of attention for users, Ziraat Bank is delighted to be pioneering this transformation with its innovative work and for its efforts to be recognized, and continues its work in this respect with determination.

Efforts focused on removing barriers

Supporting the participation of individuals with disabilities in economic and social life, Ziraat Bank carries out systematic activities to provide its customers with disabilities with easier access to its products and services.

As a result of initiatives which constitute its Accessible Banking activities, the following steps were completed:

- Tactile paving was installed on indoor and outdoor surfaces for visually-impaired individuals, a call button was put in use for individuals with disabilities who need assistance when they come to the branch, and information printed in the Braille alphabet was placed on the doors in 1,075 branches,
- Accessible elevators were installed in 40 branches and Head Office buildings,

Ziraat Bank aims to extend its efforts to enable customers with disabilities to easily access the branch, ATM and internet banking services in all of its branches.

In order to enable the use of long-term TL loans, the Bank started to use TLREF-based products instead of TRLIBOR in financial products based on variable interest rates, and started to offer TLREF-indexed products to its customers.

TREASURY MANAGEMENT AND INTERNATIONAL BANKING

Ziraat Bank predominantly supported its funding needs, which increased on the back of the 34% growth in cash loan volume, through deposits. The Bank has continued to consolidate its widespread funding structure with core deposits, also taking advantage of its extensive branch network. TL deposit products, designed to meet the various needs and expectations of customers, continued to attract customers, with the inflation-indexed TL deposit product being particularly popular.

82% growth in Ziraat Bank's gold deposits

In addition to the significant expansion in Turkish lira and foreign currency deposits, Ziraat Bank recorded an 82% expansion in the volume of its gold deposits in 2020 as the trend among households to purchase gold continued during the year, due to the perception of risk.

The Bank carried out transactions of approximately 222 tons throughout 2020 on the back of its customers' intensive gold purchase and sale transactions, providing uninterrupted service to its customers through all channels.

In line with this growth, Ziraat Bank realized over 20 tons of transactions in the BİST Precious Metals and Diamond Markets. Continuing its scrap gold collection campaigns, one ton of gold which had been kept at homes under-the-mattress was recovered for the economy by the Bank.

Ongoing success as a market maker in government debt securities

In the government debt securities market, Ziraat Bank successfully maintained its position as a market maker, as determined by the Ministry of Treasury and Finance, in 2020 and played an active role in the secondary markets. The share of securities in total assets stood at 24% at the end of 2020, compared to the 20% share in 2019.

Efforts to ensure funding source diversity

Ziraat Bank supports the work carried out by the National Working Committee, in which it actively participates, in the process of the transition from IBOR Rates to Alternative Reference Interest Rates being experienced worldwide.

In order to enable the use of long-term TL loans, the Bank started to use TLREF-based products instead of TRLIBOR in financial products based on variable interest rates, and started to offer TLREF-indexed products to its customers.

Ziraat Bank issued TL 2.5 billion of TLREF based bonds in the domestic market to qualified investors in a bid to expand the diversity of its funding sources and widen its customer base. With these issues, the Bank helped investors diversify their portfolios and distribute their risks effectively.

In order to manage the TL interest rate risk of the sector without using foreign currency liquidity, the Bank started to publish benchmark pricing in data distribution systems in 2020 to create market depth and liquidity for TLREF-based interest rate swap agreements, in an attempt to contribute to the expansion of interest rate swap agreements with both legs in Turkish Lira.

Strategies focused on developing the capital markets

Ziraat Bank continues activities with the aim of diversifying its funds and obtaining low-cost, long-term resources. To this end, the Bank's USD 7 billion GMTN (Global Medium Term Notes) program, which was set up to borrow from international capital markets, was updated with effect from 10 March 2020.

Moreover, the Bank continued to secure external funding through private placements. In August 2020, the Bank issued a USD 200 million bond with a 5-year maturity through private placements in international markets.

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Ziraat Bank also secured alternative funds such as bilateral loans and post-financing from correspondent banks thanks to its long-going and consistently maintained robust relationships with its correspondent network. These funds amounted to USD 1.9 billion as of the end of 2020.

The Bank has started working on issuing its first sustainability bond under the GMTN (Global Medium Term Notes) program. Within this context, in August 2020, the Bank prepared the “Green, Social, Sustainable Finance Framework”, which determines the appropriate lending areas which may be subject to sustainable bond issuance, and a second party compliance opinion was obtained from the internationally recognized Sustainalytics company, and both documents were posted in English on the website.

Syndication loan secured

Despite the deterioration in global financial conditions brought about by the spread of the Covid-19 pandemic all over the world, Ziraat Bank secured a USD 1.1 billion, 367-day syndication loan in April 2020, which was participated in by 38 banks from 22 countries. This was achieved thanks to the support of its robust relationships with its strong correspondent network. This transaction was the eighth consecutive borrowing transaction carried out by the Bank through international syndication for the purpose of financing foreign trade.

To secure this loan from the correspondent network operating in various regions, despite the panic affecting the global economy in the second half of March 2020, once again served to confirm international confidence in Turkey and Ziraat Bank.

Ziraat Bank also secured alternative funds such as bilateral loans and post-financing from correspondent banks thanks to its long-going and consistently maintained robust relationships with its correspondent network. These funds amounted to USD 1.9 billion as of the end of 2020.

Standing by its customers in every respect with the products and services it offers, Ziraat Bank actively supports its customers in foreign trade finance with a wide variety of financial products and services including discounted letters of credit and avalized/discounted bills of exchange/promissory notes. Working closely with export credit agencies such as Hermes, Serv and Sace to meet the foreign trade financing needs of its customers, the Bank provides medium- and long-term country loans to its customers.

Within the scope of agreements with the Export Import Bank of Korea (KEXIM) and The Export-Import Bank of the Republic of China (Taiwan Exim), the Bank provides medium- and long-term and low-cost financing opportunities to meet the working capital and investment financing requirements of customers which have business ties with Taiwan and South Korea.

Ziraat Bank increased the number of customers performing foreign trade transactions by 10% compared to the previous year, expanding its foreign trade volume to USD 50 billion by the end of 2020.

Increasing synergies with the Ziraat Finance Group

In line with Ziraat Bank's strategy and vision to increase its effectiveness in the countries in which Ziraat Bank's international subsidiaries and branches operate and to contribute to the development of commercial and economic relations between these countries and Turkey, the Ziraat Finance Group (ZFG)'s share in global foreign trade has grown at a constant pace. ZFG prioritizes the development of foreign trade between the countries and the companies supporting foreign trade.

A strong and sustainable correspondent bank network during the pandemic period

Despite the Covid-19 pandemic, Ziraat Bank continued to offer solutions to its customers located in many locations around the world and in Turkey in the field of foreign trade thanks to the robust cooperation provided by the correspondent network which includes over 1,760 financial institutions in more than 140 countries.

As one of the leading banks in foreign trade thanks to its increasing service quality and wide product diversity in recent years, Ziraat Bank's leading role in supporting the real sector during the pandemic has helped it strengthen its position as the preferred bank in foreign trade and foreign exchange transfer transactions among customers in 2020. Taking advantage of its extensive correspondent network in domestic and overseas FC money transfers, the Bank offers its customers fast and lower-cost alternative solutions, increasing the number of FC transfers.

A reliable correspondent bank limit allocation model

Ziraat Bank updates the creditworthiness of resident and non-resident correspondent banks and other financial institutions through periodic studies, and limits are allocated to these institutions based on internal rating model.

INTERNATIONAL BRANCH BANKING

Ziraat Bank has developed its operations in the field of International Branch Banking in line with its international banking strategy and vision. The Bank undertakes successful International Branch Banking operations with the following main objectives;

- To provide fast, modern and high-quality services to all customers in all regions where the Bank operates, as well as Turkish entrepreneurs and companies,
- To secure a higher share in the financing of foreign trade between Turkey and other countries where it operates and to play a strong role in financing international trade,
- To ensure the sustainable profitability of international branches with a healthy and efficient balance sheet structure,
- To create effective synergies within the framework of the “Ziraat Finance Group” approach.

An integrated perspective

Ziraat Bank carefully considers existing and potential business opportunities in the regions where it operates with an integrated perspective.

“Ziraat Is Always with You Wherever You Are in the World”

Ziraat Bank carefully considers existing and potential business opportunities in the regions where it operates with an integrated perspective. In line with the motto “Ziraat is always with you, wherever you are in the world”, determined within this framework, the Bank will continue working with the objective of becoming the strongest and the most efficient bank in the countries where it has a presence, in addition to Turkey.

In its **London Branch**, in order to adapt to the dynamics of the London financial center, the Bank reshaped its products and services in a way which would increase its effectiveness, particularly in the fields of structured finance and foreign trade finance. Serving as an important touch point in accessing international financial markets, the London Branch maintains its pioneering and advantageous position in terms of money market and treasury transactions.

In **Greece**, providing services through three branches in Athens, Komotini (Gümülcine) and Xhanti (İskeçe), Ziraat Bank focuses on services such as corporate banking and foreign trade financing. Playing an active role in developing trade between the two countries, the Bank completed the transition to the new core banking software in the first quarter of 2020, marking an important step in terms of ensuring product diversity and managing banking business processes more effectively.

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In **Bulgaria**, four branches are operating in the corporate and retail segments in Sofia, Plovdiv, Kardzhali and Varna under the Bulgarian Country Administration. Financial services and solutions are offered to customers through non-branch channels such as ATMs and Internet banking. Ziraat Bank continued to increase its financial support for direct investments of our entrepreneurs operating in Bulgaria and the financing of foreign trade between the two countries in 2020.

In **Kosovo**, four branches are operating in the corporate and retail segments in Pristina, Prizren, Peja and Ferizaj under the Kosovan Country Administration. In Kosovo, where corporate and individual customers are offered a wide range of products, the service network was expanded with new branch openings in the cities of Prizren and Peja in 2018 and in Ferizaj in 2019. Ziraat Bank played an important role in the financing of infrastructure investments, especially transportation infrastructure and renewable energy resources in Kosovo in 2020, continuing to contribute to the financing needed in the development of the country's economy.

In the **TRNC** (Turkish Republic of Northern Cyprus), customer and market-oriented operations are carried out by expanding the product range and continuously increasing service quality. The eight branches in the TRNC provide corporate and retail banking products to the customers in Turkey's standards, continuing to contribute significantly to the economic development of the TRNC.

In accordance with its responsible banking approach, during the pandemic Ziraat Bank offered its loan support packages created under the coordination of the TRNC Central Bank to customers in need of financing in the most effective manner, and captured a significant share of total loan volumes. The Bank has maintained and increased its lending activity to the education and tourism sectors, two leading sectors in the TRNC economy.

In **Iraq**, the Bank supports the development of economic and trading activities between Iraq and Turkey with its two branches in Baghdad and Erbil. The branches fulfil the contracting firms' requirements for letters of guarantee, in addition to serving as the financial solution point for international companies, organizations and institutions and, in particular, for Turkish and Iraqi corporate customers operating in the country.

The Baghdad Branch of the Ziraat Finance Group, which is an important contact point in Iraq, has played an active role in ensuring our country's access to international energy resources under favorable conditions, effectively and quickly.

In **Saudi Arabia**, the Jeddah Branch opened its doors in 2011. The Branch meets the banking requirements of Turkish and Saudi Arabian corporate customers operating in the country, primarily the letters of guarantee requirements of Turkish contractors, as well as intermediating in and developing foreign trade between Turkey and Saudi Arabia. Continuing its efforts to expand its product and service range, the Branch continued to support foreign trade between the two countries with cash loans in addition to non-cash loans.

Ziraat Bank's second address in the Gulf region, the **Bahrain Branch**, plays an active role in accessing international financial markets.

Ziraat Bank Human Resources Group Directorate revised its Human Resources and Training functions in line with current HR strategies and consolidated its operations under two new functions; Career Management and Talent Management.

HUMAN RESOURCES PRACTICES

The Ziraat Bank Human Resources Group Directorate revised its Human Resources and Training functions in line with current HR strategies and consolidated its operations under two new functions; Career Management and Talent Management. The purpose here is to define "Talent" for the Bank, discovering existing and new human resources which meet this definition, bringing them to the Bank and then developing both Career Management and Talent Management practices with the objective of retaining talent within the Bank.

2020 Career Management Operations

Operating in a sector characterized by intensive international competition, each and every year Ziraat Bank strives to take a step further on its status as the strongest national bank. In 2020, the Bank continued to develop its adopted modern human resources management system with an awareness that it owes its exclusive and distinguished position in the sector to high-level human resources which offer the right value proposals to its customers at the right time, through the right channel with their original market knowledge and experience.

In the global pandemic conditions of 2020, human resources units have taken on major responsibilities to ensure business continuity, put in place crisis management systems and support the motivation of employees with the aim of carrying companies into the future. Studies were undertaken to understand the needs and motivating factors of employees in order to create an employee experience which is able to respond to changing demands brought about by the new conditions.

The Ziraat Bank Human Resources department analyzed the effects of employees' psychology on performance during this challenging process and continued to offer training activities on online platforms to increase the psychological resilience of employees in spite of the pandemic. Practices were developed aimed at accelerating the flow of information in terms of crisis management and increasing employees' ability to take quick actions. Any employee experiencing health problems or found to be struggling with this process was contacted on a one-on-one basis and efforts were made to meet their needs and requirements. In terms of business continuity, remote and rotational working models have been adopted, and working hours have been regulated.

With all these measures, the Bank aimed to manage the pandemic process as well as was possible, to make employees feel that they are accompanied under all conditions and to create an employee experience which will respond to changing conditions.

Employee profile

With the goal of providing modern and reliable banking services by fulfilling the requirements of the banking and international competitive environment, Ziraat Bank served its customers with a total of 24,673 employees as of the end of 2020. On the other hand, the total number of employees in the Ziraat Finance Group stood at 28,389 including domestic and foreign subsidiaries. Having provided jobs for 674 people in 2020, the average age of employees in the Bank stood at was 37. Among the Bank's employees, 85% had an associate, undergraduate, graduate or doctorate education, and had served as an employee for an average of 13 years.

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BREAKDOWN OF ZIRAAT BANK'S HUMAN RESOURCES BY LOCATION, AGE GROUP AND EDUCATIONAL BACKGROUND:

Breakdown by Head Office, Regions and Branches

Unit	Number of People	%
Head Office	5,528	22.41
Regions	287	1.16
Branches	18,770	76.08
International	88	0.36
Grand Total	24,673	100.0

Breakdown by Age

Age	Number of People	%
30 -	1,966	9.97
30 - 50	21,694	87.93
51 +	1,013	4.10
Grand Total	24,673	100.0

Breakdown by Educational Background

Educational Background	Number of People	%
Post-Graduate	44	0.18
Graduate	2,253	9.13
Undergraduate	16,121	65.34
Associate	2,563	10.39
High School	3,558	14.42
Secondary School	134	0.54
Grand Total	24,673	100.0

Recruitment

Ziraat Bank has always opened its doors to creating employment for young people wishing to pursue a promising career in banking. A recruitment examination was also conducted in 2020 to meet the Assistant Specialist needs of Ziraat Teknoloji, one of the Bank's subsidiaries. The Bank's recruitment process was redesigned within the scope of "Candidate Satisfaction". In order to relieve the anxieties surrounding examinations among new graduates, pre-interview preparatory training including various training and tasks was provided, with the selection and evaluation carried out afterwards through a structured interview process.

Transparent career management

In keeping with the transparent career management approach to which the Bank adheres, Ziraat Bank trains its own management candidates among its staff. Accordingly, 2,752 existing employees who were succeeded in the written promotion exams conducted in 2020 were promoted to a higher position. In addition, more than 100 employees who successfully completed the Management Trainee Program were appointed to management positions in the branches and units.

There are a total of 28,389 employees within the Ziraat Finance Group, including domestic and foreign subsidiaries (when outsourcing personnel are included, this number becomes 33,416). Ziraat Bank has taken firm steps towards becoming a global brand in the banking sector in all countries where it operates, offering attractive career progression, pay, training and development opportunities to all employees working under the Ziraat roof. In addition to the companies operating in Turkey, efforts continue to expand Ziraat HR practices among the subsidiaries located abroad.

The Ziraat Finance Group pays attention to the satisfaction and happiness of its employees, its most precious resource, and the effective management of their experiences in this context. The Group continues to strengthen its communication channels in order to support its employees not only in managing their career, financial situation or working environment, but also their expectations and concerns regarding life.

Within this framework, the level of satisfaction of employees across the Ziraat Finance Group was measured in 2020 by conducting employee satisfaction surveys in all domestic and foreign subsidiaries together with the Bank's employees, and short and long-term action plans were created based on the analysis of factors affecting satisfaction.

Furthermore, with the "Happiness Barometer" survey, the Bank kept its finger on the pulse of employee's feelings on a daily basis. In addition to any general reasons, any reasons for dissatisfaction specific to the employee were determined through one-to-one interviews with the employees participating in the survey, and plans were set out to solve any problems.

The "Communication Network Analysis" practice, which is one of the decision-making mechanisms developed by Ziraat Bank to act in accordance with the level of success and knowledge of the employees in their careers and to create a systematic structure that would allow them to manage their careers within the framework of the determined rules, was deemed worthy of Golden Awards on two important international platforms, the Golden Bridge Awards and the Harvard Business Council International Awards. Following the analysis carried out in view of the results of this practice, the Bank's training content was renewed and an online platform was established where employees could share their talent with the whole organization.

Performance management

The Individual Performance Management System measures each employee's individual achievements and ranking in each period on the basis of objective and quantifiable criteria. The system consists of two basic components; numeric-based and competence-based criteria.

The Bank's strategies are reflected in the field through the performance system. Indicators associated with customer-focus, profitability, productivity and risk management have a significant impact on the numeric performance score. The numeric performance scores calculated according to measurements of goals, development and magnitude are combined with competency scores, which provide individuals with rankings which are used as the basis of performance bonus payments.

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The individual performance bonuses, which are determined and paid on the basis of periodically conducted individual performance reviews, are intended to strengthen the Bank's customer-focused business model, to promote an approach to work which is focused on marketing and effectiveness, to increase company loyalty by motivating personnel and to provide tangible benefits to those whose individual achievements are compatible with the Bank's corporate objectives.

A current bonus budget is determined by taking the Bank's profitability and operational results into account with the proviso that the budget's total amount shall not exceed 8% of the Bank's aggregate monthly salary payments. This allocation is paid out to recipients as an individual performance bonus at three-month intervals together with their monthly salaries in the months of February, May, August, and November and is based on objectively defined and numerically expressible specific criteria.

In this system, which has been set up to focus mainly on marketing in line with the Bank's strategies and targets, bonuses are paid to reward those who contribute more to the realization of the Bank's strategies and targets. While calculating bonuses, different coefficients are used according to branch segment and scale, individual performance ranking and job position criteria. Marketing group personnel bonuses are calculated in direct proportion to the individual performance points in each section.

Aiming to motivate employees towards increasing their corporate engagement and to reward individual achievements aligned with the Bank's corporate strategies, Ziraat Bank included all other Head Office units within its performance management system in the second quarter of 2018, as well as the units subject to numeric performance measurement, taking into account the competence-based evaluation system.

On the other hand, within the framework of the fundamental Ziraat Finance Group concept, individual performance evaluation, competence evaluation and bonus system practices were launched throughout the domestic subsidiaries. During the reporting period, the Bank also continued to take steps to introduce individual performance management systems in its foreign subsidiaries. Ziraat Bank plans to follow up the outcomes of the performance system devised for foreign subsidiaries and to initiate performance bonus payments among these units as well.

Remuneration practices

The Remuneration Committee is responsible for overseeing and supervising Ziraat Bank's remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and shares its suggestions with the Board of Directors.

Within the context of the third term collective bargaining agreement signed between Ziraat Bank and Öz Finans-İş Trade Union to be effective from January 1, 2019 through December 31, 2020, union members were granted certain personnel rights including leave in addition to receiving additional monthly payments. In the Bank, which has a unionization rate of around 90%, adjustments to pay for 2020 were carried out in accordance with the Collective Labor Agreement.

The system, set up to monitor the amount of overtime carried out by personnel continued to be used effectively in 2020. A focus was placed on reducing overtime, in keeping with the sensitivity placed on maintaining the work-family life balance for employees.

Health benefits and practices

In addition to the health services provided by the Social Security Institution, Ziraat Bank provides benefits regarding health insurance to its employees and family members subject to the provisions of private law;

- Based on the authorization provided by the Bank's Board of Directors,
- Based on the authorization provided by the Board of Directors of Health and Assistance Fund (the Fund) for the Fund members.

The Bank also executes special agreements with healthcare service providers, under which its employees can obtain healthcare services, and announces these agreements to all employees.

Measures taken against the Covid-19 pandemic and social security practices

To reduce the negative impact of the Covid-19 pandemic, which originated from China in the first quarter of 2020 and spread rapidly throughout the whole world with the effects of globalization, the Ziraat Finance Group immediately implemented a series of measures by prioritizing the health of its employees and their families, and strived to be support its employees.

Talent management

Ziraat Bank attaches importance to training and development activities aimed at improving both the professional knowledge and skills and personal talents of its employees within the framework of its strategy of "Investing in Human Resources and Learning Organization".

In this context, the pandemic was closely monitored from the very first day and regular information was provided within the scope of business and operational continuity. Employees in high-risk groups for reasons such as pregnancy, breastfeeding, chronic illness and disability were prioritized. During the Covid-19 pandemic, work areas were routinely disinfected and programs put in place for employees to work remotely or on alternate days as much as possible. Furthermore, the hours of service of the branches were revised in line with the process.

The Covid-19 Status Notification Mobile Application was developed with the aim of quickly detecting possible cases of Covid-19 within the Bank and to take necessary actions. The health status of employees can be monitored instantly with the application and actions taken according to their situation.

Efforts were taken to meet the needs of employees, retired employees and their relatives or those suspected of having Covid-19 had any needs regarding health expenses, with food aid provided to those in need and accommodation provided for personnel where deemed necessary.

The children of employees who had achieved national or international success in fields such as sport, painting and music were closely followed in this process.

Human Resources analytical practices were deployed with trend analysis activities created by following the number of cases in various countries during the pandemic period on a daily basis. Diffusion Trend Modeling was developed for our country by analyzing Covid-19 case statistics in the world, and the outputs of the model were used as inputs in workforce planning.

Talent Management Practices

Ziraat Bank attaches importance to training and development activities aimed at improving both the professional knowledge and skills and personal talents of its employees within the framework of its strategy of "Investing in Human Resources and Learning Organization".

By contributing to the development of its employees in every aspect and adding value, the Bank aims to discover, evaluate and develop talent in the most efficient manner by standing by these individuals in every period of their business life. Accordingly, an extensive and user-friendly rate of content was diversified by taking various user needs into consideration and transferring them from various channels.

Developing talent

Providing continuous professional and personal development opportunities to its employees, Ziraat Bank offered each of its employees an average of 30 hours of training in 2020. During the pandemic in 2020, virtual classroom practices and distance learning were preferred instead of in-class training in order to limit the risk of transmission of the virus.

In 2020, Ziraat Bank provided training to its employees not only in technical banking matters, but also in many areas that directly affect the quality of life of employees, such as parenting, healthy living, fitness, coping with stress and emotional resilience.

During the pandemic, employees were supported with a range of different content in a wide range of subjects such as child psychology, spending quality time with children at home, measures to stay healthy and coping with stress.

Written works of the Bank's employees who wrote books were published on the Banking School platform within the scope of the "Ziraatli Yazarlar (Authors of Ziraat)" project.

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Technologic applications in training

In line with Ziraat Bank's "Digital Solutions" strategy, applications including the latest technology in the field of training were followed and put into use.

Distance learning, which allows more employees to train at a low cost in a short space of time and is accessible for employees at any time and any place, has gained even greater importance during the pandemic. The Bank, which quadrupled its existing e-training, assigned 160 distance learning sessions per employee, with content differing depending on their field of duty, through the Banking School platform.

In addition to this content, the digital library, "KütüphanemiZ (Our Library)", which contains more than 1,000 volumes, was opened for the use of all employees. KütüphanemiZ (Our Library) provides a vast range of interesting distance learning courses, videos, audio files and documents for all employees seeking to develop themselves professionally or personally.

Ziraat Bank produces some of its digital training itself, taking flexible actions in matters that require rapid information.

With a belief that we cannot claim our future without knowing our past, the processes which took place during the Bank's founding year were discussed in an online panel held with three renowned historians.

Ziraat Bank launched the "ZiraatliYORUM" platform in a bid to enhance intrabank sharing and allow employees to transfer and record their knowledge and experience for all employees, and as well as creating an environment where employees can demonstrate their skills. On this platform, employees are provided with the opportunity to share their own articles, read and comment on other articles and to support them by liking them.

With variations depending on the fields of duty of the employees, Ziraat Bank prepared journeys with the mobile application, Rootie, which allows information to be collected instantly from the field, as well as ensuring permanence with micro learning and enhancement. With the application, which is designed to present the practicality of mobile learning by accompanying employees in their fast-moving lives, items such as surveys and exam questions, reminders, greetings and messages of congratulation can be addressed

Digital Solutions

In line with Ziraat Bank's "Digital Solutions" strategy, applications including the latest technology in the field of training were followed and put into use.

on a daily basis within the framework of a planned calendar, in addition to micro learning items.

In order to invest in the Bank's corporate culture, employees were asked "What's it like to be a Ziraat employee", and the first version of "The A-Z of Being a Ziraat employee", a collective and living digital book, was created with the answers taken.

Within the scope of the activities to mark the 157th anniversary of Ziraat Bank's foundation, a painting contest was held for children on the subject "What do you think Ziraat Bank is?". At the end of the competition, which sought to reveal what Ziraat Bank means for young people through their imaginations, all pictures were declared a winner by the jury after having evaluated their beautiful pictures. Their works of art were also featured in the *Iiz (We Are One)* magazine and shared on the Ziraatvolley Instagram account. This was an example of how the Bank sought to interact with its employees, even during the pandemic.

In 2020, Ziraat Bank focused on "gamification" on one hand while enriching its educational content on the other. "NextPlease" is a Gamified Competency Development Tool based on the 5-factor personality model OCEAN, which creates a realistic "customer-employee communication process" by simulating different types of customers, personalities and moods with the help of artificial intelligence. With the "NextPlease", employees had the opportunity to develop their communication skills by experiencing and entertaining.

Training operations within the framework of the "Responsible Banking" strategy

Within the framework of its "Responsible Banking" strategy, Ziraat Bank also pays regard to sustainability in its training activities.

By offering an extensive range of content, which had been previously been shared in printed form, on a digital environment by e-mailing training notes to participants instead of printing and distributing them, and by switching to a "mobile signature" practice in in-class training, the Bank has decreased its paper consumption every year.

Our "E-training Exclusive for Juniors" activities, initially prepared to raise awareness of savings among children and introduce them to basic financial concepts, were updated. In this fun packed activity, children gained knowledge of the relationship between money and banks, the functioning of banks, internet and telephone banking, credit and credit card awareness and efficient use of all resources from money to electricity and water with the themes of "Money-Bank Island, Savings Island, Credit and Credit Card Island and Budget Island".

The other following training programs were also offered by Ziraat Bank in 2020 in line with its "Responsible Banking" strategy:

- In order to raise awareness among employees, articles on "What is Zero Waste?" and "What We Can Do to achieve Zero Waste in Our Homes" were published on the ZiraatliYORUM blog, as well as the "Zero Waste" e-training program.
- Training on secure credit card use and agricultural insurance was updated within the scope of customer training.
- In 2020, training programs on the "Prevention of Laundering of Proceeds from Crime and Financing of Terrorism" continued for employees in line with legislation.
- Containing 9 videos, Financial Literacy training was added to the existing range of training programs.

New e-training programs added to Ziraat Bank website

Within the framework of "Banking for Everyone" and "Excellence in the Customer and Employee Experience" strategies, new e-training programs, which are accessible to all, are added to the Ziraat Bank website every year.

In 2020

Average Training Per Person (hours)

30

Number of Digital Training items Assigned per User

1,360

Despite the pandemic, in 2020 Ziraat Bank continued to provide internship opportunities, albeit limited in scope in the circumstances of the pandemic, to approximately 1,800 students enrolled in Vocational High Schools and Higher Education institutions who required internship, placing the greatest care on the rules of social distance and hygiene.

Within the framework of a structured program, the Bank also offered internship opportunities to approximately 100 students as part of the Internship Mobilization Project initiated by the Presidency HR Office.

Within the scope of the program, each and every day of the student's experience was planned in depth with the "Customer Experience" approach, from the welcome step on the first day up until their farewell. Over 100 items of content including videos, distance learning and reading materials on many different subjects were brought into use for the students on the digital platform, and were made available exclusively for them.

Basic banking, the A-Z of credit information, digital literacy, correspondence techniques, corporate professionalism, resilience, information security and zero waste are among the training programs offered through the mobile application. Small competitions were organized to increase participation and encourage learning, and every step of the program was followed through the mobile application on daily basis.

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SOCIAL RESPONSIBILITY AND PUBLIC RELATIONS

Ziraat Bank provides continuous support in the area of social responsibility having acted with the spirit of social sharing for 157 years. In 2020, the Bank continued to contribute to activities in health, education, service and sport aimed at developing individuals and the society.

Culture and Art Activities

Ziraat Bank has illustrated the importance it has attached to art and artists ever since its establishment under the motto “In Art for Art”. Continuing to participate in various activities in all artistic disciplines, more than 10,000 art lovers visited 13 exhibitions opened by the Bank in 2020 in the Ankara Kuğulu and Çukurambar Art Galleries and the Istanbul Tünel Art Gallery.

The “State Theatre on the Ziraat Stage”, which was executed under the cooperation of the General Directorate of State Theatre and Ziraat Bank with the mission of supporting culture and arts, continues to serve connoisseurs of the performing arts.

The Ziraat Bank Museum, which was built in 1929 by the Italian architect Giulio Mongeri as one of the structures of the First National Architectural Period, was opened in 1981 in the Hall of Honor on ground level of the historic head office building in the Ulus district of Ankara.

Pursuing a goal of transferring the Bank’s knowledge and experience to the future, the Ziraat Bank Museum illustrates the commercial, economic, political, cultural, artistic and educational changes of the Turkish banking system from its beginnings right up to the present day. These are depicted in an array of antique artifacts which were once used in the banking system, which the Museum exhibits in a historic setting.

Having been expanded to include the basement floor following the restoration initiated in the historic building in 2017, the Ziraat Bank Museum was temporarily closed to visitors due to the pandemic in March 2020. During this period, the Museum offered virtual visitors the opportunity chance to see and experience the museum step by step with the virtual online tour.

Ziraat Bank boasts one of Turkey’s leading collections of sculptures and paintings. The Bank brings works of art in its collection to the public with its collection and comprehensive exhibitions which it organizes. With more than 2,500 works, the Ziraat Bank Painting Collection continues to expand with the works of art purchased from artists exhibited in the Ziraat Bank galleries.

An important supporter of the development of Turkish sports

Having put its name on the Turkish Cup with its sponsorship in the past 12 seasons, Ziraat Bank has contributed invaluable to the development of Turkish sport. Additionally, the Ziraat Volleyball Team, competing in the Turkish Men’s Volleyball leagues since 1981, competed successfully in the Efeler (Premier) League, the AXA Sigorta Cup Volley (Turkish Cup) and the CEV Challenge Cup in Europe in the 2020/2021 season. Having succeeded in qualifying as the runner-up in the CEV Cup in the 2017-2018 season, the Ziraat Volleyball Team represented Turkey at the Balkan Cup held in Pazardzhik, Bulgaria and claimed the championship title. The team also won the Turkish Champion titles in the U-18 and U-20 categories at the latest Infrastructure Turkey Championships.

Support for Social Responsibility Projects in 2020

Ziraat Bank has supported the National Solidarity Campaign in solidarity with the continuing fight against the coronavirus pandemic which has affected all areas of our lives, and to support citizens who have been economically affected by the pandemic.

In order to fulfil the mission which comes with its social responsibility and to bring land ravaged by forest fires in the province of Hatay back to life as soon as possible, the Bank donated 60,000 saplings on behalf of its employees, their children and pensioners.

The Z-Library Project, conducted by the Ministry of National Education, is intended to spread a culture of reading, help develop libraries, deliver a service of sustainable quality and provide support in the form of materials. Ziraat Bank’s support for the establishment of Z-Libraries, earmarked to be set up in all 81 of Turkey’s provinces, continued in 2020.

Ziraat Bank’s efforts to school improvements in priority regions for development continued in 2020 within the scope of the “Children on Vacation, Schools in Renovation” social responsibility project.

In addition, the Medeniyet University Ziraat Bank Library Project, which is planned to be the largest library in Istanbul, reached completion with Ziraat Bank contributing to efforts to consolidate its support to the socio-cultural and economic development of Turkey as well as to provide a gift of permanent value to our country.

Ziraat Bank’s efforts to school improvements in priority regions for development continued in 2020 within the scope of the “Children on Vacation, Schools in Renovation” social responsibility project.

In 2020, the Bank continued to provide support to seminars, conferences and training activities organized by the Higher Education Student Loans and Dormitories Authority, taking the view that the young people in higher education who are living in the Authority’s dormitories would go on to steer Turkey’s socio-cultural and economic development and progress in the future, as well as with the aim of instilling them with an awareness of cultural values, history and literature.

Advertising and Communication Activities

In the Brand Finance 2020 survey conducted by Brand Finance, Ziraat Bank was named Turkey’s second valuable brand and Turkey’s most valuable banking brand. This success was shared with the public through the print media and social media.

The Bank’s televised commercial, “Dinlemezszen (If You Do Not Listen)”, was presented to its audience through national television channels and social media, and was highly popular among the viewing public.

Commercials celebrating Mother’s Day and Father’s Day were streamed on social media.

The televised commercial explaining the “Vacation Support Loan” product for retired and working customers who receive their salaries and pensions through Ziraat Bank and the Bank’s PPS customers was broadcast on national television channels and social media.

The “Online Channels” commercial, which informs viewers that Ziraat Bank customers can apply for internet and mobile banking from the Bank’s website or Ziraat Mobile without having to go to the branch, was aired on national television channels and social media. Additionally, an introductory film explaining the ease of access to internet banking just by using a national ID card, and introductory films providing information on to apply to the Bank’s digital services and online password renewal processes were transmitted to users through social media channels.

Ziraat Bank rolled out the “Safe Payment System” which ensures the simultaneous and safe exchange of ownership and the funds when selling a vehicle during the sale and purchase of second-hand motor vehicles. A film promoting this product was aired on social media.

A 157th anniversary commercial, worthy of Ziraat Bank’s 157 year deeply rooted past, which has brought smiles to faces of Bank employees and customers alike, was presented to viewers through national television channels and social media.

The commercial, which allows us see the great actor, Kemal Sunal, among us again by using “deepfake” technology for the first time in Turkey, created something of a stir in the print and visual media.

Other Operations

- In accordance with the corporate identity principles of the Ziraat Finance Group, the websites of domestic and overseas subsidiaries were renewed in order to provide a common experience for the Bank’s customers.
- Within the framework of Intellectual and Industrial Property Rights, all kinds of application, objection and registration transactions carried out by the Bank and the entire Ziraat Finance Group both domestically and abroad regarding trademarks, patents and registrations, as well as renewal procedures for registered trademarks, patents and design certificates were carried out.

AN ASSESSMENT OF 2020: DEVELOPMENTS AND TARGETS FOR THE FUTURE

- The interactive magazine, İiz (We Are One), was published on the Bank's portal and the Ziraat Finance Group mobile application on a bimonthly basis, pursuing the goals of fostering a sense of belonging among Ziraat Finance Group employees, informing them of developments in the Finance Group and the Bank, ensuring the continuity of corporate culture, creating an institutional memory and for creating a communication platform between Ziraat Family members.
- Ziraat Bank carries out operations to cement its position in the sector, to increase its brand value and to become a brand which achieves complete customer satisfaction. In this context, the Bank commissioned a Corporate Internet Banking Customer Satisfaction Survey in the fourth quarter of 2020 to measure the level of satisfaction and loyalty among corporate internet banking customers. The Survey also aims to specify areas where the Bank is strong and areas, if any, where its performance is lacking, and set out create necessary action plans for improvement.
- Ziraat Bank aims to become the most effective Bank in the sector in the social media channels in which it operates in order to respond to its customers' requests and expectations on each platform and to maintain the highest level of customer satisfaction. Attracting more than 2,300,000 likes and followers on its Facebook page in 2020, the Bank has steadily increased its effectiveness in social media with more than 450,000 followers on Twitter, 200,000 followers on the Bank's Instagram account and more than 80 million views on YouTube and other similar platforms.

Sponsorships

With the birth of agriculture 10,000 years ago, the Anatolian region was the cradle of today's civilization and created a great balance between nature and the human race. The Ministry of Agriculture and Forestry has prepared a documentary project entitled "Agriculture is Our Future" to explain this region to young people through imagery and to raise an awareness that agriculture represents our future. In 2020, Ziraat Bank provided sponsorship support to this project consisting of ten 45-minute episodes which would share the stories of agriculture in our different regions.

A slew of achievements crowned with prestigious awards

Ziraat Bank's initiatives and numerous projects have attracted the appreciation and admiration of stakeholders, with its products receiving recognition in various events. The awards that the Bank won in 2020 in recognition of the brand introductions and social media and corporate social responsibility initiatives which it conducted are listed on the next page.

Ziraat Bank aims both to contribute to the development of sport in Turkey and also to raise its brand recognition to a much wider audience. Taking into account the interest audiences show in football, the Bank took over the naming rights of the Turkish Cup for the 2020/2021 season, continuing its run of the last 11 seasons since 2009.

Golden Spider - Second prize for Ziraat Bank Corporate Website

Golden Spider - Mobile Compatible Design Award for Ziraat Bank Corporate Website

Anadolu Media Awards - Empowering the Economy Award

Brand Finance - World's 500 Most Valuable Banking Brand 2020, Turkey's most valuable banking brand for two years in a row

Business Brillianca Awards - First prize, Environment and Corporate Sustainability category,

Good Life Brands Research - Winner, Good Life Brands / second successive bank category

Global Banking & Finance Review - Banking Technology and Best Retail Bank of the 2020 in Turkey

LACP - Platinum Award for the Ziraat Bank 2019 Integrated Annual Report, Commercial Banks category

LACP - Financial Entities Group, 10 Awards including Golden Award

Lovemark - Turkey's Lovemark in Banking (for the 5th year in a row) Banking Category

Stevie Awards - Bronze Award in Best Annual Report among Private Companies competition, for the 2019 Integrated Annual Report

Stevie Awards - Bronze Award in New Product Awards Business Technology for Opi application

Stevie Awards - Silver Award in Advertising Campaign of the Year in Financial Products and Services, for the Dinlemezszen (If You Don't Listen) Advert

Stevie Awards - Bronze Award for Internet Banking

Stevie Awards - Golden Award for Seasonal Counter Application, World's Most Reputable Business Awards

Stevie Awards - Golden Award for Best Operations Center Innovation Project

Stevie Awards - Golden and Silver Award for Centralized E-Mortgage, Deed Mortgage Establishment and Registration Processes

The One Awards - Brand Value and Perception Research Respected of 2019, Credit Card Category/Bankkart

The Golden Bridge Awards - Golden Award in recognition of its Communication Application

Trust İstanbul Visionary Talks & Awards - Most Reliable Brand, Turkey's Most Reliable Banking Brand

Cevat Dereli - Ağ Çeken Balıkçılar (Fishermen Pulling Fishnet)

(1900-1989) He started with the training in Hikmet Onat Workshop in the Fine Arts School and then moved to İbrahim Çallı Workshop. In the artwork named "Fishermen Pulling Fishnet" which belongs to the Ziraat Bank Art Collection, the geometrical formed fishermen who collect the nets thrown into the waters that form a big plan with gray blues in the middle, prove that the deformation power of Dereli coincides with a lyrical cubist interpretation.

Oil on canvas, 1950, 30x40 cm.



We create value
for sustainable
production and
trade.

ZIRAAT BANK AND THE ENVIRONMENT

Ziraat Bank considers proactive management of risks that may cause environmental or social impacts in the projects it supports through lending activities as one of its main duties towards its stakeholders. In this regard, the Bank monitors natural resource consumption, takes necessary steps in terms of reducing it, and cooperates with suppliers, thanks to the effective environmental management it places at the center of all its operations.

2020 GREENHOUSE GAS EMISSIONS OF ZIRAAT BANK

The study into Ziraat Bank's greenhouse gas inventory was completed by collecting 2020 energy data from the Head Office and domestic branches.

With respect to greenhouse gas emissions, the points set out in Scope 1 and Scope 2 in the GHG Protocol and ISO 14064-1: 2006 standard are referred to. The IPCC, TIER-1 Methodology was used to calculate greenhouse gas emissions within the specified limits, and TIER-2 Methodology for activity data with national data (electricity). The GWP (Global Warming Potential) coefficients used in the calculations are taken from the IPCC AR5 assessment report.

In a breakdown of Ziraat Bank's greenhouse gas emissions by source, electricity-based emissions accounted for the highest share of total emissions with a 54.4% share (58.6%

in 2019), followed by emissions from the company's vehicles with a 19.6% share, and fuels used in the buildings with a 15.9% share. The upward trend in emissions from refrigerant gases (F-gases) seen in 2019 continued in 2020 (2017; 4%, 2018; 8%, 2019; 9.1%, 2020; 10.1%).

In 2020, the Bank's scope-1 emissions decreased by 3.1% compared to 2019 (33,780 tCO₂e) to 32,729 tCO₂e.

Of these emissions, diesel consumption accounted for 43% of the total, with natural gas consumption and F-gases comprising 25% and 22% of the total respectively.

Ziraat Bank's indirect greenhouse gas emissions decreased by 18.10% compared to 2019 with 11.79% of this decrease resulting from the decline in electricity consumption, while the remaining 6.31% was on the back of the electricity emission ratio.

The total greenhouse gas inventory for 2020 amounted to 71,839 tCO₂e, a decrease of 11.9% compared to the previous year (81,534 tCO₂e), remaining lower than the previous annual greenhouse gas emissions figures which have been calculated since 2014.

Ziraat Bank's greenhouse gas intensity (tCO₂e/Million TL of turnover) continued to decrease (from 0.14 in 2018 and 0.13 in 2019 to 0.08 in 2020). It is planned that this trend will be supported by effective energy management practices.

Change in Indirect Greenhouse Gas Emissions					
	2019		2020		%
Indirect Energy Consumption (KWh)	Indirect Greenhouse Gas Emissions (tCO ₂ e)	Indirect Energy Consumption (KWh)	Indirect Greenhouse Gas Emissions (tCO ₂ e)	Change (Scope 2)	
92,956,203	47,754	81,999.262	39,110	-18.1	

In multilateral project finance transactions involving Ziraat Bank, commitments to compliance with IFC Performance Standards, EBRD Performance Standards and the Equator Principles are taken into consideration in the evaluation of loan agreements on a project specific basis.

Environmental protection activities within the scope of project finance

Ziraat Bank provides financing for infrastructure projects such as airports, highways and bridges which generate added value for the national economy and support employment, as well as renewable energy projects.

The Bank conducts risk assessments taking into account environmental and social risks while arranging private loan contracts within the scope of project financing.

In multilateral project finance transactions involving Ziraat Bank, commitments to compliance with IFC Performance Standards, EBRD Performance Standards and the Equator Principles are taken into consideration in the evaluation of loan agreements on a project specific basis. Among these, six projects require compliance with the Equator Principles.

Compliance with these criteria is followed through reports prepared by Technical and Environmental Consultants. There were no incidents where these criteria could not be met during 2020.

In project finance contracts prepared by Ziraat Bank, the Bank receives statements and commitments from customers regarding environmental and social issues in accordance with the laws and regulations to which the customers are bound, as well as issuing notes of default in instances of failure to comply with the declarations and commitments.

Customer commitments are regularly monitored through periodic reports prepared by environmental consultants or investors.

As of the end of 2020, a commitment remains in place to plant trees in four projects which the Bank provided financing to. The following commitments were made in different projects:

- Within the framework of the Environmental and Social Action Plan, a commitment was put in place for the afforestation of 5,000 hectares of land. In the 2019-2020 season, a total of 879,000 saplings were planted on 1,000 hectares of land, and the commitments for the remaining 4,000 hectares are planned to be fulfilled by the end of 2023.
- A minimum of 1,666,666 trees are planned to be planted around the facility's impact area per year, with a total of 5 million by the end of 2020, and 10 million by the end of the 10-year period.
- A commitment was provided for the afforestation of 2,940 hectares of land.
- A total of 4,951,580 trees will be planted within the framework of the afforestation plan.

Within the framework of its responsible banking strategy, Ziraat Bank continued the work which it embarked upon in 2017 to establish an Environmental and Social Risk Management System for certain investment loans in 2020.

In this context, the Bank's "Environmental and Social Impact Management Policy in Lending Operations" was established and was accepted by the Board of Directors as an integral part of the Sustainability Policy. The determination of procedures for the implementation of the policy and the efforts to integrate them into lending processes will continue in 2021.

ZIRAAT BANK AND THE ENVIRONMENT

Energy efficiency initiatives

Ziraat Bank has implemented a wide array of innovative practices in energy savings and efficient use of energy resources.

In order to reduce the cost of heating and increase energy efficiency, the Bank realized the installation of 470 air conditioning systems equipped with high-efficiency inverter technology using ozone-friendly R410A coolant gas in 2020. A total of 118 of these air conditioning systems were procured in accordance with the next generation VRF system standard which maximizes both energy savings and comfort. A total of 3.76 tons of R410A coolant gas was used in the installed systems.

Ziraat Bank aims to optimize the energy consumption of its computers with Green IT applications. Accordingly, warning messages are sent to users at specified times to ensure that computers which are still switched on outside working hours in the Bank's offices are switched off, and that computers are automatically switched off if they are not actively in operation.

Generators are monitored remotely and centrally to check if they have been activated in the event of a power outage. The fuel status of the generators is also monitored remotely and an uninterrupted power supply is provided in the event of potential power outages.

Thanks to the use of biometric systems placed at ATM cubicle entrance points, data on ATM cubicle temperature and energy consumption is monitored centrally and usage adjustments are performed in light of this data in an effort to reduce energy expenditures.

LED lighting systems have been installed in the Bank's branches, illuminated billboards and ATMs.

Zero Waste Management

Ziraat Bank carries out work on the establishment and implementation of the Zero Waste Management System in the Bank in accordance with the Zero Waste Regulation published in the Official Gazette dated July 12, 2019.

In this context, all service buildings of the Bank throughout the country were defined as separate "Facilities" in the Integrated Environmental Information System (EÇBS) put in place by the Ministry of Environment and Urbanization and "Facility Supervisors" were determined among the unit/branch personnel.

The Bank ensured that the training presentation on "Zero Waste" prepared by the Ministry was completed by all personnel through the Bank's training portal.

Uniform waste boxes required within the scope of the practices were provided and sent to all units and branches in accordance with the number of floors and usage areas.

All units and branches of Ziraat Bank which have completed the transition to the Zero Waste Management System are audited by the relevant Environment and Urbanization Provincial Directorates.

Efforts on waste management

At Ziraat Bank, there is a practice of disposing of empty toner cartridges and expired drum units in the branches under the manufacturer's responsibility. In 2020, the volume of waste products accredited and disposed of by the recycling company totaled 10,660 kg (2,870 units).

Within the scope of the practices undertaken to reduce the use of toner in the Bank, the number of dots used for each character and the optimal number of points are adjusted and dots which cannot be discerned by the user are not printed, thus resulting in a 20% saving in toner use. The savings achieved prevented carbon dioxide emissions totaling 601,750 kg.

Defective IT equipment in the Ziraat Bank units and branches is collected in Bank service centers and returned to use by carrying out repairs and renewals.

Waste IT materials, sheet metal materials such as system cabinets and air conditioning units, battery and scrap ATM devices are sold on to companies which hold transportation and processing licenses issued by the Ministry of Environment and Urbanization. Thus, waste is treated as a raw material through recycling, preventing such waste from harming the environment. In this framework, approximately 67 tons of waste material was sent to recycling units in 2020.

Recycling

Documents and waste paper which no longer legally needs to be retained at Ziraat Bank is sold to contracted authorized companies for recycling. In this context, approximately 955 tons of waste paper was recycled in 2020.

In the process of replacing chemicals from expired fire tubes, Ziraat Bank works with companies authorized to collect and dispose of the chemicals.

In addition, waste such as glass, plastics and paper generated from the bank service buildings is collected in cooperation with the municipalities.

Significant achievements in saving paper

Documents and waste paper which no longer legally needs to be retained at Ziraat Bank is sold to contracted authorized companies for recycling. In this context, approximately 955 tons of waste paper was recycled in 2020.

Requests for A4 photocopy paper at all units and branches in Ziraat Bank are met from the warehouses within the Bank. Overall, savings of 28% were achieved in A4 paper consumption within the Bank compared to the previous year.

A substantial amount of paper can be saved by double-sided printing using the multi-functional printers which are in use within the Bank's branches and units.

Within the scope of the audit model being implemented at Ziraat Bank, the practice of submitting physical documents and reports was discontinued, with branch reports instead being generated through the system. In addition to branch audits, audit reports for all head office units have been prepared and monitored through the system.

In addition, with the e-signature and virtual archive application in use throughout the Bank, all audit and review/investigation reports are archived digitally on the main banking software without the need for a physical document archive.

Virtual archiving, transferring the inspection and audit reports to the system and other similar preventive digital practices have saved paper amounting to approximately 782,000 sheets of A4 paper per year.

Work to obtain information and documents provided by other institutions and organizations continued in accordance with the legislation in electronic media from the related institutions in 2020. It is calculated that approximately 5 million pages of paper was saved in 2020 within the scope of the work aimed at producing all documentation obtained or prepared in the stages of corporate credit evaluation, proposal and utilization through the system.

Other environmental practices

Ziraat Bank aims to obtain LEED Certification by designing the Ziraat Towers to be built at the Istanbul International Finance Center campus, which is under construction in Ataşehir, İstanbul, in accordance with international environmental standards.

In the course of the continuous improvement work undertaken in physical service points, the materials used in construction projects such as installations, electrical components, equipment, furniture and furnishings are examined by Ziraat Bank within the scope of R&D work, and the functionality and recycling properties of the materials are taken into consideration with concepts which will minimize damage during the selection, with consideration given to the environmental impact. In line with the Bank's sustainability approach, 104 service buildings were renovated in 2020.

ZİRAAT BANK'S SUBSIDIARIES IN 2020

Ziraat Bank's corporate subsidiary strategy revolves around generating integrated solutions to meet the financial requirements of Ziraat customers as a whole.

Providing its customers with products and solutions in all areas of financial services within the framework of its subsidiary policy built on a foundation of efficiency, Ziraat Bank has an extensive domestic and foreign subsidiary portfolio.

The Bank aims to provide all services under the Ziraat Finance Group umbrella by increasing the share of its subsidiaries in the Ziraat Finance Group's assets and profits in the medium term.

In this context, the Bank operates with the following objectives;

- to maximize synergies between domestic subsidiaries operating in different sectors and foreign subsidiaries spread over a wide geographical area,
- to contribute financially to its customers' transaction flows all around the world and establish a global customer management principle,
- to introduce new/pioneering financial technologies to the regions which the Bank operates in.

Ziraat Bank regularly evaluates organic and inorganic growth alternatives in countries and sectors which it has identified as offering potential based on efficiency, in line with its strategy and goals.

During 2020 the Bank's foreign service network reached 113 locations with the following 5 branch openings:

- Gldani and Varketli in Georgia,
- Semerkant (Samarkand) in Uzbekistan,
- Ahmed Recepli/Baku in Azerbaijan,
- Turkistan in Kazakhstan.

INTERNATIONAL SUBSIDIARIES

Germany

Ziraat Bank International AG is one of the important banks to be owned by 100% Turkish capital in Germany and the European Union.

Ziraat Bank International AG has been serving its corporate and retail customers in a wide range with its branches in Germany since 2001 and from the Istanbul Representative Office, which entered operation in April 2014. Ziraat Bank International AG currently has branches in Berlin, Duisburg, Frankfurt, Hamburg, Hannover, Cologne and Munich.

Bosnia

ZiraatBank BH d.d., which began its activities in 1997, was Bosnia and Herzegovina's first bank to be owned by foreign capital. ZiraatBank BH d.d. provides services through 32 service units made up of 18 branches and 14 offices throughout the country.

The mobile banking application for our subsidiary's individual customers has been renewed, ensuring compliance with the security and design requirements set as a standard for the Ziraat Finance Group. Again, during the year, our subsidiary's bank card service was reviewed and Ziraat Bank's BankKart product was offered to our customers in Bosnia.

Montenegro

After receiving a permit to engage in banking operations from the Montenegro authorities in April 2015, Ziraat Bank Montenegro AD began offering services in July 2015. The bank carries out its operations from its Bar and Budva branches, as well as the Head Office and the Podgoritsa Branch in the capital, Podgoritsa. The bank is a fully-owned subsidiary of Ziraat Bank.

Azerbaijan

Ziraat Bank Azerbaijan ASC was awarded its banking license on 30 December 2014 and continues its operations from its Headquarters in Baku and branches in Ganja, Sumqayit, the Old City and Ahmed Recepli. In addition to its wide product range for corporate and individual segments, the Bank continues to play an active role in the development of trade between the two countries.

With the Ahmed Recepli-Baku branch opened in 2020, our service network in the country continues to be expanded.

Russia

Established in 1993 as a joint venture between Turkey and Russia, Ziraat Bank (Moscow) JSC has been operating as a bank fully backed by Turkish capital since 2002, with a focus on corporate banking.

Kazakhstan

Kazakhstan Ziraat International Bank (KZI Bank) was established in 1993 as the first bank with foreign capital in Kazakhstan with its head office in Almaty. The bank provides services to customers in the corporate and retail banking fields through its 8 branches in the cities of Almaty, Astana, Shymkent, Aktau, Atirau, Karaganda and Turkistan.

In 2020, the branch of our subsidiary in the Turkistan Region of the country started its operations.

Uzbekistan

UTBANK JSC, Uzbekistan's first bank with foreign capital, was established in 1993 in Tashkent with a Category 1 banking license, with the equal participation of Ziraat Bank and Agrobank (Uzbekistan).

Following the opening of the Operu and Yunusabad branches, the Corporate Branch/Tashkent were opened in 2019 and the Semerkant (Samarkand) branches in 2020.

Georgia

JSC Ziraat Bank Georgia, previously operating as a foreign branch, was transformed into the status of a 100% owned subsidiary on 2 May 2017 with the aim of strengthening its implementation of banking operations. The Batumi, Marneuli, Tbilisi, Tsereteli and Kutaisi branches were the first to open, followed by the Gldani and Varketli branches in June 2020, bringing the total number of branches to seven.

Turkmenistan

Turkmen Turkish JSC Bank, Turkmenistan's first bank to be established with foreign capital, was established in 1993 with the equal participation of Ziraat Bank and Dayhan Bank, each with a 50% participation. The bank operates with one Head Office Service Building and six offices in Toptancı Pazarı, Turkmenabad, Mary, Daşoguz, Kerki and Bereketli in Turkmenistan.

DOMESTIC SUBSIDIARIES

Ziraat Katılım Bankası A.Ş. (Ziraat Participation Bank)

Established in 2015 as the first public participation bank to be backed by public capital, Ziraat Katılım Bankası (Ziraat Participation Bank) was providing services from its 104 branches in 46 provinces as of the end of 2020.

Having launched its first international branch in Sudan in September 2020, the Bank provides banking services in accordance with the participation banking principles.

Ziraat Participation Bank renewed its website in 2020 and continued its investments related to internet branches, mobile banking and IT technologies.

Ziraat Portföy Yönetimi A.Ş. (Ziraat Asset Management)

Founded in 2002, Ziraat Asset Management obtained authorization to be a fund founder in 2015 and is now the founding manager of 30 investment funds and the manager of 77 pension investment funds jointly with interest-free funds.

Within the framework of the restructuring of the financial system under the New Economic Program, Vakıf Portföy and Halk Portföy were merged under the umbrella of Ziraat Portföy Yönetimi.

Ziraat Yatırım Menkul Değerler A.Ş. (Ziraat Securities)

Established in 1997, Ziraat Securities continues to strengthen its operations to create value in the corporate finance area.

In 2020, the Company realized transactions in Borsa İstanbul's Stock Market, Derivatives Market (VIOP) and Repo-Reverse Repo and Bond and Bills Markets.

Within the scope of corporate finance services, Ziraat Yatırım maintained its effective position by intermediating in private sector bonds and the issuance of bills targeting qualified investors in 2020.

ZİRAAT BANK'S SUBSIDIARIES IN 2020

Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. (Ziraat REIT)

Ziraat REIT commenced operations on 1 November 2016. Ziraat Bank fully owns the Company's shares.

The Company's 2020 operations were realized within the framework of identifying, acquiring and designing real estate investments which will provide a maximum rate of return and an optimal level of risk. With its projects and a portfolio of land and buildings to carry out numerous real estate projects, Ziraat REIT continues its activities and feasibility work.

On one hand, Ziraat REIT has diversified its investment portfolio in accordance with the main fields of activity of real estate investment trusts, while on the other hand aims to contribute to the balance sheet of Ziraat Finance Group and the Turkish nation through the "Ziraat Towers Project" in the İstanbul Finance Center, one of our country's most significant projects.

Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. (Ziraat Venture Capital)

Established on 14 November 2018, the Company is a wholly-owned subsidiary of Ziraat Bank.

Ziraat Venture Capital acquires equity stakes in ventures which offer growth potential, provides the leverage and growth which they need, and works to help them achieve sector-based strengthening within the framework of a corporate and strategic plan.

Ziraat Teknoloji A.Ş. (Ziraat Technology)

Since its establishment in 2001, Ziraat Teknoloji has been providing IT services to Ziraat Bank and its domestic/foreign partnerships in the fields of application development, systems management, project management and technology consultancy.

Ziraat Teknoloji continues its activities in the Technology Development Zone (Teknopark) located in the Yıldız Technical University campus. It plays an important role in the projects carried out by the Ziraat Finance Group thanks to its competence in the field of technology with the software and applications which it has developed in line with the requirements of ISO 9001, 22301 and 27001 standards.

Offering a host of competitive advantages, the main goals of the Company include providing services which are in line with international standards and modern norms in meeting its customers' needs for technology and constantly developing itself and its products through its R&D activities.

The subsidiaries' annual reports may be reached from their own web sites.

CHANGES IN THE ARTICLES OF ASSOCIATION IN 2020

The decision to raise the Bank's capital to TL 13,100,000,000 was approved at the Bank's Extraordinary General Meeting held on May 15, 2020. The capital increase and, accordingly, the amendment made in the related article of the Articles of Association was registered on May 21, 2020 and announced in Issue 10084 of the Trade Registry Gazette dated May 27, 2020. The accounting of the said capital increase was carried out on May 21, 2020, based on the permission obtained from the BRSA. Within this framework, the relevant article of the articles of association has been updated as follows:

Article 6 (previous version)	Article 6 (new version)
<p>Capital: Article 6- The capital of the Bank is 6,100,000,000.-Turkish Lira and all of the capital is owned by the Turkey Wealth Fund. The capital was divided into 6,100,000,000 registered nominative shares with a nominal value of 1 Turkish Lira each. The Bank's former capital of 5,600,000,000.-Turkish Lira was paid up. This time, the increased amount of 500,000,000 Turkish Lira was committed as cash and without collusion and was totally paid up before the registration date.</p>	<p>Capital: Article 6- The capital of the Bank is 13,100,000,000 Turkish Lira and all of the capital is owned by the Turkey Wealth Fund. The capital was divided into 13,100,000,000 registered nominative shares with a nominal value of 1 Turkish Lira each. The Bank's former capital of 6,100,000,000 Turkish Lira was paid up. This time, the increased amount of 7,000,000,000 Turkish Lira was committed as cash and without collusion and was totally paid up before the registration date.</p>

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

1. Qualified Opinion

We have audited the annual report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank"), and consolidated subsidiaries (collectively referred as the "Group") of it for the accounting period of 1 January 2020 - 31 December 2020.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section below, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's and Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated and consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Qualified Opinion

As expressed in Basis for Qualified Opinion section of our auditor's report dated 19 February 2021 on the full set unconsolidated financial statements of the Bank for the period between 1 January 2020 - 31 December 2020; a portion of free provision amounting to TL 3.460.000 thousand which consist of TL 830.000 thousand provided in prior periods and TL 2.630.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

As expressed in Basis for Qualified Opinion section of our auditor's report dated 19 February 2021 on the full set consolidated financial statements of the Group for the period between 1 January 2020 - 31 December 2020; a portion of free provision amounting to TL 3.505.000 thousand which consist of TL 910.000 thousand provided in prior periods and TL 2.630.000 thousand recognized in the current year and TL 35.000 thousand reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH



3. Our Audit Opinion on the Full Set Unconsolidated and Consolidated Financial Statements

We expressed a qualified opinion in the auditor's reports dated 19 February 2021, on the full set unconsolidated financial statements of the Bank for the 1 January 2020 - 31 December 2020 period and the full set consolidated financial statements of the Group for the 1 January 2020 - 31 December 2020 period.

4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Bank after the operating year,
- the Bank's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.



5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements and with the information obtained in the course of audit.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 4 March 2021

ZİRAAT BANK BOARD OF DIRECTORS



ZİRAAT BANK BOARD OF DIRECTORS

DR. AHMET GENÇ

Chairman of the Board

He was born in 1960 in Ankara. He was graduated in 1984 from the Department of Public Management, Faculty of the Political Sciences in Ankara University. He served as an assistant specialist and a specialist in the years from 1985 to 1990 at the Banking Department in the Undersecretariat of Treasury, the General Directorate of the Banking and Foreign Exchange. He took education on the insurance and reinsurance in the UK in 1990 for a period of one year. He completed his master's degree in the years of 1993 and 1995 in the USA-Boston-Northeastern University, Department of Economics. He transferred in 1997 from the Undersecretariat of Treasury, the Directorate of Banking and Foreign Exchange to the General Directorate of Insurance as the Branch Manager. He was promoted to the position of the Head of Department in the year of 1998. He completed his doctorate degree (Ph.D.) in 2002 with his thesis on "Financial Competence in Insurance" at Ankara University-Institute of Social Sciences-Department of Business Administration. Mr. Genç, who served as the Deputy General Director at the General Directorate of Insurance in the years of 2002 and 2004, as the Vice General Director in the years of 2004 and 2007, as the General Director in the years of 2007 and 2015, was appointed to the position of the Assistant Undersecretary of Treasury as of the date of 22.02.2015. Doctor (Ph.D.) Ahmet Genç, who served as the member or as the chairman of founding board/committee of directors at the institutions and establishments such as the Insurance Information Center, Insurance Business Training Center (SEGEM), Agriculture Insurances Pool (TARSİM) created in recent years in relation with the insurance business, and who at the same time gave lessons at various universities as academician, has been working as the Chairman of the Board of our Bank since August 2018. He is the Corporate Governance Committee Member.

VEYSİ KAYNAK

Vice Chairman of the Board

He was born on January 1, 1962 in Kahramanmaraş. He was graduated from Kahramanmaraş "İmam Hatip" (religious vocational) High school in 1981 and then graduated from the Faculty of Law of İstanbul University in 1985. He began his career of freelance lawyer as a member of the Kahramanmaraş Bar Association and at the same time he worked as academician at the Middle East Technical University (METU) Kahramanmaraş MYO (Vocational School of Higher Education). He served as the Vice Mayor of Kahramanmaraş and the deputy Mayor of Kahramanmaraş within the period between the years of 1989 and 1999 covering the two local election period. He was elected as the Mayor of Kahramanmaraş by the Municipal Council of Kahramanmaraş between January 1999 and April 1999. He served as the General Coordinator at an International Group of Companies between the years of 1999 and 2001. Immediately after his task of Kahramanmaraş Provincial Vice President and President of Political Legal Affairs of Justice and Development Party in 2001, he served as AK Party Kahramanmaraş Provincial Presidency between the years of 2002 and 2007. Mr. Kaynak who served as the 23rd Period AK Party Kahramanmaraş MP at the Grand National Assembly of Turkey (TBMM) in 2007 worked as the Member of TBMM Justice Commission, Member of AK Party Group Board of Directors and Inter-Parliaments of Turkey-Bahrain Group Chairmanship. With the decree of appointment dated November 7, 2011 he was appointed to the Deputy Justice Minister and served as the Deputy Justice Minister in the 61st and 62nd Governments of the Republic of Turkey. He worked as the Vice President of the United Nations IACA (International Anti-Corruption Academy) between the years of 2012 and 2015. In the Parliamentary General Elections held on June 7, 2015 and on November 1, 2015 he was elected as the 25th and 26th period AK Party MP of Kahramanmaraş. He served as the Deputy Chairman of the Security and Intelligence Commission of the Turkish Grand National Assembly as the 26th Period AK Party Kahramanmaraş MP. He was elected as a member of the AK Party Headquarters Disciplinary Board with the AK Party Ordinary Congress held on September 12, 2015. He was elected as the membership of AK Party MKYK by the Extraordinary Congress held on May 22, 2016. He served as the Deputy Prime Minister in the 65th Government of the Republic of Turkey formed on May 24, 2016. Mr. Kaynak is married with five children and speaks Arabic. He has been carrying out the duty of the Vice Chairman of the Board of Ziraat Bank since June 2020.

HÜSEYİN AYDIN

CEO and the Member of the Board

He was born on 1959 in Borçka/Artvin. Hüseyin Aydın graduated from the Ankara Academy of Economics and Commercial Sciences (Faculty of Economics) in 1981. He began his career as an Assistant Inspector at Ziraat Bank and served as an Inspector, Department Head, Representative of Duisburg/Germany and Branch Manager. After working as an Executive Board Member at Halkbank, as a Board Member at Pamukbank and as Deputy Chairman at Ziraat Bank between 2003-2005, Mr. Aydın worked as the General Manager at Halkbank between 2005 and 2011, a period which covers the offering of the Halkbank to the public in 2007 as the biggest transaction of the country to date.

Having joined Ziraat Bank as the CEO on July 15, 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey since 2010, Board Member of Turkey Wealth Fund since 2017 and Board Member of Turkcell since March 8, 2019.

YUSUF BİLMEZ

Member of the Board

He was graduated from the Business Management/Administration of Hacettepe University in 1979. He began his task at Ziraat Bank on July 25, 1983 as Assistant Inspector. Served at the Bank until 1989 as Inspector, Personnel Assistant Manager from 1989 to 1992, Branch Manager from 1992 to 2003, Deputy General Manager from 2003 to 2005, Head of the Board of Inspectors from 2005 to 2007, Head of Internal Control Group from 2007 to 2010, Deputy General Manager at "Ziraat Teknoloji" from 2010 to 2013, and as Consultant/Advisor from May 2013 to June 12, 2017. He was assigned on June 12, 2017 to membership of the Board of Directors of Ziraat Bank, and besides he has been working as the member of the Credit Committee and head of Information Systems Committee and Information Security Committee. Along with the foregoing tasks, he served as the deputy chairman of the Board of Directors and membership of the Board of Directors respectively at "Azer Türk Bank", "Turkmen Turkish JSC Bank", "Kazakhstan KZI Bank", "Ziraat Teknoloji A.Ş.", "Ziraat Yatırım A.Ş.", Deputy Chairman of the Board of Directors of Ziraat Life and Pension and Ziraat Insurance which are the subsidiaries of Ziraat Bank.

FARUK ÇELİK

Member of the Board

Faruk Çelik, born in 1956 in Yusufeli District/Artvin, graduated from Bursa Higher Islamic Institute and thereafter attended at the Department of Management in Kocaeli Management Institute. He was 21st, 22nd and 23rd Bursa MP and 24th and 26th Şanlıurfa MP in the Grand National Assembly of Turkey. He served as the Minister of Labor and Social Security and the State Minister at the 60th, 61st and 62nd Governments; served as the Minister of Food, Agriculture and Livestock at the 64th and 65th Governments. He has been working as a member to the Board of Ziraat Bank as of May 27, 2019, and besides he has been working as the alternate member of the Credit Committee and the member of the Remuneration Committee.

FEYZİ ÇUTUR

Member of the Board

He was graduated in 1983 from the Faculty of Economics and Administrative Sciences, Department of Banking of the University of Gazi. He got his Master's Degree at the Department of the Social Sciences Business Management of Beykent University. He has got Certificates of TÜRMOB (Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey) Independent Accountant and Financial Advisor and KGK (Public Oversight Authority) Independent Auditors. Mr. Çutur, who worked in 1977 to 1990 at various private sector companies as the Accountant and Finance Manager, later on served in the years from 1990 to 1998 at "Bayındır Menkul Kıymetler A.Ş." as the General Accounting Manager, and worked at "Eti Yatırım A.Ş." in the years from 1998 to 2010 respectively as the Manager of Financial Affairs and Operations, Assistant General Manager and General Manager. He held office at various Investment Funds owned by "Eti Yatırım" and "Etibank" as member of the Fund Board and Chairman of the Fund Board, and worked in 2006 at "İktisat Yatırım A.Ş." as member of the Board of Directors. He performed his duty as the representative of TMSF (Saving Deposits Insurance Fund) in the period from July 2011 to March 2012, as membership of the Board of Directors of "Arap Türk Bankası A.Ş." and "A&T Finansal Kiralama A.Ş.", to which the said Bank is affiliated. Mr. Çutur, who has begun to work as the member of the Board in Ziraat Bank since April 2012, in addition to the memberships in the Audit Committee and Credit Committee of Ziraat Bank. He worked as the member of Board/Supervisory Board of ZiraatBank International AG, member of the Board of ZiraatBank BH d.d., the memberships of the Board, Credit Committee, Auditors Committee of Ziraat Participation Bank and membership of the Board of Ziraat Bank (Moscow) JSC.

MAHMUT KAÇAR

Member of the Board

He was graduated 1999 from Harran University, Faculty of Engineering, Department of Environmental Engineering in 1999. Mr. Kaçar, who served as deputy Chairman of "Sağlık-Sen" affiliated to "Memur-Sen" Confederation from 2002 to 2008, Chairman of "Sağlık-Sen" and General Secretary of "Memur-Sen" from 2008 to 2011, 24th and 26th term Şanlıurfa Member of Parliament, has been working as member of the Board of Ziraat Bank since August 2018. Mr. Kaçar served as member of the Board of Ziraat Life and Pension and Ziraat Insurance. Furthermore, he is a member of the Audit Committee.

SERRUH KALELİ

Member of the Board

Having graduated from the primary and secondary schools of TED Ankara College, he attended Ankara Law Faculty and graduated from this faculty in 1977. He completed his military service at the Air Force Command as the reserve officer Military Prosecutor. He was an accountant member to the Board of Directors of Ankara Bar Association respectively from 1996 to 1998; he was an accountant member and member to the Board of Directors of the two-period Turkish Law Institute between "2000 to 2002" and "2002 to 2004", an auditor member to Union of the Turkish Bar Association in 2001 for a period of four years. He took part in the preparation of Regulations under the Amended Lawyer's Act in the commissions included in the structure of the Union of Turkish Bar Associations. He served at the season of 2004-2005 as Deputy Chairmanship of the Turkish Basketball Federation Disciplinary Board; he exercised his independent occupation as a lawyer registered at Ankara Bar Association for the period elapsing from 1978-1980-1981 until July 19, 2005 on which he was elected for the membership of the Constitutional Court.

He was employed as the Deputy Chairman of the Constitutional Court from April 14, 2011 to April 14, 2015, besides by the Constitutional Amendment of September 12, 2010 he was assigned with the task of carrying out auditing the fundamental rights and freedoms which may be allegedly violated through the right to individual application which is falling within its duty and jurisdiction, he performed the Chairmanship for the first of the two sections for the period elapsing from April 14, 2011 to April 14, 2015. He has been working as the member to the Board of Directors of Ziraat Bank as of May 2019. He is a member of the Corporate Governance Committee.

MEHMET NİHAT ÖMEROĞLU

Member of the Board

After graduation from the Law School of İstanbul University he was appointed as a judge in 1975. After his long lasted task of judge, he served as the General Director of Legal Affairs and as the General Director of Criminal Affairs at the Ministry of Justice between the years of 2003 and 2005. He was elected in 2005 as the member of the Supreme Court of Appeals. In November 2012, he was elected as the first chief ombudsman by the General Assembly of the Turkish Grand National Assembly and he served for a period of four years. He rendered service from June 8, 2017 to May 27, 2019 as the member of the Board of Directors of "Türkiye Halk Bankası A.Ş." He has been performing his duty as the member of the Board of Ziraat Bank since May 2019, and besides he has been working as the alternate member of the Credit Committee and the member of the Remuneration Committee.

PROF. DR. GÜLNUR AYBET

Member of the Audit Board

Prof. Dr. Gülnur Aybet is the Senior Advisor to the President of the Republic of Turkey and is a member of Security and Foreign Policies Board. She worked at Yıldız Technical University on the field of International Relations as professor between 2017-2019 in Turkey; she was the Head of Department of Political Science and International Relations and founding director of BAUCESS Security Surveys Center, Bahçeşehir University between 2014-2016; and she came back from England in 2013 and founded the Department of International Relations at İstanbul Özyeğin University. Gülnur Aybet, who held an academic post at the International Relations and Political Science Department of the University of Kent, England between 2001-2013, founded and managed the first Master's Degree Program on the field of International Security at the University of Kent. Besides, she worked as academician at the University of Nottingham in England and Bilkent University in Turkey. Her fields of specialization/majoring include international security, transatlantic relations and post-war state and security structuring within scope of NATO and EU. Prof. Aybet got her BA degree (BA Hons Economics and Public Administration) from Royal Holloway College, London University/UK, Master's Degree (MSc. International Relations) from the Southampton University, her second Master's Degree (M.Phil. War Sciences) from the King's College London University and likewise got her doctorate degree (International Relations) from Nottingham University in the UK.

Prof. Dr. Gülnur Aybet, who worked as director of many research projects for NATO, the Ministry of Foreign Affairs, the British Academy and TÜBİTAK (Scientific & Technical Research Association of Turkey), served as a visiting research fellow at international academic institutions such as Oxford University St Antony's College, Johns Hopkins University, Woodrow Wilson Center. At present Prof. Dr. Gülnur Aybet has been lecturing at the University of National Defense as the visiting lecturer. She provided consultancy services on the international security issues to international organizations such as NATO, EU, and many government establishments as well, and has become well known and renowned by making analyses to international media on current issues. Prof. Dr. Aybet has been serving as a member of the Audit Board of Ziraat Bank since March 2019.

YAHYA AKBEN

Member of the Audit Board

He graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Economics in 2009. Between 2008-2010 he worked at Türkiye Finans Participation Bank and took responsibilities in the FX Desk of the Treasury Department and in project coordination in the Transformation Office. Between 2010-2017, he worked as a Treasury Expert at the Department of Multilateral Development Banks, General Directorate of Foreign Economic Relations of the Undersecretariat of Treasury. In this process, he contributed to policy making by conducting analyzes on the Corporate and Operational Policies of Multilateral Development Banks. He received his master's degree in Business Administration at Florida Institute of Technology in the USA between 2017-2019. After completing his master's degree, he continued his duty at the Ministry of Treasury and Finance. Yahya Akben has been serving as a Member of the Audit Board of Ziraat Bank since October 2020.

ZİRAAT BANK SENIOR MANAGEMENT



ALİ KIRBAŞ
Executive Vice President
for Digital Solutions,
Operation and
Communication

ALPASLAN ÇAKAR
Executive Vice President for
Retail Banking-2

BİLGEHAN KURU
Executive Vice President for
Financial Management

MUSA ARDA
Executive Vice President for
Corporate Banking

SÜLEYMAN TÜRETKEN
Executive Vice President for
Retail Banking-1

YÜKSEL CESUR
Executive Vice President
for Internal Systems

ZİRAAT BANK SENIOR MANAGEMENT

ALİ KIRBAŞ

Executive Vice President for Digital Solutions, Operation and Communication

Graduated from Department of Economics in Gazi University Faculty of Economics and Administrative Sciences. He served as a civil servant at the Central Bank Administrative Center between 1997 and 1999. In 1999, Kirbaş started to work as Assistant Auditor in the Board of Auditors of Ziraat Bank, and worked as Auditor and Vice President for Board of Auditors. He served as Head of Publicity and Communication Services Department between September 2008 and May 2012 and Head of Corporate Communications Department between May 2012 and July 2017. Since August 2017, he has been serving as Executive Vice President for Digital Solutions, Operation and Communication.

BİLGEHAN KURU

Executive Vice President for Financial Management

Graduated from the Middle East Technical University, Department of the Mining Engineering. He studied for a master degree in finance at the Institute of Physical Sciences of the same university. He began his career as a Foreign Exchange Clerk at Halkbank, where he worked from 1986 to 1988. He joined Pamukbank in 1988 as an Assistant Specialist before serving as a Service Director and Manager of the Treasury Department at the same bank. He was appointed as the Head of the Department of Foreign Exchange and Money Markets at Halkbank in November 2004. Having held the position of Executive Vice President for Retail Banking at Halkbank from June 2007 until July 2011, Mr. Kuru was appointed as Executive Vice President for Treasury and Strategy Management at Ziraat Bank in July 2011 and he has been working as Executive Vice President for Financial Management since August 2014.

YÜKSEL CESUR

Executive Vice President for Internal Systems

Graduated from Boğaziçi University, Faculty of Economics & Administrative Sciences. He has begun to work at Ziraat Bank in 1996 as an Assistant Auditor, and later on he has been appointed as Auditor. He has performed his duty as the Head of Department of Training Section since 2005. Mr. Cesur who was appointed to the Department of Treasury Operations in 2007 has served thereafter as the Head of Agricultural Marketing Group. Appointed as the Head of the Board of Auditors, Mr. Cesur has been serving as Executive Vice President for Internal Systems since April 2014.

MUSA ARDA

Executive Vice President for Corporate Banking

Graduated from the Çukurova University, Faculty of Economics and Administrative Sciences. Mr. Arda began his career at Pamukbank in 1994 as the Deputy Financial Analysis Specialist. He served in the same Bank from 1994 to 2004 as the Specialist, in various units at the Head Office as the Service Manager and in Güneşli Corporate Branch as the Marketing Manager. He set to work at Halkbank in the Commercial Marketing Department in 2005 as the Department Manager. Later on, in the respective sequence he has worked as the Head of Financial Analysis Department, the Head of Credit Policies and Projects Evaluation Department, the Head of Commercial Loans Department, the 2nd Regional Coordinator of İstanbul. Mr. Arda, who served as Executive Vice President for Credit Allocation and Management between November 2011 and October 2020, has been serving as the Executive Vice President for Corporate Banking since October 2020.

SÜLEYMAN TÜRETKEN

Executive Vice President for Retail Banking-1

Graduated from the Gazi University, Faculty of Economics and Administrative Sciences in 1983. Mr. Türetken who worked as the Auditor, the Branch Manager, the Head of Department and the Regional Coordinator at various institutions, started to serve as the Head of Corporate Marketing Group at Ziraat Bank in February 2012. Mr. Türetken who served as the Head of Branch Banking Group from August 2016 to July 2017, as Executive Vice President for Branch Banking from August 2017 to June 2018, has been serving as Executive Vice President for Retail Banking-1 since June 2018.

ALPASLAN ÇAKAR

Executive Vice President for Retail Banking-2

Graduated from Ankara University, Faculty of Political Sciences, and Department of Public Administration. In 1996, Çakar started to work as an Assistant Auditor at Ziraat Bank, served as Auditor and Branch Manager and was appointed as Regional Director-in-chief in 2005. Çakar, became the Head of Department in August 2007, served as Executive Vice President for Retail Banking, Executive Vice President for Operations, Executive Vice President for Consumer Banking and Executive Vice President for Retail Banking. He served as Executive Vice President for Distribution Channels Management between January 2016-July 2017, Executive Vice President for Payment Systems between July 2017-June 2018, has been serving as Executive Vice President for Retail Banking-2 since June 2018.

SUMMARY BOARD REPORT

Ziraat Bank continued to effectively implement its strategy of transforming its balance sheet into a customer-oriented structure in 2020, and continued to support the real sector by implementing effective credit processes. While mediating the efficient allocation of scarce funds, the Bank managed its loan quality proactively and prioritized cost control.

Ziraat Bank, which designs growth and efficiency-oriented strategies and business plans, has once again confirmed its status as the largest financial institution of our country with its balance sheet reaching 943 billion TL and its equity of 93 billion TL.

With the amendment to the Articles of Association in 2020, the paid-in capital of the Bank has been increased from 6.1 billion TL to 13.1 billion TL. The capital adequacy ratio is at the level of 18.2% as of the end of the year.

Within the framework of the Bank's strong customer-oriented balance sheet strategy, total cash loans increased by 34% to TL 601 billion at the end of 2020, and its share in assets was realized as 64%. The ratio of non-performing loans in 2020 is at the level of 2.3%.

Ziraat Bank continued to develop the right solutions by understanding the financial needs of its customers, and to offer products and services that make life easier for the real sector with the resources it provides.

Ziraat Bank took a series of actions against possible disruptions in economic and commercial activities during the pandemic period, which was effective throughout 2020. The Bank has designed products to enable its corporate customers, who have been adversely affected by the epidemic, directly or indirectly, to continue their economic activities and finance their basic needs under favorable conditions.

In this context, the Bank; within the framework of the Treasury-Backed Surety System, has offered products with KGF guarantee such as Continuing Loan Support Package, Check Payment Support Package, Micro Enterprises Support Package; and Touristy Restaurant-Cafeteria Business Support Loan Package and Tourism Support Package with favorable conditions to support the tourism sector, which is one of the leading sectors affected by the pandemic.

Ziraat Bank also; within the scope of the "İVME Financing Package", which was designed to meet the increasing demand for raw materials-intermediate goods and machinery, the most basic production goods input, with domestic production, approximately 26.8 billion TL was disbursed.

In line with its sound and sustainable contribution to current employment, the Bank has provided approximately TL 12.8 billion of loans to more than 7 thousand customers within the scope of the Employment-Focused Business Loan (ISTOD), which was launched on October 31, 2019.

Ziraat Bank launched the Individual Basic Needs Requirements Support Loan for retail customers within the framework of the "Economic Stability Shield Package". In this context, loans up to 10 thousand lira, 6-month grace period and 36-month maturity were made available.

Ziraat Bank offered its customers 2nd Hand Vehicle Support, Social Life Support and Vacation Support loan packages under suitable conditions in order to transition to the normalization process and stimulate social life.

Continuing its uninterrupted financing support to the agricultural sector, Ziraat Bank implemented the "I Have A Lot Of Reasons To Live In My Village" project in September 2020 in order to increase the livestock assets of farmers engaged in ovine breeding.

As of the end of 2020, the balance of agricultural loans extended from the Bank's resources reached 79.9 billion TL, and the number of loan customers reached 684 thousand people. The number of customers added to the portfolio exceeded 53 thousand.

Ziraat Bank also provides support to customers who have difficulties in their operations or cash flows due to temporary adverse conditions, within the scope of "Financial Restructuring-FYY" or by offering individual restructuring opportunities. Particularly in the special conditions of the pandemic period, the aforementioned opportunities were used more sensitively for both the real sector and the household, and contributed to the continuation of economic activity.

Ziraat Bank has an understanding that aims to contribute to the country's savings balance and the goal of providing a widespread and diversified resource structure. In this regard, the Bank has a significant share in meeting the funding needs of our country by sourcing from abroad, as well as making a significant contribution to the balance of TL savings with new deposit products domestically.

Ziraat Bank continued to provide funds from international financial institutions under favorable conditions in 2020 as well.

Ziraat Bank secured a syndicated loan of US \$ 1.1 billion with 367 days maturity in April 2020 with the participation of 38 banks from 22 countries. This loan is the eighth consecutive syndicated borrowing transaction provided by the Bank from international markets to finance foreign trade.

The bank has also provided alternative sources such as bilateral loans and post-financing from correspondent banks. The total amount of these resources was USD 1.9 billion as of the end of 2020.

Ziraat Bank was deemed worthy of many awards in 2020 with the innovations it brought to life.

Banking, Global Banking & Finance Review magazine by excellence in global banking and finance sector highlights the scope of the awards given to the progressive and inspiring innovation, Banking Technology and 2020's Best Retail Bank in Turkey have received their reward.

While Ziraat Bank works to contribute to our country as "More Than A Bank", it aims to preserve its place in the hearts of its customers. The Bank's goal for his work in "Turkey's Lovemark for" research for the 5th time in a row in Turkey's most popular bank was selected.

Previously selected as both the People's Favorite and the winner in the Banking & Finance-Mobile Application category at the Golden Spider web awards, Ziraat Mobile was named the Best Mobile Application in 2020.

Ziraat Bank won the gold trophy with the "Best Operation Center Innovation Project" in the Innovation in Business-to-Business Services category within the scope of the Middle East Stevie Awards, and the bronze trophy in the Business Technology Solutions category with the "Application of Innovation in Operation" within the scope of the International Stevie Awards.

Ziraat Bank, with total assets approaching 1 trillion TL our country's largest financial institution focused on the effectiveness and efficiency of working with customers and provide long-term contribution to Turkey's economy will continue in the future.

INFORMATION ON THE ACTIVITIES OF THE COMMITTEES

INFORMATION ON THE ACTIVITIES OF THE CREDIT COMMITTEE

Chairman

Hüseyin AYDIN
Member of the Board and CEO

Members

Yusuf BİLMEZ
Member of the Board

Feyzi ÇUTUR
Member of the Board

Alternate Members

Faruk ÇELİK
Member of the Board

Mehmet Nihat ÖMEROĞLU
Member of the Board

Credit Committee fulfills the duties and powers specified in the Banking Law, the Bank's articles of association, and other legislation issued by BRSA. Within the framework of the authority delegated by the Board of Directors, the Committee extends loans and makes decisions. Credit Committee performs other duties related to lending assigned to it by the Board of Directors.

The Credit Committee met 26 times during 2020 and passed 540 decisions.

INFORMATION ON THE ACTIVITIES OF THE AUDIT COMMITTEE

Members

Feyzi ÇUTUR
Member of the Board

Mahmut KAÇAR
Member of the Board

The Committee assists with the auditing and supervision activities for which the Bank is responsible, and fulfills the duties, powers and responsibilities designated by the legislation issued by the BRSA, as well as those related to the execution of the Compliance program and those defined by applicable legislation.

INFORMATION ON THE ACTIVITIES OF THE CORPORATE GOVERNANCE COMMITTEE

Chairman

Dr. Ahmet GENÇ
Chairman of the Board

Members

Serruh KALELİ
Member of the Board

Bilgehan KURU
Executive Vice President

Fatma Nur ÇETİNEL
Department Head

Corporate Governance Committee monitors and audits the Bank's compliance with corporate governance principles. The Committee suggests proposals to the Board of Directors and works to ensure improvements. The Committee keeps reports of its activities in written form.

INFORMATION ON THE ACTIVITIES OF THE REMUNERATION COMMITTEE

Members

Mehmet Nihat ÖMEROĞLU
Member of the Board

Faruk ÇELİK
Member of the Board

The Remuneration Committee is responsible for overseeing and supervising the remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and submits its recommendations to the Board of Directors.

INFORMATION ON THE ACTIVITIES OF THE INFORMATION SYSTEMS COMMITTEE

Chairman

Yusuf BİLMEZ
Member of the Board

Members

Bilgehan KURU
Executive Vice President

Ali KIRBAŞ
Executive Vice President

Osman TANAÇAN
Ziraat Teknoloji A.Ş. CEO

Hüseyin ÖZUYSAL
Group Head

Dr. Ertuğrul Umut UYSAL
Deputy Department Head

İbrahim Ziya AKBULUT
Department Head

The duties and activities of the Committee are as follows:

- to fulfill the duties and authorities determined in the legislation regulated by the BRSA,
- to manage the preparation of the Information Systems Strategy Plan,
- to monitor the proper implementation of the plan.

INFORMATION ON THE ACTIVITIES OF THE INFORMATION SECURITY COMMITTEE

Chairman

Yusuf BİLMEZ
Member of the Board

Members

Bilgehan KURU
Executive Vice President

Osman TANAÇAN
Ziraat Teknoloji A.Ş. CEO

Dr. Ertuğrul Umut UYSAL
Deputy Department Head

Mehmet Şükrü TAŞCI
Department Head

Cüneyt SAĞLIK
Department Head

S. Şamil YILDIZ
Department Head

Muammer ERKAN
Department Head

Himmet AKSOY
Department Head

The duties and activities of the Committee are as follows:

- to fulfill the duties and authorities determined in the legislation regulated by the BRSA,
- to coordinate information security activities,
- to establish and implement information security policy.

ATTENDANCE BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE AUDIT COMMITTEE IN THE MEETINGS HELD DURING THE REPORTING PERIOD

BOARD OF DIRECTORS

The Board of Directors meets as and when there is a need upon summons by the Chairman, Vice Chairman or any member of the Board. The Board met 33 times during 2020 and passed 382 resolutions.

AUDIT COMMITTEE

The Audit Committee meets regularly at least once a month with the attendance of all members. The committee met 14 times during 2020 and passed 38 resolutions.

RELATED PARTY TRANSACTIONS

In accordance with article 49 of the Banking Law no 5411 and because the Bank's capital belongs entirely to the Turkey Wealth Fund, the risk group of which Ziraat Bank is a member consists of itself and the companies over which it exercises control over, either directly or indirectly.

Details of the amounts of the transactions that Ziraat Bank engaged in with members of its own risk group in 2020 and their reasons are presented in Footnote VII of section five of the year-end financial report that is included in this annual report.

Relations between the Bank and the members of the risk group in which it controls a stake consist of banking transactions conducted in compliance with the Banking Law within the framework of normal bank-customer relationships carried out at arm's length, and consist primarily of borrowing and lending and of accepting and extending deposits.

SUPPORT SERVICES PROVIDERS

The services outsourced by Ziraat Bank in 2020 and the providers of these services within the scope of the BRSA's Regulation on Banks' Procurement of Support Services are listed below:

Service Provider	Service Detail
AGT Hızlı Kurye Hizmetleri A.Ş.	Courier services
Aras Kurye Servisi A.Ş.	Courier services
Kurye Net Motorlu Kuryecilik ve Dağıtım Hizm. A.Ş.	Courier services
DHL Worldwide Express Taşımacılık ve Ticaret A.Ş.	International cargo services
Tepe Savunma ve Güvenlik Sis. San. A.Ş.	Security services
Başkent Güvenlik Hizmetleri Ltd. Şti.	Security services
Ekol Grup Koruma ve Eğ. Hizm. Ltd. Şti.	Security services
ISS Proser Koruma ve GÜv. Hizm. A.Ş.	Security services
Plaza Peyzaj Temizlik İnsan Kaynakları Eğitim Turizm Otel Gıda Tesis Yön. San. ve Tic. A.Ş.	Outsourced personnel for IT operations and Customer Satisfaction Management Unit
Güzel Sanatlar Çek Basım Ltd. Şti.	Printing of cheques
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	Outgoing call services
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	Outsourced KYK Customer Continuity Survey service
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	Rental of Social Sniffer Suite Social Media Replying Software Licence
Brinks Güvenlik Hizmetleri A.Ş.	Cash and gold transportation in Turkey
Gram Altın Pazarlama Sanayi ve Ticaret A.Ş.	Appraisal and refining services for Altın Vakti (gold deposit) operations.
Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.	Procurement of lien creation service from authorized companies
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Procurement of lien creation service from authorized companies
BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.	Procurement of lien creation service from authorized companies
Pusula Girişim Yatırım ve Danışmanlık Hizmetleri A.Ş.	Procurement of lien creation service from authorized companies
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Credit card and member merchant account statement printing and mailing
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Customer letters (information, reply, warning, notification, etc.) printing and mailing
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Aerogramme (information, reply, warning, notification, etc.) printing and mailing
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Account statement printing and mailing
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Credit card and debit card embossing
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Credit card and debit card sending
Plastikkart Akıllı Kart İletişim Sis. San. ve Tic. A.Ş.	Credit card and debit card embossing
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Card payment and ATM systems infrastructure software
Wincor Nixdorf Bilgisayar Sist. A.Ş.	Software for new ATMs
Ziraat Teknoloji A.Ş.	Information systems management and information systems infrastructure support
Enerji Telekomünikasyon Hizmetleri A.Ş.	Outgoing call services
Assist Rehberlik ve Müşteri hizmetleri A.Ş.	Outgoing call services
Veripark Yazılım A.Ş.	Corporate internet banking software works

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2020

Internal audit, internal control, and risk management activities at Ziraat Bank are performed by the Board of Inspectors, the Internal Control & Compliance Department, and the Risk Management Department. These units' duties and responsibilities, which are strictly segregated from one another, are coordinated by the Assistant General Manager for Internal Systems.

This organization is structured so as to embrace all Bank units and branches as well as Bank-owned subsidiaries subject to the Bank's oversight. Its purpose is to minimize any risks that might adversely affect the thoroughgoing and secure conduct of banking operations, the fulfillment of long-term profit targets, the reliability of financial and administrative reporting, and/or the Bank's reputation and financial stability.

INTERNAL AUDIT SYSTEM

The Board of Inspectors takes a risk-focused approach in the fulfillment of its responsibilities to ensure that the activities and operations of the Bank's headquarters units, domestic and international branches, and subsidiaries comply with the requirements of laws and regulations and are compatible with the Bank's own strategies, policies, principles, and objectives. The board conducts its activities in such a way as both to keep the Bank's senior management informed and to contribute to their decision-making processes.

The board conducts its activities in line with internationally-accepted internal auditing standards. Besides checking the Bank's operations for their compliance with statutorily mandated procedures, in 2020 the board also reviewed and assessed the effectiveness and efficiency of the transaction procedures involved in both primary and secondary processes. In addition, processes governed by Banking Regulation and Supervision Agency (BRSA) regulations pertaining to information systems and banking processes were also audited in line with the Bank's own practices.

The activities of the Board of Inspectors in 2020 are as follows:

- The Central Audit Team continued its intensive operations in 2020 by performing scenario analyses which are influential in preventing irregularities from being committed. The team reviewed the effectiveness of its existing scenarios

and developed new ones to cope with the possible abuses made possible by newly-introduced business processes. It has also continued to develop systematic procedures aimed at minimizing risks arising from the remaining manually-conducted processes involved in internal audit, and it has started to work for the integration of artificial intelligence technology into its own processes. Additionally, the instant follow-up of the transactions examined on the day (t-1) in 2019, through EVAM, continued in 2020.

- The R&D Team kept a close watch on all of the Bank's other business units, revised and kept the auditing module up to date in light of changes in business processes and the regulatory framework, and modified auditing points as made necessary by laws, BRSA decisions, and changes demanded by Bank's senior management and headquarters units.
- Improvements also continued to be made in all processes from the development of an auditing index to the determination of the significance level of audit findings. Systemic changes that make it possible for inspection findings concerning critically important transactions to be drawn to the attention of business units increased the effectiveness of the finding follow-up process and had a beneficial impact on the overall percentage of findings subjected to corrective action.
- The recommendations that inspectors in the field included in their reports or made with respect to a particular transaction or practice were also circulated among the business units concerned and the outcomes of such recommendations were observed.
- As a result of efforts for the Global Auditing Module that is aimed to be implemented at all Ziraat Finance Group members, the processing system to be used in this module and its application to various banking systems, the module was implemented at Ziraat Bank BH d.d. in 2018, and at Ziraat Participation Bank in 2020. Studies are ongoing for the use of the module in other subsidiaries of the Bank.
- The first phase of the systemic developments enabling generation of web-based reports issued following Information Systems and Banking Processes audits was completed in August 2019. The second phase, which is aimed at implementing this feature also for audits conducted at the Bank's subsidiaries, continued in 2020.

- The Inspection Scenario Team that was set up and charged with formulating scenarios both to identify and measure the general spread of shortcomings in bank processes and to develop and improve the effectiveness of such processes and with submitting these scenarios to the appropriate business unit so as to ensure that speedy and effective solutions for dealing with them are devised throughout the Bank continued to operate in 2020. System improvements were made to increase efficiency in sharing the scenario results with business units and following up on the actions taken.
- During 2020, the Central Inspection Team that was set up to increase the frequency and effectiveness of inspections by constantly and centrally monitoring designated branch groups performed centralized inspections on 204 of the Bank's branches in accordance with the same criteria employed for on-site inspections.
- The Data Security Team, which operates with the intention of protecting the confidential information of customers and the Bank, continued to work in 2020 as well. With the introduction of the Windows 10 Operating System on the clients within the bank, an efficient and effective new software was installed on all computers to prevent data leakage, and portable memory and printer channels were started to be monitored against possible data security violations.
- The practice of recruiting qualified human resources for the Bank's administrative staff by allowing inspectors to transfer to such positions continued in 2020.
- 25 Assistant Inspectors, who were successful in the "Assistant Inspector Entrance Exam" organized by the Bank, started to work in January 2020.
- Within the scope of combating Covid-19, a new type of coronavirus that affected Turkey as it did the whole world, the Board carefully followed the measures taken both in the country and the Bank in its studies within the scope of the 2020 audit plan and took the necessary measures.

In keeping with its strong sense of responsibility and awareness of its duties, the Board of Inspectors will continue to execute the internal auditing plan in line with goals and policies set forth by Ziraat Bank's senior management and within the framework of current auditing approaches, to report its findings to the Board of Directors through the Audit Committee, and to observe what action is taken on the basis of its reports.

INTERNAL CONTROL AND COMPLIANCE SYSTEM

Internal control activities at Ziraat Bank are designed so as to embrace the operations of all headquarters units, all domestic and international branches and subsidiaries subject to consolidation as required by Article 9 Paragraph 3 of "Regulation on bank internal system and intrinsic capital adequacy assessment processes" which states "Internal control system is structured to include the bank's domestic and foreign branches, headquarters units, subsidiaries subject to consolidation and all of their operations."

Such activities are conducted so as to be compatible with the Bank's primary objectives and strategies from the standpoint of their scope and methodology.

This more proactive structure helps ensure that Ziraat Bank's operations exceed sectoral norms and that they are conducted in a manner that is compatible with both internal and external regulations as well as with the demands of competition.

Domestic branch checks are performed both on location and centrally within the framework of a program that is prepared taking into account branches' current levels of risk exposure. Control functions, which for the most part are structured so as to be technology-intensive and centralized, are intended to ensure that commonly-occurring mistakes are quickly corrected at the appropriate business-unit level.

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2020

With the Instant Control system operational transactions, accounting records and lending operations in real time are checked. Transactions are evaluated in light of specific scenarios and if a transaction is deemed to be in error, it can be corrected the same day. Real-time transaction checking allows increased efficiency through preventive checks and embeds the internal control system within the Bank's day-to-day operations instead of retrospective transaction controls. To this end, instant incident and action management tools such as EVAM scenarios that are developed by the internal controllers themselves are also employed effectively. Accordingly, it is adopted as a basic principle to avoid possible errors and omissions in recording assets and liabilities and capturing them in financial reports.

Artificial intelligence/machine learning models, the foundations of which were laid in 2019 by the internal control unit, which reflects its focus on technology to all of its processes, started to be used effectively in credit and accounting controls. Providing orientation to transactions with high probability of finding, machine learning algorithms support the risk-oriented control model, and thus mediate more effective controls with less resources. In addition, it is aimed to detect new risk areas early by performing anomaly analyzes with artificial intelligence/machine learning algorithms.

Headquarters unit control programs are prepared taking into account the units' functions, potential risks, terms of reference, and impact on the Bank's balance sheet. These programs are revised as needs may require. Business units are controlled by a sufficient number of Internal Controllers in line with these programs.

Internal control operations at Ziraat Bank branches located outside Turkey are carried out in line with control programs that are prepared for each year.

The findings ascertained as a result of all of these activities are periodically circulated among appropriate business units and the members of senior management.

Besides performing their internal control functions, internal control personnel also share their suggestions of ways to improve existing processes at the Bank and to mitigate the risks inherent in them. The aim of this practice is to preclude risks by spotting them in advance, to make the Bank more competitive by improving its business processes, and to increase customer satisfaction while also taking measures to cut costs.

Employment of internal controllers and continuity of employment have been ensured by the method of utilizing the Bank's own human resources since 2015. With the participation of the human resources who worked in the Bank for a certain period of time to the Internal Control team, the adaptation of the team to the internal control processes has accelerated, the training period has been shortened and the team has started to get efficiency in a short time. On another front, banking and field experiences of the team contributed remarkably to internal control processes.

The practice of recruiting qualified human resources for the Bank's administrative staff by allowing internal control personnel to transfer to such positions continued in 2020.

In addition to such matters, compliance reviews were also carried out by internal control personnel as required by article 18 of BRSA Regulation on bank internal system and intrinsic capital adequacy assessment processes. In the course of these reviews, all operations conducted or planned by the Bank as well as new transactions and products are checked to be sure that they comply with laws and regulations, with the Bank's own policies and rules, and with generally-accepted banking practices. During such compliance reviews, existing Bank-internal rules and proposed changes in them are also examined and views concerning them are circulated among appropriate units.

Within the scope of the Compliance Program set up in by the Bank to comply with the legislation published under the Prevention of Laundering of Proceeds from Crime and Financing of Terrorism, activities to prevent such activities are carried out in accordance with national and international regulations.

In order to effectively combat Laundering of Proceeds from Crime and Financing of Terrorism, an effective risk-based approach is followed, the risks subject to combat are identified, classified, and effective and proportional controls are established based on the identified risks. New typologies developed by crime and terror groups are closely monitored, trend analyzes are made, and resource planning is made in accordance with the risk-based approach model. In this context, projects aimed at the more efficient use of technological opportunities are rapidly implemented besides the increase in human resources. In this field, studies are carried out to provide efficiency and speed with machine learning structures.

All domestic and international organizations operating within the Ziraat Finance Group carry out their activities in accordance with national and international regulations. In this context, necessary measures in the form of written policies and procedures are taken in order to prevent the use of the products and services provided by the Bank with the purpose of money laundering, terrorism and the proliferation of weapons of mass destruction, and controls are carried out in a way that the Bank does not expose to any operational, reputational risks and sanctions in these matters.

Internal training programs are carried on, which are organized between the Bank and compliance units of overseas branches and domestic and international subsidiaries and which are designed to exchange information regarding the development of joint standards, creation of joint processes, and acting in line with the shared policy target related to "Prevention of Laundering Proceeds of Crime and Financing of Terrorism".

Additionally, regular contacts are established within the frame of the coordinated strategy conducted in relation to compliance activities with overseas branches and subsidiaries, as well as domestic subsidiaries. Along this line, meetings were held with compliance officers of subsidiaries and overseas branches/subsidiaries, during which joint studies were carried out to verify compliance with national and international obligations and to identify process and software needs, if any. These meetings and efforts will be ongoing also in the future.

Additionally, all employees were provided to get trainings on prevention of laundering of proceeds from crime and financing of terrorism.

Both the Internal Control and Compliance units will be utilizing the analytical infrastructure and technological means at the maximum extent possible and will carry on with their activities aimed at maximizing productivity and efficiency with a risk-based approach.

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2020

RISK MANAGEMENT SYSTEM

Ziraat Bank risk management activities are conducted subject to the requirements of BRSA's Regulation on bank internal system and intrinsic capital adequacy assessment processes and other pertinent regulations as well as of BRSA Best Practices Guidelines. They are carried out with the aim of aligning the Bank's risk management functions with best practices by fostering a risk culture throughout the entire and constantly improving system and human resources. The principal risk categories are defined as "Credit Risk", "Market Risk", "Operational Risk", and "Balance Sheet Risks", the last including the interest rate risks and liquidity risks to which the Bank is exposed on account of its banking business accounts. Care is given to ensure that all activities related to risk management system are coordinated through the involved participation of the operational units with which each type of risk is associated.

Under the heading of credit risk management, Basel III-compatible methods are used to define, measure, monitor, and report credit risk. The Bank has been calculating its core credit risk exposure and reporting it monthly on the basis of its solo and consolidated accounts to BRSA ever since this practice was mandated by law as of July 1, 2012. The credit limits approved by the Board of Directors are monitored and scenario analysis and stress tests are carried out by applying various shocks to credit risk factors. Counterparty Credits are measured for counterparty risk. In addition, with the participation of different units within the scope of Credit Risk Management Project with Advanced Methods, studies are being carried out to calculate credit risk based on internal rating and to use its outputs in different areas. Within the scope of Credit Risk Management with Advanced Methods, model validations evaluating the compatibility, accuracy and durability of IRB model studies carried out within the framework of internal rating-based approach, creating macroeconomic models, making IRB models compatible with TFRS-9 and implementation of the results are carried out.

While Behavioral and Referential Probability of Default (PD) Modeling processes were organized by the Department of Credit Analytics and Processes, the Development of Loss in Default (THK) and Amount of Default (TT) Models were carried out by the Risk Management Department. After the completion of the relevant modeling studies, the necessary configuration for calculating the Amount Subject to Credit Risk with the Advanced Internal Rating based method was prepared by the consultant firm, and the tests of the relevant package program were completed by the unit. After the tests were completed and all model outputs were ready, the monitoring phase of the amount subject to credit risk calculated by Basic IR and Advanced IR methods was initiated.

Under the heading of market risk management, such risk is defined, measured, analyzed, monitored, and reported. Analyses are supported by conducting stress tests. Risk measurements are performed on all accounts whose inclusion in the Bank's capital adequacy ratio calculation is mandatory as well as by means of the "value-at-risk" (VaR) methodology. The results of VaR measurements are validated by means of backtest analyses. The values on which market risk is calculated are periodically reviewed and compared with of Board of Directors-approved limits while senior management is kept informed about the results of mandatory and internal limit monitoring.

Under the heading of operational risk management, the operational risks to which the Bank is exposed are defined, classified, quantified, and analyzed. Operational risk signal and limit values approved by the Board of Directors are also monitored at regular intervals. Amount subject to Operational Risk is calculated using the Basic Indicator Approach pursuant to the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. Operational risk incidents as a result of the lost data base in the banking software are being followed. Information technology risks and associated actions are followed up in coordination with the related units. Activities for business continuity plans and portfolio custodian services along with risk assessments for companies providing outsourced support services are being carried out.

Under the heading of balance sheet risk management, liquidity and interest rate risks arising from banking business accounts are identified, measured, analyzed, monitored, and reported. Analyses are also supported by means of stress tests and scenario analyses. Consolidated and unconsolidated Liquidity Coverage Ratio and the Interest Rate Risk Ratio Arising from the unconsolidated Banking Accounts are periodically reported to the BRSA. Liquidity risk as approved by the Board of Directors and signals and limits of the interest rate risk resulting from banking accounts are also monitored at regular intervals.

Besides the stress test analysis subjected to in-bank periodic reports, Internal Capital Adequacy Assessment Process (ICAAP) reports are also prepared and sent to BRSA at year-end. In the latter reports, the Bank's capital and liquidity adequacy is analyzed over the following three-year period on the basis of a set of Base/Negative/Overly Negative scenarios not supplied by BRSA.

The results of the risk management analyses and the associated risk indicators are reported to the Board of Directors and to the Audit Committee at six-month intervals and to the Senior Management on a daily, weekly, and monthly basis.

Ziraat Bank will continue to make use of internationally-recognized advanced risk management techniques in order to carry out its risk management activities for all risk categories and to make such risk management an integral part of its strategic decision-making processes in the future as well.

ZIRAAT BANK'S FINANCIAL STANDING, PROFITABILITY AND SOLVENCY

Ziraat Bank defines its targets as sustainable growth, profitability, and productivity. In 2020 the Bank continued to sustain the strength of its equity-compatible balance sheet structure through the asset & liability management strategies that it adhered to.

As of year-end 2020 the Bank's total assets amounted to TL 943 billion and its total shareholders' equity to TL 93 billion. Importance was again given to supporting equity through sustainable profitability: total equity accounted for about a 10% share of the Bank's balance sheet.

Recognizing the key importance of sustainable profitability in equity management, Ziraat Bank's return on equity and return on assets ratios were 9.7% and 1.0% respectively. The Bank's capital adequacy ratio on the other hand was 18.22% at 2020 year-end.

While Ziraat Bank makes its balance sheet increasingly customer-oriented, it proactively manages credit quality through effective credit processes, prioritizes effective use of resources and cost control. Planning its interactions with its customers in line with customer expectations and habits, the Bank constantly improves its customer-oriented business model. Ziraat Bank continued to contribute to the real sector and the country's savings balance with the resources it provided, and kept on developing the right solutions by understanding the financial needs of its customers, and offering products and services that make life easier.

As a result of this customer-oriented balance sheet management strategy, the total volume of the Bank's cash loans increased by 34% to TL 601 billion and corresponded to 64% of total assets. The share of marketable securities increased from 20% in 2019 to 24% in 2020. Ziraat Bank's NPL ratio in 2020 was 2.3%. The Bank's consistent ability to maintain an NPL ratio below the sectoral average without selling off any of its assets is an indication of the high quality of its asset structure.

In line with Ziraat Bank's approach of contributing to the country's overall level of saving and of having recourse to broadly-based, low-cost sources, total deposits reached TL 630 billion, a performance that maintained the Bank's standing as the sector's leading deposit-taker in 2020. Deposits and non-deposit sources account for 67% and 18.4% shares respectively of total liabilities. In keeping with the Bank's ongoing efforts to diversify and deepen its sources of funding, in 2020 Ziraat Bank continued to seek out and tap alternatives such as international agency and financial institution lines of credit, post-financing, and bank bond & bill issues.

The Bank's most important income item in 2020 was interest income, which amounted to TL 69 billion. The share of interest received from loans in total interest income was 75% as a result of the credit activities carried out during the year. Net interest income increased by 37% in 2020.

RATIOS

(%)

Capital	2019	2020
Capital Adequacy Ratio	17.0	18.2
Shareholders' Equity/Total Assets	10.8	9.9
Shareholders' Equity/(Total Assets+Non-cash Loans)	9.1	8.6
Shareholders' Equity/(Deposits+Non-Deposit Sources)	12.7	11.5
Asset Quality	2019	2020
Cash Loans/Total Assets	68.9	63.7
NPL (Gross)/Cash Loans	2.8	2.3
NPL (Gross)/(Non-Cash Loans+Cash Loans)	2.2	1.9
Loans/Deposits	100.2	95.4
FC Assets/FC Liabilities	81.5	81.4
Liquidity	2019	2020
Liquid Assets/Total Assets	8.8	9.7
Liquid Assets/(Deposits+Non-Deposit Sources)	10.4	11.2
Profitability	2019	2020
Net Profit/Average Total Assets	1.1	1.0
Net Profit/Average Shareholders' Equity	10.1	9.7
Interest Income/Interest Expenses	162.8	199.3

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

Risk management activities at Ziraat Bank are carried out with the underlying approach of aligning the Bank's risk management functions with best practices by fostering a risk culture throughout the entire Bank and constantly improving system and human resources.

Risk management activities are conducted under the separate headings of "Credit Risk", "Market Risk", "Operational Risk", and "Balance Sheet Risks". Policies, practices, and procedures concerning the management of these risks are governed by regulations and resolutions approved by the Board of Directors for dealing with each category of risk. All risk management system activities are carried out through the involved participation of all the units with which each type of risk is associated.

Ziraat Bank has formulated an "Intrinsic capital adequacy assessment process" as required by BRSA Regulation on banks' internal system and intrinsic capital adequacy assessment processes. The purpose of this process is to set up and maintain a system that will both determine the amounts of capital that are needed to cover the risks to which the Bank is or might be exposed and will ensure capital requirements and levels are used compatibly with the Bank's strategic objectives. Analyses are performed in line with BRSA principles and are further supported by means of risk-specific stress tests and scenario analyses. Year-end Stress Test and Internal Capital Adequacy Assessment Process (ICAAP) reports are prepared with the involvement of other appropriate units and are sent to BRSA with the approval of the Board of Directors.

Credit Risk

Credit risk is an expression of the likelihood of the Bank's suffering a loss because a debtor fails to fulfill, in a timely manner, some or all of his obligations under an agreement that he has entered into.

Credit risk management consists of discovering the credit risks to which the Bank is exposed and defining, measuring, monitoring, controlling, and reporting such risks.

According to BRSA Regulation on measurement and assessment of capital adequacy of banks, credit risk is to be measured using the Basel III Standardized Approach and the results of such measurements are to be included in one's mandatory reporting. In compliance with this requirement, Ziraat Bank's credit risk exposure on both a solo and a consolidated basis is reported monthly to BRSA. The measurement of the counterparty credit risk, which is considered in the framework of credit risk, is carried out by using the Reasonable Valuation Method.

Within the scope of credit risk management activities, validation studies are carried out for measurement of accuracy and performance with statistical methods based on credit rating models developed by the related units. Internal Rating Notifications are reported to Risk Center of Banks Association of Turkey on monthly basis, in accordance with Internal Rating Notification Circular which went into effect as of January 2014. Scenario analyses and stress tests are performed with the application of internal and external shocks to credit risk factors. A Credit Risk Management with Advanced Methods Project that permits the use of advanced methods in the calculation of the Bank's core credit risk exposure is carried out. The project includes model validations evaluating the compatibility, accuracy and durability of IRB model studies carried out within the framework of internal rating-based approach, creating macroeconomic models, making IRB models compatible with TFRS-9 and implementation of the results.

While Behavioral and Referential Probability of Default (PD) Modeling processes were organized by the Department of Credit Analytics and Processes, the Development of Loss in Default (THK) and Amount of Default (TT) Models were carried out by the Risk Management Department. Default Rate Modeling activities, Default Amount Modeling activities and Default Loss Modeling activities were completed. After the completion of the relevant modeling studies, the necessary configuration for calculating the Amount Subject

to Credit Risk with the Advanced Internal Rating based method was prepared by the consultant firm, and the tests of the relevant package program were completed by the unit. After the tests were completed and all model outputs were ready, the monitoring phase of the amount subject to credit risk calculated by Basic IR and Advanced IR methods was initiated.

Both customer-segment-based credit risk limits and trigger values and portfolio-based counterparty credit risk limits and trigger values arising respectively from banking accounts and from trading accounts have been calculated and approved by the Board of Directors. All these values are monitored on a monthly basis. The risk-weighted assets which the Bank may hold on a segment and portfolio basis are subject to these limits.

Market Risk

Market risk is an expression of the possibility of loss that the Bank may be exposed to on account of its on- or off-balance sheet exchange rate, commodity, interest rate and stock position risk, which are subject to the Bank's trading activities and followed up under the Bank's accounts and positions valued at fair value, and which arise from the movements in market prices.

Risk measurement and monitoring is carried out in order to reveal the market risks to which the Bank may be exposed. The results of these activities are taken into account in the Bank's strategic decision-making processes.

In order to manage market risk, market movements that affect the present value of the portfolios which expose the Bank to market risk in line with its trading strategies are kept track of on a daily basis and the impact that both upward/downward and ordinary/extraordinary movements may have on these portfolios is analyzed.

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect the Bank's financial strength from being seriously affected by increases in market volatility. Risk exposure levels are kept within prescribed limits.

The Standardized Approach methodology is used to calculate the Bank's exposure to market risk, the amount of which is included in its mandatory capital adequacy ratio. Market risk is also calculated on a daily basis using a VaR-based internal model. The effectiveness of the models being used is also analyzed regularly by means of backtesting.

Operational Risk

Operational risk" is an expression of the likelihood of the Bank's suffering a loss because of changes in value caused by the fact that the actual losses which are incurred on account of inadequate or failed internal processes, people, or systems or on account of external events (including legal risk) differ from expected losses.

The operational risks that arise throughout the Bank are monitored through the Operational Risk Loss Database. The operational risk exposure is calculated using the Basic Indicator Approach methodology.

Ziraat Bank employees perform their duties taking into account the operational risk-related principles and procedures set forth in the Bank's internal regulations and in a manner that is both sensitive to the operational risks that may be incurred and mindful of Bank policies intended to create an operational environment that will reduce the likelihood of losses.

Signals and limits approved by the Board of Directors related to operational risks have been established within the scope of internal regulations and are monitored periodically.

Risks and actions taken within the scope of IT are monitored and reported to the senior management regarding operational risk.

In order to ensure the continuity of outsourced support services, the risks that might arise from their procurement are assessed in light of BRSA Regulation on the outsourcing of support services by banks.

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

As part of the Business Continuity Plan, “business impact analyses” are carried out in order both to identify the risks that might arise if the Bank’s operations are interrupted and to determine their potential consequences. Analyses are also conducted into the portfolio custody service database.

Balance Sheet Risks

“Balance sheet risks”, which are risks that arise from the Bank’s on- and off-balance sheet asset and liability accounts, are controlled so as to manage them in the most effective way possible. Risk measurement and monitoring is carried out in order to reveal the balance sheet risks to which the Bank may be exposed on account both of its liquidity risks and of its interest rate risks arising from its banking business accounts. The results of these activities are taken into account in the Bank’s strategic decision-making processes.

There are two components of liquidity risk: funding liquidity risk and market liquidity risk. The first is an expression of the likelihood of the Bank’s suffering a loss because it is unable to satisfy all of its foreseeable/unforeseeable cash flow requirements without otherwise impairing its day-to-day operations and/or financial structure; the second is an expression of the likelihood of the Bank’s suffering a loss because the Bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility. Interest rate risk consists of the possibility of sustaining losses on risk-sensitive assets, liabilities, and off-balance sheet items owing to changes taking place in interest rates.

Compliance with mandatory ratios pertaining to liquidity and interest rate risks arising from banking business accounts is also monitored. In addition to the foregoing, matters with the potential to affect liquidity risk management are monitored funding and lending maturity mismatches, assets’ and liabilities’ behavioral as well as contractual maturities, the level of primary (cash and cash-equivalent) liquidity reserves needed to conduct the Bank’s normal day-to-day operations, Central Bank liquidity facilities to which recourse may be had in order to cope with unexpected liquidity requirements, secondary reserves whose potential to be converted to cash is exposed to the risk of their being underpriced, and the ability to borrow from conventional markets are monitored. Additionally, within the content of scenario and sensitivity analyses stress test is conducted to assess the Bank’s liquidity needs in the worst case scenario.

For the management of the interest rate risk arising on banking business accounts, attention is given to monitoring and analyzing such issues as rate and maturity mismatches between fixed- and variable-interest fundings and lendings, assets’ and liabilities’ behavioral as well as contractual maturities, both upward/downward and ordinary/extraordinary movements in interest rates, and the impact of interest rate income on the current value of assets and liabilities.

Additionally, trigger values are monitored as part of the early-warning process and associated risk exposure levels are defined within limits in light of such considerations as liquidity, income level targets, and appetite for risk, and come into force upon the approval of the Board of Directors.

31 DECEMBER 2016-31 DECEMBER 2020 SUMMARY BALANCE SHEET AND STATEMENT OF PROFIT OR LOSS

(TL million)

Assets	2016	2017	2018	2019	2020
Cash and Cash Equivalents	43,069	48,571	46,237	57,389	91,038
Securities Portfolio	67,399	70,628	88,681	130,335	225,621
Loans	236,609	302,807	379,331	447,983	600,660
Associates and Subsidiaries	4,312	5,312	7,603	7,602	14,326
Fixed Assets	5,315	5,241	5,045	5,479	6,748
Other Assets	1,057	1,716	10,259	968	4,208
Total	357,761	434,275	537,156	649,756	942,601

Liabilities	2016	2017	2018	2019	2020
Deposits	223,019	266,384	331,066	447,251	629,874
Money Markets	47,212	56,258	68,351	49,275	116,401
Loans Borrowed	22,817	29,065	34,172	34,528	36,950
Marketable Securities Issued	6,833	12,757	15,430	13,106	14,355
Funds	6,021	6,031	6,074	6,066	6,053
Provisions	6,053	8,519	2,832	3,819	7,059
Subordinated Debt	-	-	-	9,566	13,048
Other Liabilities	7,424	8,251	21,830	16,080	25,583
Shareholders' Equity	38,382	47,010	57,401	70,065	93,278
Total	357,761	434,275	537,156	649,756	942,601

Statement of Profit or Loss	2016	2017	2018	2019	2020
Interest Income	27,291	35,463	53,054	65,602	69,476
Interest Expense	13,342	18,561	31,138	40,290	34,862
Net Interest Income	13,948	16,902	21,916	25,312	34,615
Fees and Commissions Income (Net)	1,643	2,217	2,638	3,590	3,093
Dividend Income	259	285	291	1,060	1,119
Trading Profit/Loss (Net)	-188	-814	-3,834	-7,817	-7,743
Other Operating Income	1,555	1,378	1,434	1,614	5,182
Expected Loss and Other Provision Expenses	3,345	3,191	4,719	6,425	13,339
Other Operating Expenses	5,303	6,490	7,692	9,685	12,092
Pretax Profit	8,569	10,287	10,034	7,648	10,834
Tax Provision	1,993	2,347	2,073	1,461	3,009
Net Profit for the Period	6,576	7,940	7,961	6,187	7,825

* Excluding expected losses

CREDIT RATINGS ASSIGNED BY RATING AGENCIES

After updating the country ceiling methodology for deposit on December 7, 2020, Moody's raised Ziraat Bank's long-term foreign currency deposit rating from Caa1 to B2 on December 10, 2020.

Updating Turkey's credit rating outlook from "Stable" to "Negative" on August 21, 2020, Fitch Ratings also updated Ziraat Bank's Long-Term Local Currency IDR credit rating outlook from "Stable" to "Negative" on September 1, 2020 and confirmed the grade level.

On December 30, 2020, JCR Eurasia Rating has determined Ziraat Bank's Long Term International Foreign Currency and Long Term International Local Currency ratings and outlooks as "BB+/Negative" in line with the country rating ceiling. Affirmed Long Term National Rating as "AAA (Trk)", Short Term National Rating as "A-1 + (Trk)" and outlook as "Stable".

The current credit rating scores of Ziraat Bank are listed below.

Rating Agency	Category	Rating	Revision Date
Fitch Ratings	Foreign Currency Long-Term IDR	B+	September 2020
	Outlook	Negative	
	Foreign Currency Short-Term IDR	B	
	Local Currency Long-Term IDR	BB-	
	Outlook	Negative	
	Local Currency Short-Term IDR	B	
	National Long-Term Rating	AA	
	Outlook	Stable	
	Support Rating	4	
	Support Rating Floor	B	
	Viability Rating	b+	
Moody's	Outlook	Negative	December 2020
	Long-Term Bank Deposit Foreign Currency	B2	
	Short-Term Bank Deposit Foreign Currency	Not-Prime	
	Long-Term Bank Deposit Domestic Currency	B2	
	Short-Term Bank Deposit Domestic Currency	Not-Prime	
	Long-Term Bonds Foreign Currency	B2	
	Long-Term Bonds Domestic Currency	B2	
	Baseline Credit Assessment	caa1	
	Adjusted Baseline Credit Assessment	caa1	
JCR Eurasia	Long-Term International Foreign Currency	BB+	December 2020
	Outlook	Negative	
	Long-Term International Local Currency	BB+	
	Outlook	Negative	
	Long-Term National Local Rating	AAA (Trk)	
	Outlook	Stable	
	Short-Term International Foreign Currency	B	
	Outlook	Negative	
	Short-Term International Local Currency	B	
	Outlook	Negative	
	Short-Term National Local Rating	A-1+ (Trk)	
Sponsor Support	1		
Stand Alone	A		

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2020 WITH INDEPENDENT AUDITORS' REPORT THEREON

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures Originally Issued in Turkish, See Note I. of Section Three)

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi:

A. Audit of the Unconsolidated Financial Statements

1. Opinion

We have audited the accompanying unconsolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2020, unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2020 include a free provision amounting to TL 3.460.000 thousand which consist of TL 830.000 thousand provided in prior periods and TL 2.630.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified 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 unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans</p> <p>The Bank has total expected credit losses for loans amounting to TL 600.659.960 thousand in respect to total loans amounting to TL 18.752.718 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2020. Explanations and notes related to expected credit losses provisions for loans are presented Section Three VII, Section Three VIII, Section Four II, Section Four VIII-3, Section Five I.7 and Section Five II-9 in the accompanying unconsolidated financial statements as at 31 December 2020.</p> <p>The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The effects of the COVID-19 outbreak increased the importance of these estimates and assumptions used by the Bank's management in determining the loan loss provisions as of 31 December 2020, and the uncertainties caused by these effects were taken into account in the calculation of expected credit loss using expert opinion.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank including the effects of COVID-19 outbreak within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations including the effects of the COVID-19 pandemic, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations including the effects of the COVID-19 outbreak with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>The Bank uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>For a selected sample, we checked expected credit losses determined based on individual assessment per Bank's policy by means of supporting data, and evaluated appropriateness including areas affected by uncertainties caused by COVID-19 via communications with management.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Bank's determination of staging for credit risk within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</p>

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Pension funds</p> <p>Explanations on Valuation of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund ("TZHEMSAN") Foundation are presented in the Section Three XVI in the accompanying unconsolidated financial statements as at 31 December 2020.</p> <p>TZHEMSAN foundation ("Fund") is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. Evaluation of Fund liabilities include uncertainty of estimates and assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. The Bank's management uses external actuaries for the purpose of valuations of Fund obligations.</p> <p>During our audit, above mentioned fundamental assumption and estimates used in calculations of Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter..</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation of Fund obligations. In addition, we verified the existence and values of the Fund assets on a sample basis.</p> <p>We examined whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and regulations related to valuations exist, and tested significant changes.</p> <p>Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures, we have checked the disclosures made with respect to Fund obligations in the unconsolidated financial statements.</p>

4. Other Matters

The unconsolidated financial statements of the Bank for the year ended 31 December 2019 was audited by another auditor who expressed a qualified opinion based on the reason represented in the section "Basis for the Qualified Conclusion" above thereon on 12 February 2020.

5. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 unconsolidated financial statements.

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

- Identify and assess the risks of material misstatement in the unconsolidated 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.
- Assess the 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 Bank'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 Bank 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 unconsolidated 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 independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also 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 unconsolidated 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.

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

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

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

Didem Demer Kaya, SMMM
Partner
Istanbul, 19 February 2021

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2020

(Convenience Translation of Publicly Announced Unconsolidated Financial Statements and Related Disclosures with Auditor's Report Originally Issued In Turkish, See Note I. Of Section Three)

The Bank's Headquarter Address : Hacıbayram Mahallesi Atatürk Bulvarı No: 8 06050-Altındağ/ANKARA

Phone : (312) 584 20 00

Facsimile : (312) 584 49 63

Website : www.ziraatbank.com.tr

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDIT REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for year ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board,
CEO

Feyzi ÇUTUR
Member of the Board,
Member of the Audit Committee

Mahmut KAÇAR
Member of the Board,
Member of the Audit Committee

Bilgehan KURU
Executive Vice President of
Financial Management

Neslihan ARAS
Senior Vice President of Financial
Coordination

For the questions regarding this financial report, contact details of the personnel in charge are presented below:

Name/Title : Serkan ÖZKAN/Financial Statements and Budget Analysis Manager

Telephone Number : 0312 584 59 32

Fax Number : 0312 584 59 38

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TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("Ziraat Bankası" or "the Bank") is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. All shares of the Bank, which was given the authority to perform all the banking activities, belonged to the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury") transferred to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Bank's head office is located in Ankara.

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO

The total share capital of the Bank is TL 13.100.000. This capital is divided into 13.100.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Bank's sole shareholder is the Turkish Wealth Fund.

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Extraordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Veysi KAYNAK ⁽¹⁾	Vice President and Member
Faruk ÇELİK	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Mehmet Nihat ÖMEROĞLU	Member
Serruh KALELİ	Member
Yusuf BİLMEZ	Member
Audit Committee Members	
Feyzi ÇUTUR	Member
Mahmut KAÇAR ⁽²⁾	Member
Executive Vice Presidents	
Ali KIRBAŞ	Digital Solutions, Operation and Communication
Alpaslan ÇAKAR	Retail Banking-2
Bilgehan KURU	Financial Management
Musa ARDA	Corporate Banking
Süleyman TÜRETKEN	Retail Banking-1
Yüksel CESUR	Internal Systems

⁽¹⁾ At the Ordinary General Assembly meeting of the Bank held on 12 June 2020, he was appointed in place of Yusuf Dağcan and started his duty as of 16 June 2020

⁽²⁾ At the Ordinary General Assembly meeting of the Bank held on 12 June 2020, he was appointed in place of Yusuf Bilmez and started his duty as of 12 June 2020.

The Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Share	Unpaid Shares
Turkish Wealth Fund	13.100.000	100	13.100.000	-

The Bank's sole shareholder is the Turkish Wealth Fund.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

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V. SUMMARY INFORMATION ON THE BANK'S ACTIVITIES AND SERVICES

The purpose of activity of the Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Bank can perform all sorts of operations, without prejudice to the provisions of the banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the registry office.

As of 31 December 2020, Bank carries its activities with a grand total of 1.752 branches; 1.728 domestic branches including 19 corporate branches, 65 entrepreneurial branches, 1.639 branches and 5 mobile branches (31 December 2019: 1.734 domestic branches including 1.643 branches, 19 corporate branches, 67 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. As of 31 December 2020, the Bank's number of employee is 24.673 (31 December 2019: 24.563).

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Bank, and Turkmen Turkish Joint Stock Commercial Bank, jointly controlled partnership of the Bank, are accounted by using equity method in the consolidated financial statements of the Bank.

Since Ziraat Teknoloji A.Ş., Onko İlaç Sanayi ve Ticaret A.Ş., Koçsel İlaç Sanayi ve Ticaret A.Ş. and Rinerji Rize Elektrik Üretim A.Ş. are non-financial subsidiaries of the Bank, are not consolidated in the consolidated financial statements of the Parent Bank in accordance with "Communiqué of the Preparation Consolidated Financial Statements. Since Platform Ortak Kartlı Sistemler A.Ş., Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. and Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş. are non-financial associates of the Bank, carried at cost, are not consolidated in the consolidated financial statements. Subsidiaries other than these are within the scope of full consolidation. Since Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., ZG Tarım ve Hayvancılık Yatırımları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. -a subsidiary of Parent Bank- are non-financial subsidiaries; and since ZY Elektrikli Traktör San. ve Tic. A.Ş. and MESA İmalat Sanayi ve Ticaret A.Ş., which are associates of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. are non-financial associates, are not consolidated in the consolidated financial statements. Subsidiaries other than these are within the scope of full consolidation.

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

None.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

SECTION TWO

Unconsolidated Financial Statements

- I. Balance Sheet (Statement of Financial Position) - Assets
- II. Balance Sheet (Statement of Financial Position) - Liabilities
- III. Statement of Off-Balance Sheet Commitments
- IV. Statement of Profit or Loss
- V. Statement of Profit or Loss and Other Comprehensive Income
- VI. Statement of Changes in Shareholders' Equity
- VII. Statement of Cash Flows
- VIII. Statement of Profit Distribution

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 December 2020			Prior Period 31 December 2019		
			TL	FC	Total	TL	FC	Total
	ASSETS							
I.	FINANCIAL ASSETS (Net)		115.996.922	176.002.569	291.999.491	81.195.185	91.776.103	172.971.288
1.1	Cash and Cash Equivalents		8.737.466	82.300.443	91.037.909	3.304.146	54.084.654	57.388.800
1.1.1	Cash and Balances with Central Bank	(1)	7.954.069	80.089.730	88.043.799	2.846.413	49.361.246	52.207.659
1.1.2	Banks	(4)	578.131	2.210.866	2.788.997	129.851	4.723.528	4.853.379
1.1.3	Money Markets Receivables		206.435	-	206.435	328.596	-	328.596
1.1.4	Expected Loss Provision (-)		1.169	153	1.322	714	120	834
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	13.769.083	536.369	14.305.452	1.890.575	7.310	1.897.885
1.2.1	Government Debt Securities		13.769.083	9.300	13.778.383	1.890.575	7.310	1.897.885
1.2.2	Equity Instruments		-	527.069	527.069	-	-	-
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	90.571.073	91.057.857	181.628.930	74.704.727	36.181.990	110.886.717
1.3.1	Government Debt Securities		89.811.384	90.687.150	180.498.534	74.042.653	35.552.979	109.595.632
1.3.2	Equity Instruments		230.206	28.445	258.651	132.561	397.578	530.139
1.3.3	Other Financial Assets		529.483	342.262	871.745	529.513	231.433	760.946
1.4	Derivative Financial Assets	(3)	2.919.300	2.107.900	5.027.200	1.295.737	1.502.149	2.797.886
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		2.919.300	2.107.900	5.027.200	1.295.737	1.502.149	2.797.886
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		456.101.932	155.487.998	611.589.930	320.935.164	131.587.049	452.522.213
2.1	Loans	(7)	462.338.413	138.321.547	600.659.960	329.429.223	118.553.528	447.982.751
2.2	Lease Receivables	(12)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(8)	12.466.614	17.220.082	29.686.696	4.480.563	13.069.520	17.550.083
2.4.1	Government Debt Securities		12.379.588	17.161.348	29.540.936	4.395.402	13.068.073	17.463.475
2.4.2	Other Financial Assets		87.026	58.734	145.760	85.161	1.447	86.608
2.5	Expected Credit Loss (-)		18.703.095	53.631	18.756.726	12.974.622	35.999	13.010.621
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(15)	5.260.879	-	5.260.879	4.781.720	-	4.781.720
3.1	Held for Sale Purpose		5.260.879	-	5.260.879	4.781.720	-	4.781.720
3.2	Held from Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		10.939.778	3.386.144	14.325.922	4.345.336	3.257.115	7.602.451
4.1	Investments in Associates (Net)	(9)	152.904	-	152.904	99.539	-	99.539
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		152.904	-	152.904	99.539	-	99.539
4.2	Subsidiaries (Net)	(10)	10.786.874	3.280.399	14.067.273	4.245.797	3.146.056	7.391.853
4.2.1	Unconsolidated Financial Subsidiaries		10.621.479	3.280.399	13.901.878	4.188.969	3.146.056	7.335.025
4.2.2	Unconsolidated Non-Financial Subsidiaries		165.395	-	165.395	56.828	-	56.828
4.3	Entities under Common Control (Joint Ventures) (Net)	(11)	-	105.745	105.745	-	111.059	111.059
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	105.745	105.745	-	111.059	111.059
V.	PROPERTY AND EQUIPMENT (Net)	(16)	6.710.643	37.712	6.748.355	5.462.267	16.380	5.478.647
VI.	INTANGIBLE ASSETS (Net)	(19)	984.261	17.945	1.002.206	732.176	12.913	745.089
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		984.261	17.945	1.002.206	732.176	12.913	745.089
VII.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		1.322	-	1.322	1.683	-	1.683
IX.	DEFERRED TAX ASSET	(20)	247.408	-	247.408	1.148.611	-	1.148.611
X.	OTHER ASSETS (Net)	(22)	8.389.443	3.036.308	11.425.751	3.187.722	1.316.767	4.504.489
	TOTAL ASSETS		604.632.588	337.968.676	942.601.264	421.789.864	227.966.327	649.756.191

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 December 2020			Prior Period 31 December 2019		
			TL	FC	Total	TL	FC	Total
	LIABILITIES							
I.	DEPOSITS	(1)	306.746.336	323.127.872	629.874.208	241.031.548	206.219.425	447.250.973
II.	FUNDS BORROWED	(3)	1.291.482	35.658.731	36.950.213	4.462.415	30.066.075	34.528.490
III.	MONEY MARKETS BORROWINGS	(4)	92.831.730	23.569.739	116.401.469	28.801.883	20.473.527	49.275.410
IV.	SECURITIES ISSUED (Net)	(5)	1.010.690	13.343.843	14.354.533	3.279.260	9.826.766	13.106.026
4.1	Bills		-	-	-	2.268.570	279.678	2.548.248
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1.010.690	13.343.843	14.354.533	1.010.690	9.547.088	10.557.778
V.	FUNDS		6.053.060	-	6.053.060	6.066.464	-	6.066.464
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		6.053.060	-	6.053.060	6.066.464	-	6.066.464
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	1.464.562	2.023.090	3.487.652	536.536	1.122.322	1.658.858
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.464.562	2.023.090	3.487.652	536.536	1.122.322	1.658.858
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	763.681	58.304	821.985	565.614	56.146	621.760
X.	PROVISIONS	(9)	7.048.154	10.480	7.058.634	3.362.285	456.293	3.818.578
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1.509.040	-	1.509.040	1.664.035	-	1.664.035
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		5.539.114	10.480	5.549.594	1.698.250	456.293	2.154.543
XI.	CURRENT TAX LIABILITY	(10)	1.655.923	4.594	1.660.517	1.714.874	5.713	1.720.587
XII.	DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	13.048.197	13.048.197	-	9.565.957	9.565.957
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	13.048.197	13.048.197	-	9.565.957	9.565.957
XV.	OTHER LIABILITIES	(6)	15.000.491	4.612.045	19.612.536	8.960.448	3.118.098	12.078.546
XVI.	SHAREHOLDERS' EQUITY	(13)	93.291.545	(13.285)	93.278.260	71.106.589	(1.042.047)	70.064.542
16.1	Paid-in capital		13.100.000	-	13.100.000	6.100.000	-	6.100.000
16.2	Capital Reserves		(17.745)	-	(17.745)	(571)	-	(571)
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		(17.745)	-	(17.745)	(571)	-	(571)
16.3	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		10.575.764	(969.601)	9.606.163	5.728.837	123.518	5.852.355
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		(108.006)	956.316	848.310	807.677	(1.165.565)	(357.888)
16.5	Profit Reserves		58.398.544	-	58.398.544	52.110.376	-	52.110.376
16.5.1	Legal Reserves		5.000.726	-	5.000.726	4.750.183	-	4.750.183
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		53.397.818	-	53.397.818	47.360.193	-	47.360.193
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or (Loss)		11.342.988	-	11.342.988	6.360.270	-	6.360.270
16.6.1	Prior Periods' Profit or (Loss)		3.517.969	-	3.517.969	173.382	-	173.382
16.6.2	Current Period Profit or (Loss)		7.825.019	-	7.825.019	6.186.888	-	6.186.888
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		527.157.654	415.443.610	942.601.264	369.887.916	279.868.275	649.756.191

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period			Prior Period		
			31 December 2020			31 December 2019		
			TL	FC	Total	TL	FC	Total
A.	BALANCE SHEET COMMITMENTS (I+II+III)		192.229.287	407.385.776	599.615.063	138.892.389	301.480.421	440.372.810
I.	GUARANTEES AND WARRANTIES	(1),(3)	43.026.229	99.712.498	142.738.727	39.120.560	80.704.053	119.824.613
1.1	Letters of Guarantee		41.847.184	68.894.235	110.741.419	38.884.228	52.376.336	91.260.564
1.1.1	Guarantees Subject to State Tender Law		1.272.900	14.813.606	16.086.506	1.045.669	12.331.455	13.377.124
1.1.2	Guarantees Given for Foreign Trade Operations		35.485.457	37.881.934	73.367.391	33.271.753	38.990.248	72.262.001
1.1.3	Other Letters of Guarantee		5.088.827	16.198.695	21.287.522	4.566.806	1.054.633	5.621.439
1.2	Bank Acceptances		122.254	7.079.894	7.202.148	9.724	8.192.527	8.202.251
1.2.1	Import Letter of Acceptance		122.254	7.079.001	7.201.255	6.517	8.187.488	8.194.005
1.2.2	Other Bank Acceptances		-	893	893	3.207	5.039	8.246
1.3	Letters of Credit		957.791	22.316.906	23.274.697	226.608	19.165.683	19.392.291
1.3.1	Documentary Letters of Credit		957.791	22.300.016	23.257.807	226.608	19.150.134	19.376.742
1.3.2	Other Letters of Credit		-	16.890	16.890	-	15.549	15.549
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		99.000	1.421.463	1.520.463	-	969.507	969.507
1.5.1	Endorsements to the Central Bank of Turkey		99.000	1.421.463	1.520.463	-	969.507	969.507
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS		77.686.779	21.081.703	98.768.482	52.637.562	14.557.536	67.195.098
2.1	Irrevocable Commitments	(1),(3)	77.686.779	21.081.703	98.768.482	52.637.562	14.557.536	67.195.098
2.1.1	Asset Purchase Commitments		38.855	14.044.527	14.083.382	2.091.236	11.505.500	13.596.736
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	7.500	-	7.500
2.1.4	Loan Granting Commitments		14.666.903	2.087	14.668.990	11.842.898	2.120	11.845.018
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		4.830.167	-	4.830.167	3.695.596	-	3.695.596
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		44.590.857	-	44.590.857	24.220.013	-	24.220.013
2.1.10	Commitments for Credit Cards and Banking Services Promotions		68.631	-	68.631	36.161	-	36.161
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		13.488.216	7.035.089	20.523.305	10.744.158	3.049.916	13.794.074
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	71.516.279	286.591.575	358.107.854	47.134.267	206.218.832	253.353.099
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		71.516.279	286.591.575	358.107.854	47.134.267	206.218.832	253.353.099

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period			Prior Period		
			31 December 2020			31 December 2019		
			TL	FC	Total	TL	FC	Total
3.2.1	Forward Foreign Currency Buy/Sell Transactions		2.339.701	4.721.385	7.061.086	3.854.913	6.418.511	10.273.424
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.513.056	2.052.594	3.565.650	1.626.296	3.507.008	5.133.304
3.2.1.2	Forward Foreign Currency Transactions-Sell		826.645	2.668.791	3.495.436	2.228.617	2.911.503	5.140.120
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		68.512.430	281.234.260	349.746.690	43.277.330	199.771.811	243.049.141
3.2.2.1	Foreign Currency Swap-Buy		3.546.255	144.492.912	148.039.167	1.340.652	98.363.800	99.704.452
3.2.2.2	Foreign Currency Swap-Sell		63.436.175	83.846.042	147.282.217	41.796.678	57.191.367	98.988.045
3.2.2.3	Interest Rate Swap-Buy		765.000	26.447.653	27.212.653	70.000	22.108.322	22.178.322
3.2.2.4	Interest Rate Swap-Sell		765.000	26.447.653	27.212.653	70.000	22.108.322	22.178.322
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	2.024	28.510	30.534
3.2.3.1	Foreign Currency Options-Buy		-	-	-	1.012	14.255	15.267
3.2.3.2	Foreign Currency Options-Sell		-	-	-	1.012	14.255	15.267
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		664.148	635.930	1.300.078	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	635.930	635.930	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		664.148	-	664.148	-	-	-
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		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		2.514.798.633	307.290.933	2.822.089.566	1.907.087.847	238.577.007	2.145.664.854
IV.	ITEMS HELD IN CUSTODY		1.174.846.935	62.800.731	1.237.647.666	801.784.528	43.695.339	845.479.867
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		13.994.359	31.286.338	45.280.697	16.068.422	21.363.653	37.432.075
4.3	Cheques Received for Collection		16.337.960	2.323.861	18.661.821	10.470.124	1.397.404	11.867.528
4.4	Commercial Notes Received for Collection		14.290.083	1.139.348	15.429.431	11.290.277	775.924	12.066.201
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		1.100.163.673	2.864	1.100.166.537	738.596.223	-	738.596.223
4.7	Other Items Under Custody		30.050.395	28.048.320	58.098.715	25.349.017	20.158.358	45.507.375
4.8	Custodians		1.649	-	1.649	1.649	-	1.649
V.	PLEDGES RECEIVED		1.338.428.515	240.139.806	1.578.568.321	1.104.055.321	191.572.318	1.295.627.639
5.1	Marketable Securities		2.552.857	1.488.478	4.041.335	2.446.267	1.146.602	3.592.869
5.2	Guarantee Notes		15.030.031	2.143.619	17.173.650	15.642.486	1.989.052	17.631.538
5.3	Commodity		919.910	119.673	1.039.583	934.751	95.196	1.029.947
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		1.072.212.605	154.124.910	1.226.337.515	877.668.953	124.665.021	1.002.333.974
5.6	Other Pledged Items		247.707.903	82.235.495	329.943.398	207.357.655	63.654.787	271.012.442
5.7	Pledged Items-Depository		5.209	27.631	32.840	5.209	21.660	26.869
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES		1.523.183	4.350.396	5.873.579	1.247.998	3.309.350	4.557.348
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.707.027.920	714.676.709	3.421.704.629	2.045.980.236	540.057.428	2.586.037.664

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	Note	Current Period	Prior Period
IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	(Section Five IV)	1 January-31 December 2020	1 January-31 December 2019
I. INTEREST INCOME	(1)	69.476.028	65.602.283
1.1 Interest on Loans		52.330.087	52.764.423
1.2 Interest on Reserve Requirements		229.750	439.830
1.3 Interest on Banks		58.101	305.757
1.4 Interest on Money Market Transactions		33	7.099
1.5 Interest on Marketable Securities Portfolio		16.695.965	11.966.108
1.5.1 Fair Value Through Profit or Loss		173.658	12.463
1.5.2 Fair Value Through Other Comprehensive Income		14.268.773	10.603.117
1.5.3 Measured at Amortised Cost		2.253.534	1.350.528
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		162.092	119.066
II. INTEREST EXPENSE (-)	(2)	34.861.528	40.290.277
2.1 Interest on Deposits		22.812.078	27.989.002
2.2 Interest on Funds Borrowed		1.191.042	1.672.114
2.3 Interest Expense on Money Market Transactions		5.728.076	8.927.479
2.4 Interest on Securities Issued		1.595.972	1.366.368
2.5 Interest on Leases		100.242	97.619
2.6 Other Interest Expenses		3.434.118	237.695
III. NET INTEREST INCOME (I - II)		34.614.500	25.312.006
IV. NET FEES AND COMMISSIONS INCOME		3.092.735	3.589.771
4.1 Fees and Commissions Received		4.816.628	5.708.022
4.1.1 Non-cash Loans		969.668	900.911
4.1.2 Other		3.846.960	4.807.111
4.2 Fees and Commissions Paid (-)		1.723.893	2.118.251
4.2.1 Non-cash Loans		971	1.463
4.2.2 Other		1.722.922	2.116.788
V. DIVIDEND INCOME	(3)	1.119.253	1.060.357
VI. TRADING PROFIT/(LOSS) (Net)	(4)	(7.743.467)	(7.817.493)
6.1 Trading Gains/(Losses) on Securities		3.971.898	219.437
6.2 Gains/(Losses) on Derivative Financial Transactions		(5.137.039)	(8.483.899)
6.3 Foreign Exchange Gains/(Losses)		(6.578.326)	446.969
VII. OTHER OPERATING INCOME	(5)	5.181.957	1.613.869
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		36.264.978	23.758.510
IX. EXPECTED CREDIT LOSS (-)	(6)	10.690.951	6.313.395
X. OTHER PROVISION EXPENSES (-)	(6)	2.648.397	111.766
XI. PERSONNEL EXPENSE (-)		4.396.112	3.460.423
XII. OTHER OPERATING EXPENSES (-)	(7)	7.695.395	6.224.812
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		10.834.123	7.648.114
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)	10.834.123	7.648.114
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(3.009.104)	(1.461.226)
18.1 Current Tax Provision		(3.189.501)	(2.738.530)
18.2 Deferred Tax Expense Effect (+)		(6.178.034)	(3.375.545)
18.3 Deferred Tax Income Effect (-)		6.358.431	4.652.849
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(10)	7.825.019	6.186.888
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
21.3 Expenses from Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
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)		-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXII)	(11)	7.825.019	6.186.888
Earnings/(Loss) per share (in TL full)		0,752	1,014

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	Current Period	Prior Period
V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1 January-31 December 2020	1 January-31 December 2019
I. CURRENT PERIOD PROFIT/LOSS	7.825.019	6.186.888
II. OTHER COMPREHENSIVE INCOME	4.960.006	6.022.966
2.1 Not Reclassified Through Profit or Loss	3.753.808	(49.055)
2.1.1 Property and Equipment Revaluation Increase/Decrease	1.215.617	(223.184)
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	86.170	(30.066)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	3.242.666	166.260
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(790.645)	37.935
2.2 Reclassified Through Profit or Loss	1.206.198	6.072.021
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	1.497.153	7.784.642
2.2.3 Cash Flow Hedge Income/Expense	-	-
2.2.4 Foreign Net Investment Hedge Income/Expense	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(290.955)	(1.712.621)
III. TOTAL COMPREHENSIVE INCOME (I+II)	12.785.025	12.209.854

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Reserves	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
					1	2	3	4	5	6				
CURRENT PERIOD														
31 December 2020														
I. Prior Period End Balance	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095	-	(357.888)	-	52.110.376	6.360.270	-	70.064.542
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095	-	(357.888)	-	52.110.376	6.360.270	-	70.064.542
IV. Total comprehensive income (loss)	-	-	-	-	1.100.959	68.936	2.583.913	-	1.206.198	-	-	-	7.825.019	12.785.025
V. Capital increase by cash	7.000.000	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000
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	-	-	-	(17.174)	-	-	-	-	-	-	-	3.445.867	-	3.428.693
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	6.288.168	(6.288.168)	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	6.137.985	(6.137.985)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	(17.745)	4.849.771	(12.616)	4.769.008	-	848.310	-	58.398.544	3.517.969	7.825.019	93.278.260

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss)

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
					1	2	3	4	5	6				
PRIOR PERIOD														
31 December 2019														
I. Prior Period End Balance	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
IV. Total comprehensive income	-	-	-	-	(200.866)	(24.053)	175.864	-	6.072.021	-	-	-	6.186.888	12.209.854
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	-	-	-	(88)	188.940	-	-	-	-	-	143.700	120.742	-	453.294
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	14.646.296	(14.646.296)	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	14.574.793	(14.574.793)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-
Balance at the end of the period (III+IV+.....+X+XI)	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095	-	(357.888)	-	52.110.376	173.382	6.186.888	70.064.542

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve,

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss)

4. Exchange Differences on Translation,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss)

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

	Note (Section Five VI)	Current Period 1 January- 31 December 2020	Prior Period 1 January- 31 December 2019
VII. STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	14.474.641	(11.924.072)
1.1.1	Interest Received	65.352.951	58.879.738
1.1.2	Interest Paid	(34.636.969)	(39.652.756)
1.1.3	Dividend Received	1.119.253	1.037.071
1.1.4	Fees and Commissions Received	5.655.572	5.708.022
1.1.5	Other Income	5.952.590	2.280.275
1.1.6	Collections from Previously Written-off Loans and Other Receivables	2.274.824	1.926.028
1.1.7	Cash Payments to Personnel and Service Suppliers	(4.995.077)	(3.950.537)
1.1.8	Taxes Paid	(3.505.624)	(3.350.308)
1.1.9	Other	(22.742.879)	(34.801.605)
1.2	Changes in Operating Assets and Liabilities	54.512.138	30.364.918
1.2.1	Net (Increase)/Decrease in Financial Assets At Fair Value Through Profit Or Loss	(8.707.973)	4.942.930
1.2.2	Net (Increase)/Decrease in Due From Banks And Other Financial Institutions	(29.163.414)	(8.050.821)
1.2.3	Net (Increase)/Decrease in Loans	(123.060.931)	(60.324.845)
1.2.4	Net (Increase)/Decrease in Other Assets	(6.779.884)	2.311.198
1.2.5	Net Increase/(Decrease) in Bank Deposits	2.666.179	5.594.469
1.2.6	Net Increase/(Decrease) in Other Deposits	151.128.952	110.319.101
1.2.7	Net Increase/(Decrease) in Financial Liabilities At Fair Value Through Profit Or Loss	-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed	(5.134.167)	309.613
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	73.563.376	(24.736.727)
I.	Net Cash Provided from Banking Operations	68.986.779	18.440.846
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities	(67.434.305)	(21.215.135)
2.1	Cash Paid For Acquisition of Investments, Associates, Subsidiaries and Entities under common Control (Joint Ventures)	(1.118.431)	(108.692)
2.2	Cash Obtained From Disposal of Investments, Associates, Subsidiaries and Entities under common Control (Joint Ventures)	-	-
2.3	Purchases of Property and Equipment	(612.547)	(1.227.226)
2.4	Disposals of Property and Equipment	1.059.375	497.581
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(106.216.722)	(42.117.386)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	47.372.661	20.341.757
2.7	Purchase of Financial Assets Measured at Amortized Cost	(8.771.752)	(10.608.138)
2.8	Sale of Financial Assets Measured at Amortized Cost	853.111	3.875.246
2.9	Other	-	8.131.723
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities	5.543.638	5.612.313
3.1	Cash Obtained from Funds Borrowed and Securities Issued	4.241.178	16.239.183
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(5.439.618)	(10.346.528)
3.3	Issued Equity Instruments	7.000.000	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(257.922)	(280.342)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	1.934.786
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	6.684.883	4.772.810
VI.	Cash and Cash Equivalents at Beginning of the Period	(1)	23.389.729
VII.	Cash and Cash Equivalents at End of the Period	(1)	28.162.539

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

		Current Period 31 December 2020	Prior Period 31 December 2019
VIII. STATEMENT OF PROFIT DISTRIBUTION ⁽¹⁾			
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1	Current Year Income	10.834.123	7.648.114
1.2	Taxes And Duties Payable (-)	(3.009.104)	(2.738.530)
1.2.1	Corporate Tax (Income tax)	(3.189.501)	(2.738.530)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	180.397	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	7.825.019	4.909.584
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	245.479
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	4.664.104
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Statutory Reserves (-)	-	-
1.11	Extraordinary Reserves	-	4.664.104
1.12	Other Reserves	-	-
1.13	Special Funds	-	-
II. DISTRIBUTION OF RESERVES			
2.1	Appropriated Reserves	-	-
2.2	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.3	Dividends To Personnel (-)	-	-
2.4	Dividends To Board Of Directors (-)	-	-
III. EARNINGS PER SHARE			
3.1	To Owners Of Ordinary Shares	-	0,8048
3.2	To Owners Of Ordinary Shares (%)	-	80,48
3.3	To Owners Of Privileged Shares	-	-
3.4	To Owners Of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

⁽¹⁾ Profit distribution is decided by the General Assembly of the Bank. As of the date the financial statements were prepared, the General Assembly meeting has not been held yet.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" ("Regulation") related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Financial Reporting Standards ("TFRS") and (referred as "Turkish Accounting and Financial Reporting Regulations" or "Reporting Standards") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA").

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" published in the Official Gazette No. 28337, dated 28 June 2012 and "Communiqué on Public Disclosures on Risk Management", published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in thousands of Turkish Lira ("TL"), under the historical cost convention, except for the financial assets and liabilities carried at fair value.

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

Unless otherwise specified, all balances in the financial statements and related disclosures are expressed in Thousand Turkish Lira ("TL").

The COVID-19 epidemic, which originates in China, spreads to various countries in the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are overexposed to the epidemic, and negatively affects economic conditions both regionally and globally. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the financial statements dated 31 December 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

As of 31 December 2020, due to the adverse effects of the COVID-19 epidemic, the Bank reviewed the valuation of financial assets at fair value through other comprehensive income and fair value through profit or loss and as of the reporting date, corrections have been taken into account. The fair values were determined and accounted for as of the valuation date with the valuation reports prepared for the entity under common control monitored with their fair values, the entity under common control and the securities representing a share in the capital. On the other hand, the Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments and there are no changes that require any correction as of the reporting date. As of 31 December 2020, the Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment.

The Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 December 2020, by taking into account the change in probability of default and loss given default.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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In this context, the Bank has measured the impact of its macroeconomic expectations on non-performing loans under different scenarios and reflected the increase coefficient, which is considered to best reflect the current situation in the range of NPL ratio it obtained, into the loan parameters and included it in provision calculations. Among the three scenarios used, the weight of the bad scenario was increased. In addition, the Bank analyzed the corporate, entrepreneurial and retail loan portfolios and the sector distributions in these portfolios, using expert opinion, it made provisions on model outputs for customer groups that it believed to be affected by the COVID-19 outbreak. This approach, which is preferred in provision calculations in 2020, will be reviewed in the upcoming reporting periods, taking into account the impact of the epidemic, changes in the loan portfolio and future expectations.

Within the scope of the 4th and 5th articles of "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside"; it is allowed that the 30-day-past-due period envisaged for the classification of loans in the second group would be applied as 90 days until 31 December 2020 for the loans classified under the first group and the 90-day-past-due period envisaged for the classification of loans as non-performing would be applied as 180 days until 31 December 2020 for the loans classified under the first and second groups according to the decisions of BRSA numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020 due to the effects of the epidemic from the COVID-19 pandemic. Based on the BRSA's Decision No. 9312 dated 8 December 2020, this period has been extended until 30 June 2021. The Bank's practices regarding the classification of the loans have been updated in accordance with the BRSA decisions.

The Bank continues its practices for restructuring the loans in line with the needs of its customers, in line with the Bank's procedures and principles. In particular, individual customers are directed to make restructuring requests through the digital channels without arriving at the branches. Applications received from the digital channels are evaluated quickly and concluded.

Changes in Accounting Policies

With the regulations published regarding the implementation of the Indicator Interest Rate Reform, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting provisions. Benchmark Interest Rate for the reform process is anticipated to be completed by 31 December 2021, continues to adapt to changes in the scope of work of the Bank.

a. Explanation for convenience translation to English:

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

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main activity of the Bank comprises of banking services, such as; launching all kinds of cash and non-cash loans denominated in Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits denominated in Turkish Lira and foreign currencies. The Bank's main funding sources are deposits denominated in Turkish Lira, repurchase agreements, issued securities and shareholders' equity. The Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Bank's liquidity structure is considered the financing of all liabilities at due date. Although most of the sources in the Bank's balance sheet are with fixed interest rate, some of the securities in assets return have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Bank adopts higher return principle for its long-term placements

Loans and securities are instruments from which the Bank gets returns above the average returns within its activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheque payments and commitments for credit card limits are the most important risk areas within the off-balance sheet accounts.

Since the Bank's total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; Borsa Istanbul ("BIST"), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from liquidity risk since the Bank is a public bank with an extensive branch network.

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Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are valued by Bank's prevailing counter currency buying rate at transaction date and reflected to records. At period ends, foreign currency asset and liability balances are valued at the Bank's period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a "foreign exchange profit or loss".

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange rate risk arising from foreign currency translation of partnerships with capital allocation in Euro, deposits in Euro are used as a hedging tool. Information on fair value hedge accounting applied in order to protect the said total capital amount, 268.075 thousand Euro, which is associated with this purpose, from the exchange rate risk effect due to the changes in the exchange rate, it is given in Note IX of Section 4.

Assets and liabilities of the overseas branches of the Bank are converted into Turkish Lira with the Bank's prevailing counter currency buying rates at the balance sheet date.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

Investments related to joint ventures and financial subsidiaries are monitored with their fair values in the unconsolidated financial statements according to "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" and the scope of TFRS 9 Financial Instruments Standard. Fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

Subsidiaries are accounted for at their cost value within the scope of TAS 27, and are reflected in the unconsolidated financial statements after the provision for depreciation is deducted, if any.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENT

The Bank's derivative transactions include cross currency swaps, interest rate swaps, currency and precious metal swaps, long-term financing transactions, full indemnity options and forward foreign currency buy/sell transactions. The Bank has no embedded derivative instruments separated from the articles of association.

Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments Standard" ("TFRS 9"), "Derivative Financial Assets Measured at Fair Value Through Profit or Loss".

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets at fair value through profit or loss or derivative financial liabilities measured at fair value through profit or loss in the following periods of the recording. Fair value differences are recognized in statement of profit or loss in gains/ (losses) on derivative financial transactions under trading profit/loss.

The fair value of derivative instruments is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts with their contractual values

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized according to the effective interest method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

Interest income from financial assets are recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses) of the non-performing loans.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related profit or loss statement line and is amortized over the estimated life of the financial asset.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and expenses from banking, agency and intermediary services are recognized as income/expense and conformant with TFRS 15 Revenue from Contracts with Customers on the date they are collected.

Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

Commission income from consumer, corporate and entrepreneurial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 "Recognition and Derecognition". Financial assets are measured at fair value at initial recognition in the financial statements. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank classifies and recognizes its financial assets as "Financial Assets Measured at Fair Value Through Profit/Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

Financial assets mainly constitute the Bank's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

Classification And Measurement Within The Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

Financial Assets At Fair Value Through Profit or Loss

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 the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Earned interests are included in interest income and dividends received are included in dividend income.

Government Bonds and Treasury Bills which are included in fair value through profit or loss are valued at the weighted average exchange prices of BIST on the balance sheet date and which are not traded in BIST are valued at prices of T.C. Central Bank. Eurobonds are carried at prices in the over the counter markets. All gains and losses arising from these valuations are reflected in the profit or loss account.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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Financial Assets At Fair Value Through Other Comprehensive Income

Financial assets are classified as 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.

Fair value through other comprehensive income are subsequently measured at their fair value. The interest income of fair value through other comprehensive income that are calculated by effective interest rate method and dividend income from equity instruments 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 "Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the statement of profit or loss when such securities are collected or disposed.

Equity investments

Equities, which are classified as fair value through other comprehensive income, that have a quoted market price in an active market and whose fair value can be reliably measured are carried at fair value. Equity is that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost less provision for impairment.

Financial Assets at Measured at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost when the 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.

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 rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income" and "measured at amortized cost" portfolios of the Bank include Consumer Price Index (CPI) indexed bonds. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance's CPI Indexed Bonds Investor Guide.

The Bank also updates the estimated inflation rate used throughout the year in case of necessity.

Loans

Loans consist of financial assets which are created by providing money, goods or services to the debtor. Loans are initially recognized at acquisition cost presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate Method".

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. Foreign exchange loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

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VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

Impairment

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument and the following aspects are important for the measurement:

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of the money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions at the time of reporting.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

12 Month Expected Credit Losses (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at the time of recognition or since initial recognition. For such assets, impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the credit quality.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of life time loss expectancy.

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, having day-past-due more than and equal to 30 days, and the Bank's internal early warning system note. As explained in the third section, part 1, number 1, BRSA's decisions no 8948 dated 17 March 2020 and 8970 dated 27 March 2020 will be valid as of 27 March 2020, mainly due to the effects of the epidemic of the COVID-19 outbreak. The number of days of delay is 90 days. Pursuant to the BRSA's decision dated 8 December 2020 and numbered 9312, the 90-day implementation period has been extended until 30 June 2021.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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Credit-Impaired Losses (Stage 3)

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

The Bank considers a debt as default on these two conditions;

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information. As explained in first numbered part one of Section third, the BRSA's decisions on 17 March 2020, numbered 8948 and 27 March 2020, numbered 8970 are mainly valid as of 17 March 2020 due to the disruptions in economic and commercial activities as a result of the COVID-19 outbreak. Accordingly, the definition of default is applied as 180 days. Pursuant to the BRSA's Decision No. 9312 dated 8 December 2020, the 180-day implementation period has been extended until 30 June 2021.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected Effective Interest Rate value and discounted cash flows.

When cash flows are estimated, the following situations are considered:

- All contractual terms of the financial instrument during the expected life,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default (PD)

Probability of default refers to the likelihood that a loan will default at a certain time.

In default probability models, sectorial information for the corporate portfolio and product information for the individual portfolio are taken as the basis.

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.

Loss Given Default (LGD)

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during this estimation are the Gross Domestic Product (GDP) and the consumer price index (CPI). Risk parameters are updated every 3 months, taking into account their compatibility with the portfolio. In addition to macroeconomic indicators, the Bank takes into account the future expectations of its portfolio and the possible effects of COVID-19 in its models by using its best estimates and expert opinion in the presence of model variables.

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The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Bank as of the reporting date.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment ("Reverse Repo") are accounted in "Money Markets Receivables" on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

The assets acquired by the Bank due to its receivables are accounted for in accordance with "TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations" in financial statement of the Bank.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan.

The properties acquired by the Bank due to receivables are shown in the line of held for sale purpose in the financial statements depending on the termination of the term sales contract.

A discontinued operation is a division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Bank does not have any discontinued operations.

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XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were evaluated over their remaining amounts after deducting the accumulated depreciation and, if any, the accumulated depreciation from the cost value in the period following their recording.

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period. Expenditures for other intangible assets are amortized with equal amounts within the lease period, and if the lease period is not certain or is more than five years, the redemption period is accepted as five years (depreciation rate 20%).

The Bank recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software's initial costs and amortized over 3 years considering the useful lives. The Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33,3% to 6,7%.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible and intangible fixed asset revaluation differences account under equity.

Property and equipment (except for immovables) are presented in the financial statements over their remaining cost after deducting accumulated depreciation from cost amounts, if any, and after deducting accumulated depreciation from their fair values. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The amortization method applied in the current period has not been changed.

Estimated useful lives and amortization rates of property and equipment are below:

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-25	4-33,33%
Assets held under financial leases	4-5	20-25%

Gains or losses arising from the disposal of property and equipment are reflected in the profit or loss accounts as the difference between the net disposal revenue of the tangible asset and the net book value.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

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XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

The Bank measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Bank's incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

After the lease actually started, the Bank; Increases the carrying amount to reflect the interest in the lease obligation, reduce the carrying value to reflect the lease payments made, and re-measure the carrying value to reflect reassessments and changes to the lease, or to reflect fixed lease payments in revised core.

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

After the date of lease actually started, the Bank remeasures the lease liability to reflect the changes in lease payments. The Bank reflects the remeasurement amount of the lease liability, in financial statements as adjustments in right to use assets.

The Bank uses a revised discount rate that reflects changes in the interest rate if there is a change in the initial lease period or the use of the purchase option.

The Bank remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

The Bank does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

Tangible assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under financial leasing are charged to liability account "Finance Lease Liabilities", whereas interests are recognized in "Deferred Financial Leasing Expenses" account. At installment payments, principal and interest amount of installment amount are debited to "Financial Lease Liabilities" account, whereas interest is credited in "Deferred Financial Leasing Expenses" account and recorded to the "Other Interest Expenses".

The Bank does not perform financial operations as "Lessor".

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than provisions for impairment set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

The Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation from the Bank cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Bank recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 "Turkish Accounting Standard about Benefits for Employee" and estimates the net present value of future liabilities arising from employment terminations and vacation benefits and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement bonus pension/severance payments are calculated for the time that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2020, retirement benefit obligation is TL 1.230.590 (31 December 2019: TL 1.038.524).

	Current Period	Prior Period
Discount Rate	12,96%	12,15%
Inflation	9,37%	8,68%

Communiqué on "Turkish Accounting Standard ("TAS19") about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 12.616 was classified under shareholders' equity in the financials. (31 December 2019: TL 81.552 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

The Bank is not employing its personnel by means of limited-period contracts.

Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33. As of 31 December 2020 the number of personnel who benefit from the Fund, excluding dependents, is 24.212 (31 December 2019: 23.720). 20.297 of these members are active while 3.915 are passive members. (31 December 2019: 19.832 active members, 3.888 passive members).

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

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According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2020 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

Current Tax

With the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, effective from 1 January 2006, 20% is applied for corporate earnings. In accordance with the regulation introduced by Law No. 7061 of 28 November 2017, the rate, which was applied as 22% for three years as of 1 January 2018, will continue to be applied as 20% as of 1 January 2021. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

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

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Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from corporation tax (Changed with 89th article of code 7061 that entries into force in 5 December 2017).

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

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax" and "Law No. 7061 of November 28, 2017 mentioned in the "Current Tax" section", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Bank estimates the time when temporary differences will be taxable/deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), the Bank has calculated the deferred tax rate of 20% over its assets and liabilities as of December 31, 2020. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by obtaining taxable profit in the future. Deferred tax liability or assets related to temporary timing differences that arise from the initial recognition of assets or liabilities other than goodwill or business combinations and that do not affect both commercial and financial profit or loss are not calculated.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

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Deferred tax asset and deferred tax liability are presented as net in these unconsolidated financial statements.

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.

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

XVIII. EXPLANATIONS ON BORROWING

The Bank recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Bank borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Bank has issued no convertible bonds to shares and has no instruments representing its own borrowings.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by The Bank in 2020.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off-Balance Sheet" commitments.

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Bank as of the balance sheet date.

XXII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. FC cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

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XXIV. EXPLANATIONS ON OTHER MATTERS

Profit distribution

According to the Bank's Ordinary General Assembly Meeting dated 12 June 2020; in accordance with Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; after deducting the deferred tax income amounting to TL 1.277.304 from the net profit of TL 6.186.888 in accordance with the Circular No. 2004/3 of the BRSA, 5% (245.479 TL) of the remaining legal reserve has been set aside, the remaining 4.664.104 TL has been allocated to the Bank. Real estate sales revenue exception calculated in accordance with the VUK within the scope of the 5/1-e clause of the Corporate Tax Law no. After deducting 50% of its base, TL 72.102, allocating 5% of legal reserves over the remaining TL 101.280 (TL 5.064), transferring the remaining TL 96.216 to extraordinary reserves, TL 72.102 which is 50% of the real estate sales profit exception and which should be monitored in a special fund account. is decided to transfer to other reserves.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to the regulations of BRSA numbered 9312 dated 8 December 2020. Based on recent regulation changes:

- In calculating the amount subject to credit risk; Simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date can be used to calculate the valued amounts in foreign currency.
- As of 23 March 2020, if the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, these differences may not be taken into consideration in the calculation of equity amount.

As of 31 December 2020, Bank's total regulatory capital has been calculated as TL 111.583.042 (31 December 2019: TL 83.636.178), capital adequacy ratio is 18,22% (31 December 2019: 17,02%). This ratio is well above the minimum ratio required by the legislation.

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

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1. Information Related to The Components of Shareholders' Equity

	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.398.544	-
Gains recognized in equity as per TAS	11.472.959	-
Profit	11.342.988	-
Current Period Profit	7.825.019	-
Prior Period Profit	3.517.969	-
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	94.331.879	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.003.700	-
Improvement costs for operating leasing	10.044	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.002.206	1.002.206
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in 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	-	-
Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-

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	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments 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	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the 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 I Capital	2.015.950	-
Total Common Equity Tier I Capital	92.315.929	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	12.611.340	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	12.611.340	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	12.611.340	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	104.927.269	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6.675.614	-
Tier II Capital Before Deductions	6.675.614	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in 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 (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	6.675.614	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	111.602.883	-

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	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	111.602.883	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	19.841	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	111.583.042	-
Total Risk Weighted Assets	612.418.790	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	15,07	-
Tier I Capital Ratio (%)	17,13	-
Capital Adequacy Ratio (%)	18,22	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,53	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,032	-
c) Higher bank buffer requirement ratio (%) ^(*)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	10,57	-
Amounts Lower than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	199.294	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	54.586	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	247.408	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	9.697.213	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	6.675.614	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

(**) The systemic significant bank buffer ratio has been shown as "-" in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the "Regulation on Systemic Significant Banks".

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	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.110.376	-
Gains recognized in equity as per TAS	6.643.351	-
Profit	6.360.270	-
Current Period Profit	6.186.888	-
Prior Period Profit	173.382	-
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	71.231.385	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.166.843	-
Improvement costs for operating leasing	20.164	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	745.089	745.089
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in 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	-	-
Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments 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	-	-
Excess amount arising from mortgage servicing rights	-	-

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	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the 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 I Capital	1.932.096	-
Total Common Equity Tier I Capital	69.299.289	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.246.580	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	9.246.580	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	9.246.580	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	78.545.869	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.185.668	-
Tier II Capital Before Deductions	5.185.668	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in 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 (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.185.668	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	83.731.537	-

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	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
The sum of Tier I Capital and Tier II Capital	83.731.537	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	95.359	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	83.636.178	-
Total Risk Weighted Assets	491.404.718	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	14,10	-
Tier I Capital Ratio (%)	15,98	-
Capital Adequacy Ratio (%)	17,02	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,52	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,02	-
c) Higher bank buffer requirement ratio (%) ^(*)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,60	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.148.611	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.185.668	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.185.668	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provision.

(*) The systemic significant bank buffer ratio has been shown as "-" in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the "Regulation on Systemic Significant Banks".

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2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	12.611
Nominal value of instrument (TL million)	12.611
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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3. Necessary Explanations in order to Reach an Agreement Between the Statement of Shareholders's Equity and Balance-Sheet Amounts

	Current Period	Prior Period
Balance Sheet - Equity	93.278.260	70.064.542
Operational Leasing Development Costs	(10.044)	(20.164)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.002.206)	(745.089)
TIER 2 Capital (Provisions)	6.675.614	5.185.668
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	12.611.340	9.246.580
Other deductions from common equity	(19.841)	(95.359)
Other regulations	49.919	-
Amount recognized in regulatory capital	111.583.042	83.636.178

II. EXPLANATIONS ON CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, collateral, etc.).

The Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Bank's credit risk significantly declines.

On August 2012 the Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Bank's abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, the Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the client.

The Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 25% and 29% respectively (31 December 2019: 28% and 33%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 53% and 65% respectively (31 December 2019: 53% and 65%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 26% and 32% respectively (31 December 2019: 29% and 36%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 9.632.189 (31 December 2019: TL 5.156.710).

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2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	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 organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
Current Period																		
Domestic	218.424.011	536.900	495.327	-	-	28.878.040	295.396.657	246.334.699	96.464.471	2.977.102	30.829	-	-	-	2.077.864	228.992	32.582.882	924.427.774
European Union Countries	324.326	-	-	-	-	47.174.552	1.970.782	281.617	151.392	4.665	286	-	-	-	-	12	21.546	49.929.178
OECD Countries ⁽¹⁾	-	-	-	-	-	559.428	6.588	16.867	10.761	107	4	-	-	-	-	-	574	594.329
Off-shore Banking Regions	10	-	-	-	-	423.837	-	250	1.607	2	-	-	-	-	-	-	6	425.712
USA, Canada	-	-	-	-	-	685.270	510.295	25.237	18.363	682	-	-	-	-	-	-	357	1.240.204
Other Countries	1.447.401	11.170	26	-	-	2.178.448	2.842.748	761.953	192.906	78.242	1.443.487	-	-	-	-	134.896	9.045	9.100.322
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.295.527	7.898.409	-	14.193.936
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	220.195.748	548.070	495.353	-	-	79.899.575	300.727.070	247.420.623	96.839.500	3.060.800	1.474.606	-	-	-	8.373.391	8.262.309	32.614.410	999.911.455

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	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 organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
Prior Period																		
Domestic	137.119.329	649.567	581.951	-	-	30.278.276	242.777.485	162.502.935	68.652.934	3.755.751	1.764.652	-	-	-	2.532.901	131.194	27.127.402	677.874.377
European Union Countries	192.382	-	-	-	-	37.447.957	351.183	58.204	-	1.168	459	-	-	-	-	-	-	38.051.353
OECD Countries ⁽¹⁾	-	-	-	-	-	700.891	66.044	-	-	-	-	-	-	-	-	-	-	766.935
Off-shore Banking Regions	-	-	-	-	-	3.108	-	-	-	-	-	-	-	-	-	-	-	3.108
USA, Canada	-	-	-	-	-	3.564.230	2.130.965	-	-	-	-	-	-	-	-	-	-	5.695.195
Other Countries	430.598	4.546	24	-	-	4.291.190	8.584.026	153.925	59.609	134.670	1.514.600	-	-	-	-	22.447	-	15.195.635
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	4.950.341	72.791	6.343	-	-	878.509	-	-	-	2.050.000	-	-	7.957.984
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	137.742.309	654.113	581.975	-	-	81.235.993	253.982.494	162.721.407	68.712.543	3.891.589	4.158.220	-	-	-	4.582.901	153.641	27.127.402	745.544.587

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis.

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3. Risk Profile by Sectors or Counterparties

Current Period	Risk Classes																			TL	FC	Total
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	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 organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables					
Sectors/Counter Parties																						
Agriculture	92	356	4.612	-	-	-	6.861.007	64.227.579	15.883.177	310.323	1.050	-	-	-	-	-	1.823.019	88.592.183	519.032	89.111.215		
Farming and Stockbreeding	5	356	4.612	-	-	-	6.210.002	63.266.262	15.672.055	303.515	280	-	-	-	-	-	1.805.739	87.022.180	240.646	87.262.826		
Forestry	87	-	-	-	-	-	49.548	350.924	77.273	1.772	7	-	-	-	-	-	12.855	486.880	5.586	492.466		
Fishing	-	-	-	-	-	-	601.457	610.393	133.849	5.036	763	-	-	-	-	-	4.425	1.083.123	272.800	1.355.923		
Manufacturing	109.312	683	12.955	-	-	-	127.519.125	25.830.930	11.894.751	425.477	11.746	-	-	-	-	38.948	356.927	88.799.888	77.400.966	166.200.854		
Mining and Quarrying Production	-	-	2.736	-	-	-	6.819.619	318.817	112.733	2.193	45	-	-	-	-	-	134	1.703.772	5.552.505	7.256.277		
Manufacturing Industry	109.305	4	1.928	-	-	-	87.316.713	25.347.848	11.568.074	373.693	11.437	-	-	-	-	-	355.661	80.737.550	44.347.113	125.084.663		
Electric, Gas and Water	7	679	8.291	-	-	-	33.382.793	164.265	213.944	49.591	264	-	-	-	-	38.948	1.132	6.358.566	27.501.348	33.859.914		
Construction	-	-	71.547	-	-	-	39.513.369	7.017.198	4.585.850	811.905	198.123	-	-	-	-	243.923	32.507	29.813.984	22.660.438	52.474.422		
Services	79.142.024	1.329	178.553	-	-	78.804.547	122.268.300	63.205.510	21.834.661	1.236.059	739.995	-	-	-	-	8.129.468	8.101.625	26.750.661	196.598.656	213.794.076	410.392.732	
Wholesale and Retail Trade	4	20	8.098	-	-	-	34.796.016	44.348.295	13.558.575	703.046	7.472	-	-	-	-	69.981	95.061	83.409.629	10.176.939	93.586.568		
Hotel Food and Beverage Services	5.800	35	1.676	-	-	-	8.981.673	4.917.249	2.424.068	123.948	260	-	-	-	-	-	17.096	8.850.659	7.621.146	16.471.805		
Transportation and Telecommunication	4.226	163	105.714	-	-	-	41.028.167	7.180.201	3.050.681	80.950	136	-	-	-	-	-	38.513	12.485.584	39.003.167	51.488.751		
Financial Institutions	78.628.423	-	6.088	-	-	69.939.763	1.974.150	14.003	1.823	13	730.535	-	-	-	-	6.617.821	6.808.100	26.592.322	57.650.345	133.662.696	191.313.041	
Real Estate and Leasing Services	423.838	1.089	2.827	-	-	8.864.784	33.240.319	4.950.745	2.249.920	280.676	1.529	-	-	-	-	1.511.647	1.223.544	6.413	30.034.739	22.722.592	52.757.331	
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	78.241	-	38.632	-	-	-	793.446	631.094	156.023	19.308	43	-	-	-	-	-	599	1.297.878	419.508	1.717.386		
Health and Social Services	1.492	22	15.518	-	-	-	1.454.529	1.163.923	393.571	28.118	20	-	-	-	-	-	657	2.869.822	188.028	3.057.850		
Other	140.944.320	545.702	227.686	-	-	1.095.028	4.565.269	87.139.406	42.641.061	277.036	523.692	-	-	-	-	121.736	3.651.296	214.907.531	66.824.701	281.732.232		
Total	220.195.748	548.070	495.353	-	-	-	79.899.575	300.727.070	247.420.623	96.839.500	3.060.800	1.474.606	-	-	-	8.373.391	8.262.309	32.614.410	618.712.242	381.199.213	999.911.455	

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction

Prior Period	Risk Classes																			TL	FC	Total
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	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 organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables					
Sectors/Counter Parties																						
Agriculture	112	353	7.963	-	-	-	2.505.961	6.341.181	1.106.346	95.849	7.046	-	-	-	-	-	42.491	282.940	9.824.362	10.107.302		
Farming and Stockbreeding	33	353	7.963	-	-	-	2.392.545	5.848.131	1.062.074	89.660	6.612	-	-	-	-	-	41.877	252.272	9.196.976	9.449.248		
Forestry	79	-	-	-	-	-	39.541	223.205	27.145	2.768	345	-	-	-	-	-	477	11.236	282.324	293.560		
Fishing	-	-	-	-	-	-	73.875	269.845	17.127	3.421	89	-	-	-	-	-	137	19.432	345.062	364.494		
Manufacturing	67.650	1.382	8.825	-	-	-	108.757.468	12.710.581	2.752.266	538.875	157.395	-	-	-	-	-	7.278	69.510.688	55.491.032	125.001.720		
Mining and Quarrying Production	-	-	-	-	-	-	5.566.878	204.605	37.818	4.755	648	-	-	-	-	-	95	4.492.104	1.322.695	5.814.799		
Manufacturing Industry	67.643	14	670	-	-	-	74.328.563	12.344.423	2.692.466	432.079	156.542	-	-	-	-	-	7.051	42.740.623	47.288.828	90.029.451		
Electric, Gas and Water	7	1.368	8.155	-	-	-	28.862.027	161.553	21.982	102.041	205	-	-	-	-	-	132	22.277.961	6.879.509	29.157.470		
Construction	-	-	167.519	-	-	-	36.209.152	4.968.720	1.396.361	587.628	946.980	-	-	-	-	236.607	25.850	19.579.872	24.958.945	44.538.817		
Services	49.380.973	3.884	175.287	-	-	66.741.196	102.132.987	32.164.573	6.950.568	1.162.540	1.397.353	-	-	-	-	4.346.294	153.641	53.955	126.354.608	138.308.643	264.663.251	
Wholesale and Retail Trade	3	25	12.223	-	-	-	27.641.100	22.967.302	4.019.577	629.278	117.401	-	-	-	-	-	35.697	9.652.478	45.770.128	55.422.606		
Hotel Food and Beverage Services	2.027	35	3.685	-	-	-	6.639.928	2.023.079	1.131.387	180.176	16.497	-	-	-	-	-	6.663	6.551.507	3.451.970	10.003.477		
Transportation and Telecommunication	4.047	539	112.907	-	-	-	34.325.042	3.227.959	652.408	33.426	10.533	-	-	-	-	-	6.885	15.800.489	22.573.257	38.373.746		
Financial Institutions	49.098.894	-	11.454	-	-	58.948.210	8.973.732	171.164	3.623	52	1.178.041	-	-	-	-	4.024.426	153.641	158	71.446.100	51.117.295	122.563.395	
Real Estate and Leasing Services	142.733	2.955	3.017	-	-	7.792.986	23.378.226	2.897.592	826.622	303.363	14.699	-	-	-	-	321.868	-	4.058	22.426.857	13.261.262	35.688.119	
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	128.764	-	16.152	-	-	-	555.842	329.224	132.411	8.703	59.229	-	-	-	-	-	165	381.699	848.791	1.230.490		
Health and Social Services	4.505	330	15.849	-	-	-	619.117	548.253	184.540	7.542	953	-	-	-	-	-	329	95.478	1.285.940	1.381.418		
Other	88.293.574	648.494	222.381	-	-	14.494.797	4.376.926	106.536.352	56.507.002	1.506.697	1.649.446	-	-	-	-	-	26.997.828	60.028.025	241.205.472	301.233.497		
Total	137.742.309	654.113	581.975	-	-	-	81.235.993	253.982.494	162.721.407	68.712.543	3.891.589	4.158.220	-	-	-	4.582.901	153.641	27.127.402	275.756.133	469.788.454	745.544.587	

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.908.743	3.658.163	3.596.356	6.358.039	202.674.447
Conditional and unconditional exposures to regional governments or local authorities	3.611	6.970	22.078	22.473	492.938
Conditional and unconditional receivables from administrative units and non-commercial enterprises	11.701	1.589	1.463	104.307	376.293
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	47.086.540	9.535.956	1.655.089	681.672	20.940.318
Conditional and unconditional exposures to corporates	8.263.595	15.085.585	15.220.764	51.055.562	211.101.564
Conditional and unconditional retail exposures	3.552.279	5.884.584	7.268.438	50.672.452	180.042.870
Conditional and unconditional exposures secured by real estate property	435.815	977.208	1.115.129	9.611.155	84.700.193
Past due receivables	1.055.468	52.610	75.175	112.406	1.765.141
Receivables defined in high risk category by BRSA	654.355	6.494	17.894	31.655	764.208
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	28.760	54.334	398.802	248.402	7.643.093
Investments in Equity Instruments	-	-	-	-	8.262.309
Grand Total	65.000.867	35.263.493	29.371.188	118.898.123	718.763.374

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Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	5.499.256	691.240	5.242.281	6.095.258	120.214.274
Conditional and unconditional exposures to regional governments or local authorities	5.015	965	16.993	79.697	551.443
Conditional and unconditional receivables from administrative units and non-commercial enterprises	8.138	4.752	1.555	60.848	506.682
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	54.333.299	6.598.017	972.735	1.277.718	18.054.224
Conditional and unconditional exposures to corporates	3.876.842	12.376.234	8.149.123	42.226.013	187.354.282
Conditional and unconditional retail exposures	4.640.466	5.058.020	7.962.738	33.582.880	111.477.303
Conditional and unconditional exposures secured by real estate property	154.963	412.416	737.342	4.882.727	62.525.095
Past due receivables	3.025.437	9	1	21	866.121
Receivables defined in high risk category by BRSA	1.105.340	33.328	2.911	127.587	2.889.054
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	166.213	-	10.287	1.017.244	3.389.157
Investments in Equity Instruments	-	-	-	-	153.641
Grand Total	72.814.969	25.174.981	23.095.966	89.349.993	507.981.276

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

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Fitch Rating's and the Islamic International Rating Agency's (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights:

Current Period

Risk Weights	0%	2% ⁽¹⁾	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	237.078.387	21.067.850	-	23.164.974	-	34.775.574	334.467.738	347.904.991	1.451.941	-	-	1.032.091
2 Exposures after Credit Risk Mitigation	332.945.771	1.581.631	-	11.732.817	68.654.475	53.102.842	215.060.782	315.383.210	1.449.927	-	-	1.032.091

Prepared with the numbers after conversion rate to credit

⁽¹⁾ In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

Prior Period

Risk Weights	0%	2% ⁽¹⁾	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	115.251.893	2.870.742	-	53.092.597	-	64.707.337	228.174.513	277.289.285	4.158.220	-	-	860.612
2 Exposures after Credit Risk Mitigation	181.407.166	2.870.742	-	18.797.916	59.380.353	90.607.108	143.125.212	245.259.213	4.096.877	-	-	860.612

Prepared with the numbers after conversion rate to credit.

⁽¹⁾ In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

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6. Information in terms of major sectors and type of counterparties

Current Period	Loans		Provisions
	Impaired (IFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (IFRS)
Agriculture	2.706.356	1.978.838	1.210.344
Farming and Stockbreeding	2.691.307	1.959.833	1.194.518
Forestry	4.590	8.443	7.419
Fishery	10.459	10.562	8.407
Manufacturing	16.529.626	2.286.024	5.841.766
Mining and Quarrying	17.134	22.656	21.402
Production	13.350.077	2.030.137	5.151.020
Electricity, Gas and Water	3.162.415	233.231	669.344
Construction	4.371.157	2.847.696	2.542.556
Services	9.502.630	5.204.123	4.953.801
Wholesale and Retail Trade	3.255.516	3.015.631	2.611.077
Accommodation and Dining	2.708.036	405.318	401.869
Transportation and Telecom.	206.203	264.089	201.441
Financial Institutions	7.278	6.091	5.391
Real Estate and Rental Services	2.388.685	1.354.029	1.362.558
Professional Services	-	-	-
Educational Services	38.421	89.097	72.353
Health and Social Services	898.491	69.868	299.112
Other	4.828.521	1.578.438	1.677.320
Total	37.938.290	13.895.119	16.225.787

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Prior Period	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (TFRS)
Agriculture	3.559.419	1.794.874	1.124.743
Farming and Stockbreeding	3.544.746	1.777.009	1.110.868
Forestry	6.355	9.164	6.541
Fishery	8.318	8.701	7.334
Manufacturing	6.782.967	2.292.927	2.034.158
Mining and Quarrying	16.166	26.150	21.417
Production	4.798.794	2.018.110	1.532.782
Electricity, Gas and Water	1.968.007	248.667	479.959
Construction	2.513.988	2.503.451	1.658.543
Services	14.426.664	4.670.634	5.733.693
Wholesale and Retail Trade	1.982.114	2.663.794	1.994.007
Accommodation and Dining	798.235	354.691	218.968
Transportation and Telecom.	9.166.107	140.008	2.407.253
Financial Institutions	8.063	5.870	4.409
Real Estate and Rental Services	2.136.079	1.369.009	1.064.322
Professional Services	-	-	-
Educational Services	37.151	108.723	24.518
Health and Social Services	298.915	28.539	20.216
Other	2.549.934	1.428.601	1.110.591
Total	29.832.972	12.690.487	11.661.728

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	8.264.044	3.562.300	(1.562.108)	-	10.264.236
2	Stage 1 and 2 Expected Loss Provisions	4.744.208	6.060.919	(2.316.645)	-	8.488.482

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	5.347.819	3.754.840	(838.615)	-	8.264.044
2	Stage 1 and 2 Expected Loss Provisions	3.036.763	1.714.642	(7.197)	-	4.744.208

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8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	Total
Bosnia and Herzegovina	1.858.760	-	1.858.760
Germany	1.683.550	-	1.683.550
Turkish Republic of Northern Cyprus	1.592.874	-	1.592.874
Holland	900.983	-	900.983
Azerbaijan	833.729	-	833.729
Iraq	676.683	190.941	676.683
Italy	474.833	-	474.833
Kosovo	470.667	92.763	470.667
Kazakhstan	437.796	-	437.796
USA	428.515	527.070	428.515
Other	2.023.507	-	2.023.507

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	Total
USA	2.151.433	375.131	2.526.564
Bosnia and Herzegovina	1.426.672	-	1.426.672
Turkish Republic of Northern Cyprus	859.047	-	859.047
Azerbaijan	425.598	-	425.598
Germany	405.937	-	405.937
Kosovo	299.749	65.378	365.127
Bulgary	224.394	-	224.394
Uzbekistan	211.932	-	211.932
France	145.599	-	145.599
Iraq	23.948	104.756	128.704
Other	1.037.762	-	1.037.762

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III. EXPLANATIONS ON THE CURRENCY RISK

1. Whether the Bank is Exposed to Foreign Currency Risk, Whether The Effects of This Matter are Estimated, Whether Limits for The Daily Followed Positions are Determined by The Board of Director

The Bank's policy is to avoid carrying significant position by means of foreign currency management. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis. Additionally, dealer's position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material

None.

3. Management Policy for Foreign Currency Risk

Periodic "Liquidity Gap Analysis" and "Repricing Gap Analysis" to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Bank operates, and the historical renewal rates of foreign exchange deposit accounts. "Structural Liquidity Gap Analysis" is performed. In addition, daily VAR analysis for the follow-up of the currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity Standard Ratio and Foreign Currency Liquidity Position are regularly monitored. The Bank manages the Turkish Lira or foreign currency risks that may occur in domestic and international markets and follow the transactions that create these risks, and manages these risks at the optimum level within the framework of market expectations and within the scope of its strategies by considering the balance with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

4. Current Foreign Exchange Bid Rates of The Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2020	7,5067	9,1506	5,7066	1,2304	0,9087	8,4316	5,8522	0,8705	10,2038	2,0006	7,2409
25.12.2020	7,4819	9,1205	5,6870	1,2265	0,9058	8,4171	5,8144	0,8711	10,1365	1,9940	7,2310
28.12.2020	7,3631	9,0095	5,5901	1,2117	0,8913	8,2955	5,7439	0,8541	9,9557	1,9621	7,1038
29.12.2020	7,2792	8,9309	5,5417	1,2013	0,8901	8,2400	5,6945	0,8477	9,8306	1,9398	7,0317
30.12.2020	7,3008	8,9719	5,6004	1,2062	0,8922	8,2738	5,7140	0,8524	9,9276	1,9459	7,0847
31.12.2020	7,3433	9,0081	5,6786	1,2109	0,8984	8,3400	5,7740	0,8607	10,0273	1,9574	7,1267

5. Simple Arithmetic Average of The Bank's Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	7,6211	9,2793	5,7425	1,2474	0,9126	8,5829	5,9504	0,8767	10,2421	2,0316	7,3482

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6. Information on The Foreign Currency Risk of The Bank

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	33.376.707	31.031.975	15.681.047	80.089.729
Banks	850.551	657.042	703.121	2.210.714
Financial Assets at Fair Value Through Profit and Loss ⁽²⁾	-	536.369	13.734.743	14.271.112
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	9.012.858	81.933.511	111.488	91.057.857
Loans ⁽³⁾	56.163.537	81.959.885	180.416	138.303.838
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	2.135.872	1.250.272	-	3.386.144
Financial Assets Measured at Amortised Cost	13.612.524	3.586.330	21.228	17.220.082
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	18.779	2.517	16.416	37.712
Intangible Assets	7.350	3.750	6.845	17.945
Other Assets ⁽⁵⁾	1.532.680	3.521.107	83.066	5.136.853
Total Assets ⁽⁶⁾	116.710.858	204.482.758	30.538.370	351.731.986
Liabilities				
Interbank Deposits	14.301.042	1.057.490	210.229	15.568.761
Foreign Currency Deposits	132.547.536	123.913.723	51.097.852	307.559.111
Money Market Borrowings	-	23.569.739	-	23.569.739
Funds Provided from Other Financial Institutions	9.884.720	25.773.785	226	35.658.731
Issued Marketable Securities ⁽⁷⁾	13.048.197	13.343.843	-	26.392.040
Miscellaneous Payables	3.056.557	646.947	8.241	3.711.745
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	655.219	2.221.567	119.982	2.996.768
Total Liabilities	173.493.271	190.527.094	51.436.530	415.456.895
Net Balance Sheet Position	(56.782.413)	13.955.664	(20.898.160)	(63.724.909)
Net Off-Balance Sheet Position ⁽⁴⁾	57.139.395	(22.147.912)	25.675.120	60.666.603
Financial Derivative Assets	65.979.466	80.811.919	26.837.704	173.629.089
Financial Derivative Liabilities	8.840.071	102.959.831	1.162.584	112.962.486
Non-Cash Loans	41.442.739	50.275.804	7.993.955	99.712.498
Prior Period				
Total Assets	89.048.642	127.705.243	11.744.891	228.498.776
Total Liabilities	131.167.995	128.509.449	20.110.556	279.788.000
Net Balance Sheet Position	(42.119.353)	(804.206)	(8.365.665)	(51.289.224)
Net Off-Balance Sheet Position ⁽⁴⁾	44.304.336	(12.237.928)	9.701.530	41.767.938
Financial Derivative Assets	50.670.614	62.729.032	10.593.739	123.993.385
Financial Derivative Liabilities	6.366.278	74.966.960	892.209	82.225.447
Non-Cash Loans	32.279.847	41.797.633	6.626.573	80.704.053

⁽¹⁾ The foreign currencies presented in the other FC column of assets 95,69% is Gold 1,20% is GBP, 1,33% is SAR, 0,41% is IQD, and the remaining 1,37% is other foreign currencies. The foreign currencies presented in the other FC column of liabilities, 85,51% is Gold, 6,67% is GBP, 2,93% is CHF, 1,01% is DKK, 1,83% is SAR and the remaining 2,05% is other foreign currencies. (31 December 2019: Of the foreign currencies presented in the other FC column of assets 91,51% is Gold, 1,97% is GBP, 2,23% is SAR, 0,93% is IQD, and the remaining 3,36% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 77,67% Gold, 11,07% GBP, 4,94 CHF, 1,79% DKK, 1,38% consists of SAR and the remaining 3,15% from other currencies.)

⁽²⁾ TL 13.734.743 (31 December 2019: 1.856.094 TL) equivalent to Financial Assets at Fair Value through Profit and Loss Other FC column arises from gold indexed bonds

⁽³⁾ TL 26.213 (31 December 2019: 108.045 TL) equivalent of loans granted is USD and TL 9.709 (31 December 2019: 74.099 TL) equivalent of balance is caused by foreign currency indexed loans

⁽⁴⁾ Indicates the net balance of receivables and payables on derivative financial instruments

⁽⁵⁾ Prepaid expenses in other assets amounting to TL 7.355 are not included in the table

⁽⁶⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁷⁾ Includes subordinated debt instruments.

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Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the year ending on 31 December 2020 and 31 December 2019 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period - 31 December 2020		Prior Period - 31 December 2019	
	Profit/Loss Statement	Equity ⁽¹⁾	Profit/Loss Statement	Equity ⁽¹⁾
USD	(320.959)	(447.442)	(1.082.024)	(1.203.047)
EUR	15.858	(196.273)	53.963	(150.725)
Other currencies	60	60	20.234	20.234
Total (Net) ⁽²⁾	(305.041)	(643.655)	(1.007.827)	(1.333.538)

⁽¹⁾ Equity effect also includes the effect of the profit or loss to occur due to the 10% depreciation of the TL against the relevant foreign currencies.

⁽²⁾ Associates, subsidiaries and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

The effect of 10% appreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the year ending on 31 December 2020 and 30 December 2019 is shown in the table below:

	Current Period - 31 December 2020		Prior Period - 31 December 2019	
	Profit/Loss Statement	Equity ⁽¹⁾	Profit/Loss Statement	Equity ⁽¹⁾
USD	320.959	447.442	1.082.024	1.203.047
EUR	(15.858)	196.273	(53.963)	150.725
Other currencies	(60)	(60)	(20.234)	(20.234)
Total (Net) ⁽²⁾	305.041	643.655	1.007.827	1.333.538

⁽¹⁾ Equity effect also includes the effect of the profit or loss to occur due to the 10% depreciation of the TL against the relevant foreign currencies.

⁽²⁾ Associates, subsidiaries and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

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IV. EXPLANATIONS ON THE INTEREST RATE RISK

1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	5.830.015	-	-	-	-	82.212.849	88.042.864
Banks	1.079.605	104.894	112.877	-	-	1.491.234	2.788.610
Financial Assets at Fair Value Through Profit and Loss	250.900	4.396.058	6.723.384	2.398.967	9.077	527.066	14.305.452
Money Markets Receivables	206.435	-	-	-	-	-	206.435
Financial Assets at Fair Value Through Other Comprehensive Income	26.009.961	16.164.458	38.157.150	58.375.032	42.531.283	391.046	181.628.930
Loans Given ⁽³⁾	122.011.018	71.398.275	119.619.314	212.051.697	53.196.055	3.630.883	581.907.242
Financial Assets Measured at Amortised Cost	2.778.965	60.954	7.786.418	15.217.930	3.838.421	-	29.682.688
Other Assets ⁽²⁾	830.466	2.178.911	964.216	138.986	1.135.581	38.790.883	44.039.043
Total Assets ⁽¹⁾⁽⁵⁾	158.997.365	94.303.550	173.363.359	288.182.612	100.710.417	127.043.961	942.601.264
Liabilities							
Interbank Deposits	21.112.800	5.321.633	5.335.367	-	-	2.224.762	33.994.562
Other Deposits	257.500.079	91.543.192	48.934.500	1.783.318	1.136	196.117.421	595.879.646
Money Market Borrowings	109.114.222	5.135.012	849.452	1.302.783	-	-	116.401.469
Miscellaneous Payables	-	-	-	-	-	13.178.530	13.178.530
Issued Marketable Securities ⁽⁶⁾	-	54.086	4.197.437	23.151.207	-	-	27.402.730
Funds Provided from Other Financial Institutions	2.505.516	13.857.820	13.773.586	6.268.843	544.448	-	36.950.213
Other Liabilities ⁽⁴⁾	1.838.258	683.454	924.266	1.137.094	5.779.625	108.431.417	118.794.114
Total Liabilities ⁽¹⁾	392.070.875	116.595.197	74.014.608	33.643.245	6.325.209	319.952.130	942.601.264
Balance Sheet Long Position	-	-	99.348.751	254.539.367	94.385.208	-	448.273.326
Balance Sheet Short Position	(233.073.510)	(22.291.647)	-	-	-	(192.908.169)	(448.273.326)
Off-Balance Sheet Long Position	-	2.499.236	94.500	-	-	-	2.593.736
Off-Balance Sheet Short Position	(779.445)	-	-	-	(1.015.345)	-	(1.794.790)
Total Position	(233.852.955)	(19.792.411)	99.443.251	254.539.367	93.369.863	(192.908.169)	798.946

⁽¹⁾ Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.

⁽²⁾ Deferred tax asset is shown under the "Non-Interest Bearing" column.

⁽³⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.

⁽⁴⁾ Total shareholders' equity is shown under the "Non-Interest Bearing" column.

⁽⁵⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾ Includes subordinated debt instruments.

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(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	29.153.534	-	-	-	-	23.053.613	52.207.147
Banks	457.130	-	61.906	-	-	4.334.021	4.853.057
Financial Assets at Fair Value Through Profit and Loss	26.018	61.107	965.783	837.851	7.126	-	1.897.885
Money Markets Receivables	328.596	-	-	-	-	-	328.596
Financial Assets at Fair Value Through Other Comprehensive Income	16.151.890	10.418.649	27.788.033	25.045.470	30.716.396	766.279	110.886.717
Loans Given ⁽³⁾	134.348.424	32.041.250	84.875.895	146.483.937	32.798.550	4.426.443	434.974.499
Financial Assets Measured at Amortised Cost	2.460.269	84.298	710.377	10.570.596	3.722.174	-	17.547.714
Other Assets ⁽²⁾	1.092.860	1.331.551	399.731	51.871	12.881	24.171.682	27.060.576
Total Assets ⁽¹⁾⁽⁵⁾	184.018.721	43.936.855	114.801.725	182.989.725	67.257.127	56.752.038	649.756.191
Liabilities							
Interbank Deposits	20.677.298	6.868.724	405.635	-	-	3.528.208	31.479.865
Other Deposits	181.302.372	67.626.548	44.984.490	1.369.474	869	120.487.355	415.771.108
Money Market Borrowings	45.101.031	2.948.343	541.873	684.163	-	-	49.275.410
Miscellaneous Payables	-	-	-	-	-	7.490.147	7.490.147
Issued Marketable Securities	54.957	2.591.278	371.294	19.654.454	-	-	22.671.983
Funds Provided from Other Financial Institutions	6.333.174	6.012.324	15.563.009	5.937.602	682.381	-	34.528.490
Other Liabilities ⁽⁴⁾	1.628.007	147.377	422.109	921.942	5.227.647	80.192.106	88.539.188
Total Liabilities ⁽¹⁾	255.096.839	86.194.594	62.288.410	28.567.635	5.910.897	211.697.816	649.756.191
Balance Sheet Long Position	-	-	52.513.315	154.422.090	61.346.230	-	268.281.635
Balance Sheet Short Position	(71.078.118)	(42.257.739)	-	-	-	(154.945.778)	(268.281.635)
Off-Balance Sheet Long Position	-	-	-	6	-	-	6
Off-Balance Sheet Short Position	(150.673)	(36.895)	(88.465)	-	-	-	(276.033)
Total Position	(71.228.791)	(42.294.634)	52.424.850	154.422.096	61.346.230	(154.945.778)	(276.027)

⁽¹⁾ Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.⁽²⁾ Deferred tax asset is shown under the "Non-Interest Bearing" column.⁽³⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.⁽⁴⁾ Total shareholders' equity is shown under the "Non-Interest Bearing" column.⁽⁵⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items

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2. Average Interest Rate Applied to the Monetary Financial Instruments (%)

	EUR	USD	JPY	TL
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	12,00
Banks	1,79	-	-	18,02
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,88
Money Market Receivables	-	-	-	15,89
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,76	-	11,17
Loans Given ⁽²⁾	4,70	5,93	5,95	11,03
Financial Assets Measured at Amortised Cost	4,87	7,47	-	15,86
Liabilities				
Interbank Deposits	0,20	0,26	-	17,94
Other Deposits	0,56	1,91	-	13,73
Money Market Borrowings	-	2,34	-	17,25
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,87	-	16,99
Funds Provided from Other Financial Institutions	1,61	2,57	-	14,90

⁽¹⁾ The rate on TL column denotes the interest rates applied for required reserve at CBRT.⁽²⁾ Credit card loan balances are not included.⁽³⁾ Subordinated debt instruments are included.⁽⁴⁾ Foreign branches are excluded

	EUR	USD	JPY	TL
Prior Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	10,00
Banks	4,30	-	-	17,25
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,58
Money Market Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,07	5,91	-	13,33
Loans Given ⁽²⁾	5,00	6,97	5,19	13,35
Financial Assets Measured at Amortised Cost	4,99	7,40	-	15,14
Liabilities				
Interbank Deposits	0,34	1,56	-	11,20
Other Deposits	0,49	2,09	-	10,50
Money Market Borrowings	-	2,92	-	11,53
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,97	1,50	13,65
Funds Provided from Other Financial Institutions	1,78	3,98	-	11,47

⁽¹⁾ The rate on TL column denotes the interest rates applied for required reserve at CBRT.⁽²⁾ Credit card loan balances are not included.⁽³⁾ Subordinated debt instruments are included.⁽⁴⁾ Foreign branches are excluded

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V. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

Comparison with the market value if the market value is significantly different from the fair value for balance sheet, fair and market values of equity share

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	257.435	257.435	-

^(*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange and for those whose fair value cannot be determined.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	153.641	153.641	-

^(*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange and for those whose fair value cannot be determined.

The breakdown of capital requirements on the basis of related investments in equity instruments depending on the method of the calculation of capital requirement which is chosen by Bank among approaches that are allowed to be used within the Communiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon Internal Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 257.435 and all of them are 100% risk weighted (31 December 2019: are amounted TL 153.641 and all of them are 100% risk weighted)

VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management and ICAAP Regulations".

The Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Bank. The renewal rates used in the analysis are taken into account on a daily basis. In addition, the Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Bank's liquidity risk level with the sector.

In line with the "Economic Stability Shield" measures put in place to reduce the effects of the COVID-19 outbreak on the economy, the effects of the new loans on the existing loans and potential new disbursements on existing and future cash flows and related alternative resource plans, The necessary evaluations have been made by taking into consideration, and will be followed up in the future.

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The Bank maintains its liquidity buffer at high levels, taking into account the periods when liquidity risk may increase. Thanks to this approach, it is seen that the effect of the mobility experienced in the markets as a result of the negativity caused by the COVID-19 epidemic on the bank's liquidity needs is minimal.

1. Liquidity Risk

Explanations related to the liquidity risk management including the Bank's risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk in internal banking, the strategy of liquidity risk and how to provide the communication of policies and implementations with board of directors and business lines

The Bank's risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the bank network are explained in Bank's "Regulations of Risk Management, Stress Test Program and ICAAP Regulations" of the Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Bank's senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the subsidiaries of Bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Bank and its subsidiaries, the necessary guidance and procedures are moderated by Treasury Management and International Banking Group to direct liquidity risk and surpluses in an effective way.

Information on the Bank's funding strategy, including policies on diversity of funding sources and duration

The Bank's main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are mainly considered

Explanation related to liquidity management as currencies forming at least 5 percentage of aggregate liabilities of the Bank

The Bank's total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

Information related to the techniques about the reduction of current liquidity risk

The Bank's source of funds is mainly formed of deposits. The Bank's deposits do not fluctuate considerably in line with the broadly dispersed customer network and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

For the asset side of the Bank, within the scope of reformatting short-term cash cycle, dissonance reducing the maturity of asset and liability, the policy for shortening the average maturity on loans is being pursued.

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, periodical stress tests being done in order to test the endurance of the bank. These actions have been shared with key management of the Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Bank's estimated financial position for the next period, the progress of legal ratios and the liquidity need in short and long term as part of budget practices

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General information on liquidity urgent and unexpected situation plan

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically monitored and the borrowing limits of the Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Bank lines off its exposition to liquidity risk by limits that are approved by Board of Directors and within the frame of "Regulation on Risk Management, Stress Test Program and ICAAP Regulations". In addition, matters related to liquidity and financial emergency management have been identified.

2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the unconsolidated lowest ratios are as follows: For FC 300,59 in the week of 30 October 2020; and for the total 128,26 in the week of 27 November 2020. The highest ratios that took place were for FC as 494,83 in the week of 27 November 2020 and for the total as 145,69 in the week of 30 October 2020 (31 December 2019: Within the last 3 months the unconsolidated lowest ratios are as follows: For FC as 433,12 in the week of 29 November 2019; and for the total 122,43 in the week of 29 November 2019. As for the highest ratios that took place were; for FC as 544,10 in the week of 25 October 2019 and for the total as 143,69 in the week of 20 December 2019).

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			176.160.109	94.505.452
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	421.696.662	232.573.780	36.591.414	23.257.378
Stable deposits	111.565.029	-	5.578.251	-
Less stable deposits	310.131.633	232.573.780	31.013.163	23.257.378
Unsecured wholesale funding, of which;	220.191.646	80.840.972	101.957.530	40.475.036
Operational deposit	14.973.485	508.825	3.743.371	127.206
Non-operational deposits	182.217.900	71.969.102	81.687.319	32.046.125
Other unsecured funding	23.000.261	8.363.045	16.526.840	8.301.705
Secured funding				
Other cash outflows, of which;	88.521.841	12.494.819	11.819.381	6.084.029
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.619.402	3.255.634	4.619.402	3.255.634
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	83.902.439	9.239.185	7.199.979	2.828.395
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	50.702.605	34.645.449	3.004.196	1.732.272
TOTAL CASH OUTFLOWS			153.372.521	71.548.715
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	38.144.659	15.775.744	24.364.039	12.321.110
Other cash inflows	1.465.124	38.153.600	1.465.124	38.153.600
Total Cash Inflows	39.609.783	53.929.344	25.829.163	50.474.710
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			176.160.109	94.505.452
TOTAL NET CASH OUTFLOWS			127.543.358	23.781.414
LIQUIDITY COVERAGE RATIO (%)			138,12	397,39

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets ("HQLA")				
High Quality Liquid Assets			100.902.069	53.873.101
Cash Outflows				
Retail and Small Business Customers, of which;	286.874.819	136.857.531	24.294.672	13.685.753
Stable deposits	87.856.203	-	4.392.810	-
Less stable deposits	199.018.616	136.857.531	19.901.862	13.685.753
Unsecured wholesale funding, of which;	125.584.130	49.613.462	65.330.544	26.539.540
Operational deposit	7.266.139	241.478	1.816.535	60.370
Non-operational deposits	101.558.203	43.391.817	49.995.269	20.555.490
Other unsecured funding	16.759.788	5.980.167	13.518.740	5.923.680
Secured funding			-	-
Other cash outflows, of which;	61.201.674	5.881.985	6.845.440	1.921.423
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.130.153	418.050	2.130.153	418.050
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.071.521	5.463.935	4.715.287	1.503.373
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	45.422.930	29.331.892	2.505.052	1.466.595
Total Cash Outflows			98.975.708	43.613.311
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	35.980.668	16.292.731	22.310.874	11.441.687
Other cash inflows	1.251.600	43.658.702	1.251.600	43.658.702
Total Cash Inflows	37.232.268	59.951.433	23.562.474	55.100.389
			Upper Limit Applied Amounts	
Total HQLA Stock			100.902.069	53.873.101
Total Net Cash Outflows			75.413.234	10.903.328
Liquidity Coverage Ratio (%)			133,80	494,10

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

3. Explanations on Liquidity Coverage Ratio

Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio

While bank deposit, which constitutes an important part of its funding and liquidity coverage ratio, does not have a fluctuant structure, public deposits can cause periodic changes within total deposits. While considering the previous periods, the amount of the total deposits has an increasing pattern.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing tend.

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

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The content of high quality liquid assets

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are; cash, the accounts in Central Bank, reserve requirements and securities portfolio (the important part of bonds and T-bills issued by Ministry of Treasury and Finance and other bonds).

The content of funds and their share in the total liabilities and funding

The major part of the resources of funds in Bank is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, funds borrowed, and issued securities.

Information about cash out-flows arising from derivative operations and margin operations likely to processing

Derivative operations in Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meeting customer demand. Customer operations are carried out under the "Framework Agreement on Purchase and Sale of Derivative Instruments" or ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex), as well as transactions with banks are performed again under ISDA and CSA agreements signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional cash margining. Operations could create additional collateral inflow or outflow depending on market valuation.

The concentration limits regarding collateral and counterparty and product based fund resources

For the counterparty and product based concentration limits are determined under Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") with the approval of Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

Liquidity risk and needed funding on the basis of the bank itself, the branches in foreign countries and the partnerships consolidated by considering operational and legal factors preventing liquidity transferi

Liquidity needs and surpluses of the Bank's foreign branches and consolidated subsidiaries are regularly monitored and managed. There is no operational or legal restrictions preventing liquidity transfer. In the analysis made, it is seen that the effect of the foreign branches and subsidiaries on the Bank's liquidity structure is limited in proportion to the balance sheet size. Liquidity needs and surpluses are met in the most appropriate way between partnerships and branches abroad.

Explanations of cash in-flow and cash out-flow items that are considered to be related to liquidity profile of the Bank and to be placed on the calculation of liquidity coverage ratio but not on the second paragraph of the disclosure template

All items on the calculation of liquidity coverage ratio are included in calculation in aggregated form on the table. In this context, there is no point included in the calculation of liquidity coverage ratio and not included in the disclosure template.

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4. Presentation of Assets and Liabilities According to Their Remaining Maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	31.984.812	56.058.052	-	-	-	-	-	88.042.864
Banks	1.491.234	1.079.605	104.894	112.877	-	-	-	2.788.610
Financial Assets at Fair Value Through Profit and Loss	-	250.791	4.396.058	6.723.493	2.398.967	9.077	527.066	14.305.452
Money Market Receivables	-	206.435	-	-	-	-	-	206.435
Financial Assets at Fair Value Through Other Comprehensive Income	-	2.677.478	5.294.527	20.591.070	92.386.342	60.420.862	258.651	181.628.930
Loans Given	-	21.613.642	51.901.816	165.350.744	251.217.641	88.192.516	3.630.883	581.907.242
Investments Held-to-Maturity	-	2.778.965	60.954	786.418	14.541.254	11.515.097	-	29.682.688
Other Assets	6.584.643	830.300	2.179.077	965.538	138.986	1.135.581	32.204.918	44.039.043
Total Assets⁽²⁾	40.060.689	85.495.268	63.937.326	194.530.140	360.683.190	161.273.133	36.621.518	942.601.264
Liabilities								
Interbank Deposits	2.224.762	21.112.800	5.321.633	5.335.367	-	-	-	33.994.562
Other Deposits	196.117.421	257.479.226	91.471.261	48.878.346	1.929.095	4.297	-	595.879.646
Funds Provided from Other Financial Institutions	-	1.947.014	4.308.147	13.919.442	13.001.237	3.774.373	-	36.950.213
Money Market Borrowings	-	109.114.222	5.135.012	849.452	1.302.783	-	-	116.401.469
Issued Marketable Securities ⁽³⁾	-	-	54.086	4.197.437	23.151.207	-	-	27.402.730
Miscellaneous Payables	4.825.438	8.353.092	-	-	-	-	-	13.178.530
Other Liabilities	6.093.460	2.544.502	1.637.727	924.266	1.137.094	7.288.665	99.168.400	118.794.114
Total Liabilities	209.261.081	400.550.856	107.927.866	74.104.310	40.521.416	11.067.335	99.168.400	942.601.264
Liquidity Gap	(169.200.392)	(315.055.588)	(43.990.540)	120.425.830	320.161.774	150.205.798	(62.546.882)	-
Net Off-Balance Sheet Position	-	(963.027)	1.397.741	94.499	-	269.733	-	798.946
Financial Derivative Assets	-	110.395.898	32.821.678	7.736.121	1.972	1.285.078	-	152.240.747
Financial Derivative Liabilities	-	111.358.925	31.423.937	7.641.622	1.972	1.015.345	-	151.441.801
Non-cash Loans	45.889.502	5.141.023	12.280.900	40.839.942	32.670.733	5.916.627	-	142.738.727
Prior Period								
Total Assets	30.976.792	57.575.805	35.074.827	176.698.811	236.308.550	87.583.983	25.537.423	649.756.191
Total Liabilities	131.645.361	257.768.740	82.222.782	62.036.598	33.238.720	10.336.154	72.507.836	649.756.191
Liquidity Gap	(100.668.569)	(200.192.935)	(47.147.955)	114.662.213	203.069.830	77.247.829	(46.970.413)	-
Net Off-Balance Sheet Position	-	143.676	(34.663)	(88.465)	670.218	18.825	-	709.591
Financial Derivative Assets	-	71.356.363	24.683.220	6.719.809	1.357.756	735.875	-	104.853.023
Financial Derivative Liabilities	-	71.212.687	24.717.883	6.808.274	687.538	717.050	-	104.143.432
Non-cash Loans	40.586.579	5.911.961	10.856.336	33.280.829	24.150.009	5.038.899	-	119.824.613

⁽¹⁾ Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾ Expected credit losses for financial assets and other assets are recognized in the related accounts.

⁽³⁾ Includes subordinated debt instruments.

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5. Presentation of Liabilities According to Their Remaining Maturities

Current Period ^(*)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank deposits	23.366.698	5.329.325	5.384.479	-	-	34.080.502
Other deposits	454.420.735	92.431.719	49.879.163	2.006.588	6.693	598.744.898
Funds borrowed from other financial institutions	1.987.808	4.431.903	14.492.862	14.410.459	4.490.189	39.813.221
Funds borrowed from Interbank money market	109.266.494	5.153.953	849.585	1.303.700	-	116.573.732
Total	589.041.735	107.346.900	70.606.089	17.720.747	4.496.882	789.212.353
Prior Period^(*)						
Bank deposits	24.137.299	6.879.174	413.777	-	-	31.430.250
Other deposits	302.337.933	67.804.923	46.563.977	1.620.673	6.647	418.334.153
Funds borrowed from other financial institutions	4.213.922	2.388.022	14.860.333	11.891.442	5.020.989	38.374.708
Funds borrowed from Interbank money market	45.129.762	2.967.187	543.789	684.233	-	49.324.971
Total	375.818.916	80.039.306	62.381.876	14.196.348	5.027.636	537.464.082

(*) Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VII. EXPLANATIONS ON LEVERAGE RATIO

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Bank's leverage calculated by force of the regulation "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 8,43% (31 December 2019: 9,32%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	944.433.692	632.454.602
(Assets deducted in determining Tier 1 capital)	(3.944.023)	(2.509.960)
Total on-balance sheet risks (sum of lines 1 and 2)	940.489.669	629.944.642
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit derivatives	6.430.645	2.569.958
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.955.716	1.625.888
Total risks of derivative financial instruments and credit derivatives	8.386.361	4.195.846
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	15.485.935	8.795.288
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	15.485.935	8.795.288
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	231.183.107	180.614.425
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	231.183.107	180.614.425
Capital and total risks		
Tier 1 capital	100.839.255	76.774.417
Total risks	1.195.545.072	823.550.201
Leverage ratio		
Leverage ratio %	8,43	9,32

(*) Three month average of the amounts in the table are taken into account.

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VIII. EXPLANATIONS ON 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.

1. Explanations on Risk Management and Risk Weighted Amount

1.1. Bank's Risk Management Approach

How the business model determines the Bank's risk profile; how it interacts with it (e.g. key risks related to the business model and how each of these risks is reflected on explanations); and how the Bank's risk profile interacts with the risk appetite approved by the board of director

While risk appetite determines the Bank's risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Bank's risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank's strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Risk weighted asset-based signal and limit values are regularly monitored by the Bank Risk Management Department, and actual values are periodically reported to the Bank's Senior Management.

Risk management structure: Responsibilities distributed at the Bank (e.g. supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g. board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Bank's risk management is consistent with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, Internal Control and Compliance Department and Risk Management Group Presidency report to the Audit Committee and Board of Directors through the executive vice president who is responsible for internal systems and operates separate from executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") approved by the Bank's Board of Directors.

Organizational structure of the Bank's Risk Management Department consists of credit risk management, market risk management, operational risk management and balance sheet risks management units. Duties of risk management:

- Ensuring identification, measurement, reporting, monitoring and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Bank's cash flows in the future, quality and level of its associated activities
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks exposed or possible risks and assessment of capital adequacy/requirement level in line with the strategic goals
- Preparing ICAAP reports periodically.

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ICAAP analyses and activities are validated by a team that reports to the Audit Committee independently from the team that develops and implements the methodology of such activities. The same team issues a Validation Report as well. Analyses and activities conducted within the process, including validation activities are reviewed by the Inspection Board Presidency and a Review Report is issued for the results.

Channels used for disseminating and implementing risk culture within the Bank (e.g. codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the staff. Utilization levels for signal and risk parameters are reported submitted to the Top Management.

If limits are exceeded, the Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and similar issues can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Bank including budget figures - can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of the Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Bank's Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Bank regulations and relevant legal legislation.

Principal elements and scope of risk measurement system

The Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions accordingly; and report results of analyses conducted with such models.

The Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

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Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts are made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Bank's liquidity requirement in a worst case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the Board of Directors and Top Management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

Explanations on stress test (e.g. assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

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The Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Bank performs risk mitigation through simple financial method. Credibilities of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Bank's main funding sources are deposits, the strategy of preserving the granular structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed. As for the asset side of the Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

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Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	515.397.894	418.483.426	41.231.832
2	Standardised approach	515.397.894	418.483.426	41.231.832
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	10.286.294	5.751.999	822.904
5	Standardised approach for counterparty credit risk	10.286.294	5.751.999	822.904
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	8.364.963	4.416.689	669.197
10	Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	38.928.246	27.461.275	3.114.260
17	Standardised approach	38.928.246	27.461.275	3.114.260
18	Internal model approaches	-	-	-
19	Operational risk	39.441.393	35.291.329	3.155.311
20	Basic Indicator approach	39.441.393	35.291.329	3.155.311
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	612.418.790	491.404.718	48.993.504

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2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Current Period	Carrying values of items					
	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation 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	88.042.864	88.042.864	-	-	-	-
Banks	2.788.610	2.788.610	-	-	-	-
Receivables From Money Markets	206.435	206.435	-	-	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	14.305.452	-	-	-	14.305.452	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	181.628.930	115.192.656	52.130.594	-	66.436.253	-
Financial Assets Measured At Amortised Cost	29.682.688	29.682.688	5.118.323	-	-	-
Derivative Financial Assets	5.027.200	-	5.027.200	-	-	-
Loans (Net)	581.907.242	590.375.883	-	-	-	19.841
Investments In Associates (Net)	152.904	152.904	-	-	-	-
Investments In Subsidiaries (Net)	14.067.273	14.067.273	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	105.745	105.745	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	6.748.355	6.738.311	-	-	-	10.044
Inangible Assets (Net)	1.002.206	-	-	-	-	1.002.206
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	248.730	248.730	-	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	5.260.879	5.260.879	-	-	-	-
Other Assets	11.425.751	11.425.751	-	-	-	-
Total Assets	942.601.264	864.288.729	62.276.117	-	80.741.705	1.032.091
Liabilities						
Deposits	629.874.208	-	-	-	-	-
Funds Borrowed	36.950.213	-	6.096.622	-	-	-
Money Markets	116.401.469	-	46.280.017	-	-	-
Securities Issued (Net)	14.354.533	-	-	-	-	-
Funds	6.053.060	-	-	-	-	-
Derivative Financial Liabilities	3.487.652	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	19.612.536	-	-	-	-	-
Factoring Liabilities	821.985	-	-	-	-	-
Provisions	7.058.634	-	-	-	-	-
Tax Liability	1.660.517	-	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	13.048.197	-	-	-	-	-
Equity	93.278.260	-	-	-	-	-
Total Liabilities	942.601.264	-	52.376.639	-	-	-

(*) It represents the Bank's unconsolidated financial statements.

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Prior Period	Carrying values of items					Not subject to capital requirements or subject to deduction from capital
	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	
Assets						
Cash and balances at central bank	52.207.147	52.207.147	-	-	-	-
Banks	4.853.057	4.853.057	-	-	-	-
Receivables from Money Markets	328.596	328.596	-	-	-	-
Financial assets measured at fair value to profit or loss	1.897.885	-	-	-	1.897.885	-
Financial assets measured at fair value to other comprehensive income	110.886.717	67.629.645	50.605.054	-	43.257.038	-
Financial assets measured at amortised cost	17.547.714	17.547.714	4.093.912	-	-	-
Derivative financial assets	2.797.886	-	2.797.886	-	-	-
Loans (Net)	434.974.499	439.623.348	-	-	-	95.359
Investments in associates (Net)	99.539	99.539	-	-	-	-
Investments in subsidiaries (Net)	7.391.853	7.391.853	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	111.059	111.059	-	-	-	-
Lease receivables	-	-	-	-	-	-
Tangible Assets (net)	5.478.647	5.458.483	-	-	-	20.164
Inangible Assets (net)	745.089	-	-	-	-	745.089
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	1.150.294	1.150.294	-	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	4.781.720	4.781.720	-	-	-	-
Other Assets	4.504.489	4.504.489	-	-	-	-
Total Assets	649.756.191	605.686.944	57.496.852	-	45.154.923	860.612
Liabilities						
Deposits	447.250.973	-	-	-	-	-
Funds Borrowed	34.528.490	-	2.835.538	-	-	-
Money Markets	49.275.410	-	47.060.392	-	-	-
Securities Issued (Net)	13.106.026	-	-	-	-	-
Funds	6.066.464	-	-	-	-	-
Derivative Financial Liabilities	1.658.858	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Other Liabilities	12.078.546	-	-	-	-	-
Factoring Liabilities	621.760	-	-	-	-	-
Provisions	3.818.578	-	-	-	-	-
Tax Liability	1.720.587	-	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	9.565.957	-	-	-	-	-
Equity	70.064.542	-	-	-	-	-
Total Liabilities	649.756.191	-	49.895.930	-	-	-

(*) It represents the Bank's unconsolidated financial statements.

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The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	942.601.264	864.288.729	62.276.117	80.741.705
Liabilities carrying value amount under regulatory scope of consolidation	-	-	52.376.639	-
Total net amount under regulatory scope of consolidation	942.601.264	864.288.729	9.899.478	80.741.705
Differences in valuations	413.922.509	90.277.256	186.498.675	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	1.356.523.773	954.565.985	196.398.153	80.741.705

Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	649.756.191	605.690.146	57.496.852	45.154.923
Liabilities carrying value amount under regulatory scope of consolidation	-	-	49.895.930	-
Total net amount under regulatory scope of consolidation	649.756.191	605.690.146	7.600.922	45.154.923
Differences in valuations	300.454.320	72.862.723	133.838.492	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	950.210.511	678.552.869	141.439.414	45.154.923

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank's business model into components in credit risk profile

The banks must allocate risk limits approved by board of directors of the banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structure.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

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Pursuant to aforementioned regulations, to what extent the Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation and it helps optimization of resource utilization.

In accordance with the changing organizational structure of the Bank, the signal and limit with risk of change in customer segmentation are on corporate and individual segment basis in accordance with the customer segment structure and are updated according to the changes in the segmentation structure. Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Bank's Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank's risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank's Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank's strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Bank's risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank's Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Bank's risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank's strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within the Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank's Top Management.

3.3. Structure and organization of credit risk management and control function

The Bank's internal system units consist of the Inspection Board, Internal Control and Compliance Department and Risk Management Department. Credit risk management is one of the four services under the Risk Management Department.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank's credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Department goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

Furthermore, inspection and control units involve in the process also for the ICAAP activities that constitute a significant part of risk management activities. Accordingly, ICAAP analyses and activities are validated by Internal Control and Compliance Department that reports to the Audit Committee independent from the team that develops and implements the methodology of the ICAAP analyses. The same team issues a Validation Report as well. The entire ICAAP process is subject to an inspection by the Inspection Board and reported through Examination Report issued.

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The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control, and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Bank; compliance with relevant laws, regulations, internal policies and banking practices are controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on the Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/Amortisation and impairments	Net values
Loans	13.895.119	586.764.841	18.752.718	581.907.242
Debt Securities	-	148.406.416	921.721	147.484.695
Off-balance sheet exposures	690.362	240.816.847	1.852.945	239.654.264
Total	14.585.481	975.988.104	21.527.384	969.046.201

Prior Period	Defaulted	Non-defaulted	Allowances/Amortisation and impairments	Net values
Loans	12.690.487	435.292.264	13.008.252	434.974.499
Debt Securities	-	132.467.406	2.132.721	130.334.685
Off-balance sheet exposures	739.804	186.279.907	1.086.387	185.933.324
Total	13.430.291	754.039.577	16.227.360	751.242.508

3.7. Changes on Defaulted Loans and Debt Securities

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	12.690.487
2	Loans and debt securities that have defaulted since the last reporting period	4.061.472
3	Returned to non-defaulted status	582.016
4	Amounts written off	-
5	Other changes	(2.274.824)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)^(*) definitions	13.895.119

^(*) Provisions for non-cash loans are not included in the table.

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Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	7.459.749
2	Loans and debt securities that have defaulted since the last reporting period	7.695.331
3	Returned to non-defaulted status	63.232
4	Amounts written off	-
5	Other changes	(2.401.361)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)^(*) definitions	12.690.487

^(*) Provisions for non-cash loans are not included in the table.

3.8. Additional Explanations On Credit Quality Of Assets

Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

The portion that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and reasons for this practice

The Bank transfers credits whose maturity is deferred for more than 90 days automatically to monitoring accounts pursuant to the classification provisions of Regulation on Provisions, and allocates provision of respective class; whereas it does not allocate expected loss provisions for fund-based credits classified as "Non-Performing Loans" pursuant to Article 13 "Exceptions" of the Regulation on Provisions as the relevant risk is not assumed by the Bank. As of March 17, 2020, the "delay more than 90 days" condition, which is used in the definition of default in order to classify loans in accordance with the BRSA Decision due to COVID-19, started to be applied as "delay more than 180 days". This application will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312.

With the aforementioned classification changes, the Bank allocates provisions for loans with a delay of 90-180 days in accordance with TFRS 9 requirements, according to its own risk policies and models, where the conditions of the borrower are also evaluated.

Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". However, there is no judgement in the related Regulation and the BRSA's related disclosures that would prevent further provision of the minimum amounts required.

Definitions of restructured receivable

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

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Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables	Non Performing Loans	Expected Loss Provisions	Total
Domestic	582.026.655	13.815.852	18.643.228	577.199.279
European Union Countries	781.661	32.102	35.051	778.712
USA, Canada	4.810	4.239	4.262	4.787
OECD Countries ⁽¹⁾	225.218	-	386	224.832
Off-Shore Banking Regions	-	-	-	-
Other	3.726.497	42.926	69.791	3.699.632
Total	586.764.841	13.895.119	18.752.718	581.907.242

⁽¹⁾ OECD countries other than EU countries, USA and Canada.

	Loans and Receivables	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	90.997.761	1.978.838	1.592.146	91.384.453
Farming and Stockbreeding	90.322.789	1.959.833	1.573.940	90.708.682
Forestry	285.002	8.443	8.601	284.844
Fishing	389.970	10.562	9.605	390.927
Manufacturing	117.079.786	2.286.024	6.321.506	113.044.304
Mining and Quarrying	6.655.248	22.656	50.614	6.627.290
Production	80.531.779	2.030.137	5.419.235	77.142.681
Electric, Gas and Water	29.892.759	233.231	851.657	29.274.333
Construction	56.506.247	2.847.696	2.769.126	56.584.817
Services	136.094.769	5.204.123	6.023.963	135.274.929
Wholesale and Retail Trade	60.804.225	3.015.631	3.048.395	60.771.461
Hotel Food and Beverage Services	12.893.441	405.318	576.176	12.722.583
Transportation and Telecommunication	14.960.883	264.089	331.626	14.893.346
Financial Institutions	7.856.951	6.091	22.045	7.840.997
Real Estate and Leasing Services	35.869.000	1.354.029	1.651.278	35.571.751
Self Employment Services	-	-	-	-
Education Services	1.449.000	89.097	91.296	1.446.801
Health and Social Services	2.261.269	69.868	303.147	2.027.990
Other	186.086.278	1.578.438	2.045.977	185.618.739
Total	586.764.841	13.895.119	18.752.718	581.907.242

Information regarding breakdown of receivables according to remaining maturities is given in Note II-4.

Aging Analysis for Overdue Receivables

Day Past Due	Current Period	Prior Period
1-30 Days	820.464	1.831.284
31-60 Days	747.871	1.825.567
61-90 Days	746.327	11.567.832
90 +	2.182.795	-
Total	4.497.457	15.224.683

Loans under close monitoring amounting to TL 33.440.833 (31 December 2019: TL 14.608.289) are not overdue.

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Breakdown of restructured receivables by allocation of provision

Out of the Bank's total restructured loans amounting to TL 18.801.914, a portion of TL 17.675.031 consists of performing loans and remaining portion of TL 1.126.883 consists of non-performing loans. The total amount of first and second stage expected loss provision allocated for structured loans is TL 2,473,158 and third stage expected loss provision amount allocated for non-performing loans is TL 558,700. No expected loss provision is reserved for non-performing loans amounting to TL 65.200 whose risk does not belong to the Bank (31 December 2019: Out of the Bank's total restructured loans amounting to TL 9.772.431, a portion of TL 9.240.364 consists of performing loans and remaining portion of TL 532.067 consists of non-performing loans. The total amount of first and second stage expected loss provision allocated for structured loans is 586.752 TL and third stage expected loss provision amount allocated for non-performing loans is 303.199 TL. No expected loss provision has been allocated for non-performing loans amounting to TL 19.094, whose risk does not belong to the Bank.).

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Bank.

3.10. Credit risk mitigation techniques - Overview

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	442.585.377	137.829.011	63.999.252	133.793.943	61.864.854	-	-
Debt Securities	140.154.459	-	-	-	-	-	-
Total	582.739.836	137.829.011	63.999.252	133.793.943	61.864.854	-	-
Of which defaulted	13.003.112	887.419	247.846	881.293	247.239	-	-

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	355.381.887	84.336.820	48.242.825	67.009.421	44.952.792	-	-
Debt Securities	130.334.685	-	-	-	-	-	-
Total	485.716.572	84.336.820	48.242.825	67.009.421	44.952.792	-	-
Of which defaulted	10.579.251	2.111.236	733.725	2.109.151	733.709	-	-

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3.11. Credit risk if standard approach is used

3.11.1. Qualitative explanations on ratings used by banks while calculating credit risk with standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by the Bank and the reasons in case of any change during the reporting period

The Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "ratingless" and take the risk weight which is appropriate for the "ratingless" category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

In order to determine the risk weight of the items subject to issuance or issuer rating among the items included in the banking accounts, the issue rating is first examined, and in the absence of an issue rating, the credit rating of the issuer is taken into account.

Matching rating grades on the basis of risk

Rating assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.

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3.12. Standard Approach - Loan risk Exposure and the Effects of Loan Risk Reduction Technique

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	219.764.031	971.770	280.720.393	629.214	8.100.952	2,9%
Exposures to regional and local governments	512.473	76.717	546.847	52.924	289.778	48,3%
Exposures to administrative bodies and non-commercial entities	273.604	544.063	252.292	221.750	455.801	96,2%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	73.308.862	15.265.210	74.135.136	7.297.190	12.792.804	15,7%
Exposures to corporates	231.391.436	121.009.420	203.352.407	68.560.875	269.777.426	99,2%
Retail exposures	240.188.677	78.056.528	209.766.226	7.096.140	161.445.182	74,4%
Exposures secured by residential property	68.384.435	931.854	68.287.311	373.123	24.029.916	35,0%
Exposures secured by commercial property	27.304.024	1.414.687	24.321.461	769.143	16.580.085	66,1%
Past-due items	3.060.800	-	2.813.566	-	2.054.051	73,0%
Exposures in high-risk categories	1.304.451	307.414	1.304.447	168.195	2.186.159	148,5%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	8.308.004	131.594	8.300.709	65.388	8.364.963	100,0%
Other exposures	32.614.409	-	32.614.409	-	21.849.821	67,0%
Equity share investments	8.262.309	-	8.262.309	-	3.885.432	47,0%
Total	914.677.515	218.709.257	914.677.513	85.233.942	531.812.370	53,2%

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Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	137.386.761	824.931	180.062.198	2.739.787	31.630.420	17,3%
Exposures to regional and local governments	618.086	77.751	442.183	44.102	231.623	47,6%
Exposures to administrative bodies and non-commercial entities	243.217	757.225	1.196.718	385.687	1.542.669	97,5%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	73.633.221	14.890.869	74.897.681	8.288.251	12.658.563	15,2%
Exposures to corporates	196.017.305	102.469.416	169.312.241	56.039.840	222.622.745	98,8%
Retail exposures	157.023.430	52.234.252	140.355.731	4.531.954	107.486.351	74,2%
Exposures secured by residential property	59.603.803	352.789	59.275.334	174.748	20.818.566	35,0%
Exposures secured by commercial property	8.464.297	740.249	8.214.361	445.931	4.397.972	50,8%
Past-due items	3.891.589	-	3.172.906	-	2.229.256	70,3%
Exposures in high-risk categories	3.992.028	381.000	3.944.385	156.606	6.145.752	149,9%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	4.527.084	112.063	4.527.084	55.817	4.416.688	96,4%
Other exposures	27.127.402	-	27.127.401	-	14.317.867	52,8%
Equity share investments	153.641	-	153.641	-	153.641	100,0%
Total	672.681.864	172.840.545	672.681.864	72.862.723	428.652.113	57,5%

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3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% ⁽¹⁾	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	266.172.918	-	263.864	-	-	13.729.292	-	1.183.533	-	-	-	281.349.607
Exposures to regional and local government	31.359	-	34	-	-	557.217	-	11.161	-	-	-	599.771
Exposures to administrative bodies and non-commercial entities	18.194	-	58	-	-	-	-	455.790	-	-	-	474.042
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	49.437.564	-	10.060.548	-	-	19.207.182	-	1.145.472	-	-	1.581.560	81.432.326
Exposures to corporates	1.047.989	-	639.747	-	-	1.152.138	-	269.073.408	-	-	-	271.913.282
Retail exposures	1.059.620	-	737.840	-	-	4.053	215.060.782	-	-	-	71	216.862.366
Exposures secured by residential property	1.711	-	4.248	68.654.475	-	-	-	-	-	-	-	68.660.434
Exposures secured by commercial property	32.912	-	26.454	-	16.912.887	-	-	8.118.351	-	-	-	25.090.604
Past-due items	551	-	9	-	-	1.517.914	-	1.295.092	-	-	-	2.813.566
Exposures in high-risk categories	361	-	7	-	-	22.159	-	188	1.449.927	-	-	1.472.642
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.134	-	-	-	-	-	-	8.364.963	-	-	-	8.366.097
Equity share investments	4.376.876	-	-	-	-	-	-	3.885.433	-	-	-	8.262.309
Other exposures	10.764.582	-	8	-	-	-	-	21.849.819	-	-	-	32.614.409
Total	332.945.771	-	11.732.817	68.654.475	16.912.887	36.189.955	215.060.782	315.383.210	1.449.927	-	1.581.631	999.911.455

⁽¹⁾ Demonstrates all receivables that are consisting of 50% risk weighted and out of the line "Exposures secured by commercial property"

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Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% ^(*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	119.814.729	-	9.892	-	-	62.697.844	-	279.520	-	-	-	182.801.985
Exposures to regional and local government	27.549	-	34	-	-	454.172	-	4.530	-	-	-	486.285
Exposures to administrative bodies and non-commercial entities	39.577	-	198	-	-	-	-	1.542.630	-	-	-	1.582.405
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	46.521.243	-	17.542.922	-	-	14.318.546	-	1.933.307	-	-	2.869.914	83.185.932
Exposures to corporates	947.168	-	505.619	-	-	2.755.346	-	221.143.948	-	-	-	225.352.081
Retail exposures	1.049.738	-	711.761	-	-	146	143.125.212	-	-	-	828	144.887.685
Exposures secured by residential property	21.174	-	16.391	59.380.353	-	-	-	32.164	-	-	-	59.450.082
Exposures secured by commercial property	8.297	-	8.916	-	8.493.780	-	-	149.299	-	-	-	8.660.292
Past-due items	13	-	-	-	-	1.887.274	-	1.285.619	-	-	-	3.172.906
Exposures in high-risk categories	1.938	-	2.174	-	-	-	-	2	4.096.877	-	-	4.100.991
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	-	-	-	-	-	4.416.688	-	-	-	4.582.901
Equity share investments	-	-	-	-	-	-	-	153.641	-	-	-	153.641
Other exposures	12.809.527	-	9	-	-	-	-	14.317.865	-	-	-	27.127.401
Total	181.407.166	-	18.797.916	59.380.353	8.493.780	82.113.328	143.125.212	245.259.213	4.096.877	-	2.870.742	745.544.587

(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line "Exposures secured by commercial property."

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Bank's credit risk calculations.

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3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risk

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at the Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Bank's budget, strategy and expectations for upcoming years, developments in Turkey and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Bank must submit in case of a decline in credit rating

As the Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

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3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
Current Period						
Valuation Method according to fair value - CCR (for derivatives)	4.223.311	1.820.676			6.043.987	2.402.773
1 Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					39.380.821	2.774.808
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					8.292.166	2.840.299
5 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6 Total						8.017.880

(*) Effective Expected Positive Exposure

	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
Prior Period						
Valuation Method according to fair value - CCR (for derivatives)	3.340.588	1.455.925			4.796.513	2.126.538
1 Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					36.396.300	2.816.893
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.860.410	665.494
5 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6 Total						5.608.925

(*) Effective Expected Positive Exposure

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3.17. Capital Requirement for Loan Valuation Adjustment

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	6.043.987	2.236.781
4	Total subject to the CVA capital charge	6.043.987	2.236.781
	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	4.796.513	85.658
4	Total subject to the CVA capital charge	4.796.513	85.658

3.18. Standardised approach - CCR exposures by risk class and risk weight

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	1.492.436	-	-	-	-	-	-	-	1.492.436
Exposures to regional and local governments	1.819	-	-	-	-	-	-	-	1.819
Exposures to administrative bodies and non-commercial entities	7.319	-	-	-	-	-	-	-	7.319
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.697.068	-	9.118.589	9.367.950	-	118.886	-	1.581.560	51.884.053
Exposures to corporates	510.104	-	-	-	-	1.389.997	-	-	1.900.101
Retail exposures	11.066	-	-	-	1.740	-	-	71	12.877
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	33.719.812	-	9.118.589	9.367.950	1.740	1.508.883	-	1.581.631	55.298.605

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(2) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit.

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Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ⁽¹⁾
Exposures to sovereigns and their central banks	2.664.755	-	-	457.031	-	-	-	-	3.121.786
Exposures to regional and local governments	5.001	-	-	-	-	-	-	-	5.001
Exposures to administrative bodies and non-commercial entities	2.816	-	-	-	-	-	-	-	2.816
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	42.878.830	-	11.470.585	5.544.408	-	-	-	2.869.914	62.763.737
Exposures to corporates	13.412	-	-	-	-	398.735	-	-	412.147
Retail exposures	162.312	-	-	-	1.349	-	-	828	164.489
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	-	-	-	-	-	-	166.213
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	45.893.339	-	11.470.585	6.001.439	1.349	398.735	-	2.870.742	66.636.189

⁽¹⁾ Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM technique⁽²⁾ Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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3.19. Risk classes and counterparty credit risk explanation

None.

Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	22.778.687	-
Cash-foreign currency	-	-	-	-	28.022.665	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	50.801.352	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	26.917.003	-
Cash-foreign currency	-	-	-	-	22.943.367	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	49.860.370	-

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

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Risks Related with Central Counterparties

	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)	1.581.631	31.633
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3 (i) OTC Derivatives	-	-
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	544.106	10.882
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	1.037.525	20.751
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Explanations on Securitization Disclosure

None.

4. Explanations on Market Risk

4.1. The Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Bank's market risks, hedging processes and strategies/ processes for monitoring continuity of hedging efficiency

For the purposes of market risk aversion in line with financial risk management, the Bank has identified market risk management activities in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

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4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Department, one of internal systems units established independently from executive units of the Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Bank's Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market Dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.

Standard approach-Current Period	RWA	
	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	32.070.975	15.582.666
2 Equity risk (general and specific)	1.056.572	752.996
3 Foreign exchange risk	5.800.699	11.125.613
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	38.928.246	27.461.275

Standard method is being used by the Bank to calculate the risk of the sector.

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5. Explanations on the Operational Risk

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

Current Period	31.12.2017	31.12.2018	31.12.2019	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	19.108.775	21.442.915	22.554.539	21.035.410	15	3.155.311
Amount Subject to Operational Risk (Total*12,5)						39.441.393
Prior Period	31.12.2016	31.12.2017	31.12.2018	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	15.914.437	19.108.775	21.442.915	18.822.042	15	2.823.306
Amount Subject to Operational Risk (Total*12,5)						35.291.329

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of "Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP")".

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. Bank's perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank's internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

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Type of Currency-Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(19.609.423)	(17,63%)
2. TL	(400)	19.212.179	17,28%
3. EUR	200	2.430.904	2,19%
4. EUR	(200)	(2.346.330)	(2,11%)
5. USD	200	(3.826.830)	(3,44%)
6. USD	(200)	4.724.669	4,25%
Total (for negative shocks)		21.590.518	19,42%
Total (for positive shocks)		(21.005.349)	(18,89%)

Type of Currency-Prior Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(12.679.918)	(15,16%)
2. TL	(400)	12.351.574	14,77%
3. EUR	200	701.590	0,84%
4. EUR	(200)	(376.572)	(0,45%)
5. USD	200	(3.066.038)	(3,67%)
6. USD	(200)	3.997.006	4,78%
Total (for negative shocks)		15.972.008	19,10%
Total (for positive shocks)		(15.044.366)	(17,99%)

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. As of 31 December 2020, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB

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IX. EXPLANATION ON HEDGE ACCOUNTING

Along with the hedging accounting, it is aimed to protect the capital amounts allocated to foreign partnerships in the unconsolidated financial statements of the Bank from the effects of exchange rate risk arising from changes in foreign exchange rates. Within the scope of fair value hedge accounting, the fair value changes of the hedging instrument are recognized in the income statement together with the fair value changes of the hedged item. Changes in the fair value of the hedged item, changes in the exchange rate risk arising from the capital amounts allocated to foreign partnerships of the Bank are recognized in profit or loss, as long as the hedging is effective.

The efficiency test is performed using the "Dollar off-set method" to compare the changes in fair value of the hedging instrument and the item subject to financial risk. Efficiency tests are performed at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started and the end of each reporting period is compared with the value change in the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

Hedging instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FX Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(644.292)	644.292	-

X. EXPLANATIONS ON OPERATING SEGMENTS

Organizational and internal reporting structure of the Bank is determined in line with TFRS 8 "Operating Segments".

The Bank has operations in retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas..

Known as having the most extensive branch network in retail banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from public funds whose risk does not belong to the Bank, pension payments, credit cards, automatic and regular payment, cheques and notes, money transfer order, foreign exchange transactions, ATM, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing banking products are improved and new banking products are launched in order to increase profitability and benefit from the services undertaken as being a state bank. By "Finart" IT system, which is working in a centralized manner, the Bank has the technical infrastructure required by modern banking to meet its clients' needs.

In the context of corporate and entrepreneurial banking, the Bank allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural working capital and investment loans from its own sources for crop and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from public funds.

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Treasury transactions and international banking activities are conducted by the Treasury Management Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also the Bank's liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers' trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies'. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks so as to diversify its funding base are among the responsibilities of the department.

Besides, the Bank has commission revenue from life, non-life and private pension insurance and other finance institutions by rendering agency services through its branches.

As of 31 December 2020 explanations on segment reporting as shown on the following page are in line with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

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1. Table for Segment Reporting

	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
Current Period						
OPERATING INCOME/EXPENSE						
Interest Income	15.609.761	22.586.520	8.593.354	22.524.301	162.092	69.476.028
Interest Income from Loans	15.609.761	22.586.520	8.593.354	5.540.452	-	52.330.087
Interest Income from Banks	-	-	-	58.101	-	58.101
Interest Income from Securities	-	-	-	16.695.965	-	16.695.965
Other Interest Income	-	-	-	229.783	162.092	391.875
Interest Expense	13.415.612	7.514.616	-	10.396.940	3.534.360	34.861.528
Interest Expense on Deposits	13.415.612	7.514.616	-	1.881.850	-	22.812.078
Interest Expense on Funds Borrowed	-	-	-	1.191.042	-	1.191.042
Interest Expense on Money Market Transactions	-	-	-	5.728.076	-	5.728.076
Interest Expense on Securities Issued	-	-	-	1.595.972	-	1.595.972
Other Interest Expense	-	-	-	-	3.534.360	3.534.360
Net Interest Income/Expense	2.194.149	15.071.904	8.593.354	12.127.361	(3.372.268)	34.614.500
Net Fees and Commission Income	2.406.118	1.945.614	127.990	(1.153.164)	(233.823)	3.092.735
Fees and Commissions Received	2.406.118	1.945.614	127.990	3.876	333.030	4.816.628
Fees and Commissions Paid	-	-	-	1.157.040	566.853	1.723.893
Dividend Income	-	-	-	1.119.253	-	1.119.253
Trading Profit/Loss (Net)	-	-	-	(7.743.467)	-	(7.743.467)
Other Operating Income	54.387	221.912	29.260	5.465	4.870.933	5.181.957
Provision for Expected Loss (-)	3.109.215	6.029.234	1.552.502	-	-	10.690.951
Other Provision Expense	-	-	-	49	2.648.348	2.648.397
Personnel Expenses (-)	-	-	-	-	4.396.112	4.396.112
Other Operating Expense	3.374.073	80.814	77.763	-	4.162.745	7.695.395
Net Operating Profit/Loss	(1.828.634)	11.129.382	7.120.339	4.355.399	(9.942.363)	10.834.123
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(3.009.104)	(3.009.104)
Net Profit/Loss	(1.828.634)	11.129.382	7.120.339	4.355.399	(12.951.467)	7.825.019
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	14.305.452	-	14.305.452
Banks and Receivables from Money Markets	-	-	-	2.995.045	-	2.995.045
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	181.628.930	-	181.628.930
Loans	173.129.897	314.637.857	85.643.924	8.495.564	-	581.907.242
Financial Assets Measured at Amortised Cost (Net)	-	-	-	29.682.688	-	29.682.688
Derivative Financial Assets	-	-	-	5.027.200	-	5.027.200
Associates, Subsidiaries and Entities under Common Control	-	-	-	14.325.922	-	14.325.922
Other Assets	8.689	5.128.416	122.567	83.076.640	24.392.473	112.728.785
Total Segment Assets	173.138.586	319.766.273	85.766.491	339.537.441	24.392.473	942.601.264
SEGMENT LIABILITIES						
Deposits	433.056.944	118.847.626	-	33.994.562	43.975.076	629.874.208
Derivative Financial Liabilities Held for Trading	-	-	-	3.487.652	-	3.487.652
Funds Borrowed	-	-	-	36.950.213	-	36.950.213
Money Markets Borrowing	9.029	22.701.248	-	93.691.192	-	116.401.469
Securities Issued (Net)	-	-	-	14.354.533	-	14.354.533
Provisions	-	1.852.945	-	-	5.205.689	7.058.634
Other Liabilities	-	-	-	-	41.196.295	41.196.295
Shareholders' Equity	-	-	-	-	93.278.260	93.278.260
Total Segment Liabilities	433.065.973	143.401.819	-	182.478.152	183.655.320	942.601.264

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	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
Prior Period – 31 December 2019						
OPERATING INCOME/EXPENSE						
Interest Income	14.494.268	24.386.047	8.386.213	18.216.689	119.066	65.602.283
Interest Income from Loans	14.494.268	24.386.047	8.386.213	5.497.895	-	52.764.423
Interest Income from Banks	-	-	-	305.757	-	305.757
Interest Income from Securities	-	-	-	11.966.108	-	11.966.108
Other Interest Income	-	-	-	446.929	119.066	565.995
Interest Expense	17.954.593	7.204.531	-	14.795.839	335.314	40.290.277
Interest Expense on Deposits	17.954.593	7.204.531	-	2.829.878	-	27.989.002
Interest Expense on Funds Borrowed	-	-	-	1.672.114	-	1.672.114
Interest Expense on Money Market Transactions	-	-	-	8.927.479	-	8.927.479
Interest Expense on Securities Issued	-	-	-	1.366.368	-	1.366.368
Other Interest Expense	-	-	-	-	335.314	335.314
Net Interest Income/Expense	(3.460.325)	17.181.516	8.386.213	3.420.850	(216.248)	25.312.006
Net Fees and Commission Income	3.253.059	2.034.712	126.736	(1.835.417)	10.681	3.589.771
Fees and Commissions Received	3.253.059	2.034.712	126.736	11.397	282.118	5.708.022
Fees and Commissions Paid	-	-	-	1.846.814	271.437	2.118.251
Dividend Income	-	-	-	1.060.357	-	1.060.357
Trading Profit/Loss (Net)	-	-	-	(7.817.493)	-	(7.817.493)
Other Operating Income	43.111	192.829	29.882	5.860	1.342.187	1.613.869
Provision for Expected Loss (-)	1.678.605	3.624.132	1.010.658	-	-	6.313.395
Other Provision Expense	-	-	-	767	110.999	111.766
Personnel Expenses (-)	-	-	-	-	3.460.423	3.460.423
Other Operating Expense	2.199.792	60.448	64.779	-	3.899.793	6.224.812
Net Operating Profit/Loss	(4.042.552)	15.724.477	7.467.394	(5.166.610)	(6.334.595)	7.648.114
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(1.461.226)	(1.461.226)
Net Profit/Loss	(4.042.552)	15.724.477	7.467.394	(5.166.610)	(7.795.821)	6.186.888
SEGMENT ASSETS						
31 December 2019						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	1.897.885	-	1.897.885
Banks and Receivables from Money Markets	-	-	-	5.181.653	-	5.181.653
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	110.886.717	-	110.886.717
Loans	117.853.602	229.969.949	70.408.159	16.742.789	-	434.974.499
Financial Assets Measured at Amortised Cost (Net)	-	-	-	17.547.714	-	17.547.714
Derivative Financial Assets	-	-	-	2.797.886	-	2.797.886
Associates, Subsidiaries and Entities under Common Control	-	-	-	7.602.451	-	7.602.451
Other Assets	18.767	4.479.822	150.770	45.640.968	18.577.059	68.867.386
Total Segment Assets	117.872.369	234.449.771	70.558.929	208.298.063	18.577.059	649.756.191
SEGMENT LIABILITIES						
31 December 2019						
Deposits	317.327.558	82.904.436	-	31.398.883	15.620.096	447.250.973
Derivative Financial Liabilities Held for Trading	-	-	-	1.658.858	-	1,658.858
Funds Borrowed	-	-	-	34.528.490	-	34,528.490
Money Markets Borrowing	6.649	26.580.217	-	22.688.544	-	49,275.410
Securities Issued (Net)	-	-	-	13,106.026	-	13,106.026
Provisions	-	1,086.387	-	-	2,732.191	3,818.578
Other Liabilities	-	-	-	-	30,053.314	30,053.314
Shareholders' Equity	-	-	-	-	70,064.542	70,064.542
Total Segment Liabilities	317.334.207	110.571.040	-	103.380.801	118.470.143	649.756.191

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XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	814.971.018	815.746.421
Due from Interbank Money Market	206.435	206.435
Banks	2.788.997	2.788.997
Financial Assets Measured at Fair Value Through Other Comprehensive Income	181.628.930	181.628.930
Financial Assets Measured at Amortised Cost	29.686.696	30.462.099
Loans	600.659.960	600.659.960
Financial Liabilities	694.357.484	694.357.484
Bank Deposits	33.994.562	33.994.562
Other Deposits	595.879.646	595.879.646
Funds Borrowed from Other Financial Institutions	36.950.213	36.950.213
Issued Marketable Securities	14.354.533	14.354.533
Miscellaneous Payables	13.178.530	13.178.530
Prior Period	Book Value	Fair Value
Financial Assets	581.601.526	581.432.091
Due from Interbank Money Market	328.596	328.596
Banks	4.853.379	4.853.379
Financial Assets Measured at Fair Value Through Other Comprehensive Income	110.886.717	110.886.717
Financial Assets Measured at Amortised Cost	17.550.083	17.380.648
Loans	447.982.751	447.982.751
Financial Liabilities	502.375.636	502.375.636
Bank Deposits	31.479.865	31.479.865
Other Deposits	415.771.108	415.771.108
Funds Borrowed from Other Financial Institutions	34.528.490	34.528.490
Issued Marketable Securities	13.106.026	13.106.026
Miscellaneous Payables	7.490.147	7.490.147

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

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2. Information on Fair Value Measurements Recognized in the Financial Statement

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below.

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	171.924	14.133.528	-	14.305.452
Government Debt Securities	78.867	13.699.516	-	13.778.383
Marketable Securities	93.057	434.012	-	527.069
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	181.073.582	297.914	226.364	181.597.860
Government Debt Securities	180.498.534	-	-	180.498.534
Marketable Securities	1.217	-	226.364	227.581
Other Marketable Securities	573.831	297.914	-	871.745
Derivative Financial Assets	-	5.027.200	-	5.027.200
Subsidiaries and Joint Ventures	-	-	14.173.018	14.173.018
Total Assets	181.245.506	19.458.642	14.399.382	215.103.530
Derivative Financial Liabilities	-	3.487.652	-	3.487.652
Total Liabilities	-	3.487.652	-	3.487.652

⁽¹⁾ Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 31.070 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	1.897.885	-	-	1.897.885
Government Debt Securities	1.897.885	-	-	1.897.885
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	110.156.908	576.170	122.845	110.855.923
Government Debt Securities	109.595.632	-	-	109.595.632
Marketable Securities	1.369	375.131	122.845	499.345
Other Marketable Securities	559.907	201.039	-	760.946
Derivative Financial Assets	-	2.797.886	-	2.797.886
Subsidiaries and Joint Ventures	-	-	7.502.912	7.502.912
Total Assets	112.054.793	3.374.056	7.625.757	123.054.606
Derivative Financial Liabilities	-	1.658.858	-	1.658.858
Total Liabilities	-	1.658.858	-	1.658.858

⁽¹⁾ Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 30.794 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included.

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

	Current Period	Prior Period
Balances at Beginning of Period	7.625.757	7.623.978
Purchases	2.555.382	2.687
Disposals Through Sale/Redemptions	-	-
Valuation Effect	4.218.243	(908)
Transfers	-	-
Balances at the End of Period	14.399.382	7.625.757

XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of Third Parties

The Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The bank does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Bank or The Group

The Bank has no fiduciary transactions.

SECTION FIVE

INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT")

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2.202.449	2.594.570	2.066.402	2.071.843
Central Bank of the Republic of Turkey	5.751.620	77.325.020	780.011	44.730.986
Other	-	170.140	-	2.558.417
Total	7.954.069	80.089.730	2.846.413	49.361.246

Explanation on reserve requirements

Banks that are established in Turkey or performing their operations by opening branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey's numbered 2013/15. Based on accounting standards and registration layout for banks and financing companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

Banks are required to maintain reserves with Central Bank of the Republic of Turkey for their TL and FC liabilities that are specified in the aforementioned Communiqué. Required reserves are calculated every two weeks and established for 14 day intervals.

Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-6% for TL deposits and other liabilities, 5%-22% for FX deposits and for other FC liabilities.

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Information on the account of the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5.542.420	21.462.853	672.664	15.680.915
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	370	-	-
Other ⁽¹⁾	209.200	55.861.797	107.347	29.050.071
Total	5.751.620	77.325.020	780.011	44.730.986

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 12.011. Required reserve of branches abroad amounting to TL 265.879 is presented in this line. TL 8.216.847 of the current period's FC required reserve is the part of the required reserves that are held in FC (31 December 2019: Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.317.307 of the current period's FC required reserve is the part of the required reserves that are held in FC).

2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	13.708.749	-
Total	13.708.749	-

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	68.126	21.750	156.547	33.478
Swap Transactions	2.845.156	2.086.150	1.139.190	1.468.650
Futures Transactions	6.018	-	-	-
Options	-	-	-	21
Other	-	-	-	-
Total	2.919.300	2.107.900	1.295.737	1.502.149

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	39.671	2.118	14.990
Foreign Banks	578.131	2.171.195	127.733	4.708.538
Foreign Head Office and Branches	-	-	-	-
Total	578.131	2.210.866	129.851	4.723.528

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4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	737.900	1.719.373	-	-
USA, Canada	160.242	2.041.384	-	-
OECD Countries ⁽¹⁾	48.376	57.751	-	-
Off-shore Banking Regions	-	-	-	-
Other	1.801.547	1.015.055	1.261	2.708
Total	2.748.065	4.833.563	1.261	2.708

⁽¹⁾ OECD countries except EU countries, USA and Canada.

5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	52.130.594	50.605.054
Assets Blocked/Given as Collateral	83.881.708	30.536.506
Total	136.012.302	81.141.560

6. Information on Financial Assets at Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	183.265.822	112.464.458
Quoted in Stock Exchange	182.967.908	112.263.419
Not Quoted in Stock Exchange	297.914	201.039
Share Certificates	287.293	554.295
Quoted in Stock Exchange	1.216	376.498
Not Quoted in Stock Exchange	286.077	177.797
Provision for Impairment (-)	1.924.185	2.132.036
Total	181.628.930	110.886.717

7. Information Related to Loans

7.1. Information on All Types of Loans and Advances Given to Shareholders and Employees of The Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity partners	-	-	-	-
Granted loans to Individual partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	596.552	-	452.130	-
Total	596.552	-	452.130	-

⁽¹⁾ Interest rediscount and interest accrual amounting TL 4.105, are not included (31 December 2019: Interest rediscount and interest accrual amounting TL 4.228 are not included).⁽²⁾ Since the balance of overdraft accounts related to employees amounting TL 20.875, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December:2019: Since the balance of overdraft accounts related to employees amounting TL 22.557, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

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7.2. Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans

Current Period		Not Under the Scope of Restructuring	Loans Under Close Monitoring	
			Loans under restructuring	Refinancing
Cash Loans	Standard Loans		Loans with revised contract terms	
Non-Specialized Loans	460.467.346	19.048.049	184.004	13.926.858
Commercial Loans	273.100.542	16.975.575	110.465	13.819.195
Export Loans	3.417.374	494.365	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4.583.825	-	-	-
Consumer Loans	160.435.372	1.342.607	73.539	104.309
Credit Cards	17.660.050	232.321	-	3.354
Other	1.270.183	3.181	-	-
Specialized Loans ^{(1) (2)}	79.035.186	1.188.468	764	1.216.456
Other Receivables	-	-	-	-
Interest Income Accruals	9.324.019	1.631.473	10.378	731.840
Total	548.826.551	21.867.990	195.146	15.875.154

⁽¹⁾ Funds originated agricultural loans are shown in specialized loans⁽²⁾ Agricultural loans to support farmers are shown in specialized loans

Prior Period		Not Under the Scope of Restructuring	Loans Under Close Monitoring	
			Loans under restructuring	Refinancing
Cash Loans	Standard Loans		Loans with revised contract terms	
Non-Specialized Loans	333.995.564	17.195.693	163.735	6.155.147
Commercial Loans	204.790.778	7.861.911	116.548	6.001.175
Export Loans	4.680.534	320.911	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4.954.641	6.786.703	-	-
Consumer Loans	107.460.182	1.933.126	47.187	152.291
Credit Cards	11.061.529	287.413	-	1.681
Other	1.047.900	5.629	-	-
Specialized Loans ^{(1) (2)}	63.022.874	2.283.220	1.433	897.278
Other Receivables	-	-	-	-
Interest Income Accruals	8.440.854	2.670.652	15.585	450.229
Total	405.459.292	22.149.565	180.753	7.502.654

⁽¹⁾ Funds originated agricultural loans are shown in specialized loans.⁽²⁾ Agricultural loans to support farmers are shown in specialized loans

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	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	2.526.931	-	1.346.524	-
Significant Increase in Credit Risk	-	5.961.551	-	3.397.684

7.3. Loans According to Maturity Structure

	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
Current Period ⁽¹⁾			
Short-term Loans	88.147.846	3.713.334	1.177.951
Medium and Long-term Loans	451.354.686	16.523.183	14.150.131

⁽¹⁾ Accruals are not included.

	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
Prior Period ⁽¹⁾			
Short-term Loans	83.171.046	2.000.100	1.242.156
Medium and Long-term Loans	313.847.392	17.478.813	5.975.437

⁽¹⁾ Accruals are not included.

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7.4. Information on Consumer Loans, Personal Credit Cards and Personnel Loans and Personnel Credit Card

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	663.273	159.074.421	159.737.694
Mortgage Loans ⁽²⁾	7.519	90.893.282	90.900.801
Automotive Loans	6.474	891.934	898.408
Consumer Loans ⁽²⁾	649.280	67.289.205	67.938.485
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	975	64.305	65.280
Mortgage Loans	-	7.790	7.790
Automotive Loans	-	-	-
Consumer Loans	975	56.515	57.490
Other	-	-	-
Retail Credit Cards-TL	9.902.518	199.306	10.101.824
With Installment	3.323.580	184.004	3.507.584
Without Installment	6.578.938	15.302	6.594.240
Retail Credit Cards-FC	697	-	697
With Installment	-	-	-
Without Installment	697	-	697
Personnel Loans-TL	13.880	399.400	413.280
Mortgage Loans	-	117	117
Automotive Loans	-	-	-
Consumer Loans	13.880	399.283	413.163
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	176.012	7.237	183.249
With Installment	63.297	6.883	70.180
Without Installment	112.715	354	113.069
Personnel Credit Cards-FC	23	-	23
With Installment	-	-	-
Without Installment	23	-	23
Overdraft Accounts-TL (Real Person)	1.739.573	-	1.739.573
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	12.496.951	159.744.669	172.241.620

⁽¹⁾ TL 1.004.958 amounting of interest income rediscount and accrual is not included.⁽²⁾ Funds originated consumer loans amounting to TL 3.914.794 are included.

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Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.124.603	106.403.629	107.528.232
Mortgage Loans ⁽²⁾	16.423	64.771.146	64.787.569
Automotive Loans	6.481	384.676	391.157
Consumer Loans ⁽²⁾	1.101.699	41.247.807	42.349.506
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	1.535	48.337	49.872
Mortgage Loans	-	6.989	6.989
Automotive Loans	-	-	-
Consumer Loans	1.535	41.348	42.883
Other	-	-	-
Retail Credit Cards-TL	7.013.410	189.176	7.202.586
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Retail Credit Cards-FC	762	-	762
With Installment	-	-	-
Without Installment	762	-	762
Personnel Loans-TL	21.460	275.212	296.672
Mortgage Loans	-	131	131
Automotive Loans	-	-	-
Consumer Loans	21.460	275.081	296.541
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	148.749	6.658	155.407
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	51	-	51
With Installment	-	-	-
Without Installment	51	-	51
Overdraft Accounts-TL (Real Person)	1.718.010	-	1.718.010
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	10.028.580	106.923.012	116.951.592

⁽¹⁾ TL 796.082 of interest income rediscount and accrual is not included.⁽²⁾ Funds originated consumer loans amounting to TL 3.908.975 are included.

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7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	2.351.775	105.569.410	107.921.185
Mortgage Loans	676	696.291	696.967
Automotive Loans	48.277	1.676.926	1.725.203
Consumer Loans	2.302.822	103.196.193	105.499.015
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	29.141	44.967.931	44.997.072
Mortgage Loans	-	52.338	52.338
Automotive Loans	-	1.986	1.986
Consumer Loans	29.141	44.913.607	44.942.748
Other	-	-	-
Corporate Credit Cards-TL	7.533.999	75.399	7.609.398
With Installment	3.278.089	75.279	3.353.368
Without Installment	4.255.910	120	4.256.030
Corporate Credit Cards-FC	534	-	534
With Installment	-	-	-
Without Installment	534	-	534
Overdraft Account-TL (Legal Entity)	940.273	-	940.273
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	10.855.722	150.612.740	161.468.462

⁽¹⁾ Accrual and rediscount amounts related to loans are not included in the table.

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Prior Period	Short - Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	1.785.721	49.899.587	51.685.308
Mortgage Loans	2.253	485.569	487.822
Automotive Loans	57.549	1.130.670	1.188.219
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	27.940	30.747.951	30.775.891
Mortgage Loans	-	40.163	40.163
Automotive Loans	-	2.186	2.186
Consumer Loans	27.940	30.705.602	30.733.542
Other	-	-	-
Corporate Credit Cards-TL	3.959.096	32.154	3.991.250
With Installment	1.494.093	28.798	1.522.891
Without Installment	2.465.003	3.356	2.468.359
Corporate Credit Cards-FC	567	-	567
With Installment	-	-	-
Without Installment	567	-	567
Overdraft Account-TL (Legal Entity)	718.320	-	718.320
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	6.491.644	80.679.692	87.171.336

⁽¹⁾ Accrual and rediscount amounts related to loans are not included in the table.

7.6. Loans According to Types Of Borrower

	Current Period	Prior Period
Public	3.624.543	3.223.182
Private	571.442.588	420.491.762
Interest Income Accruals of Loans	11.697.710	11.577.320
Total	586.764.841	435.292.264

7.7. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	570.374.992	413.792.927
Foreign Loans	4.692.139	9.922.017
Interest Income Accruals of Loans	11.697.710	11.577.320
Total	586.764.841	435.292.264

7.8. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	2.513.483	2.388.776
Indirect loans granted to subsidiaries and associates	-	-
Total	2.513.483	2.388.776

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7.9. Credit-Impaired Losses (Stage III/Specific Provision)

	Current Period	Prior Period
Loans and other receivables with limited collectability	472.234	548.928
Loans and other receivables with doubtful collectability	506.735	1.491.663
Uncollectible loans and other receivables	9.285.267	6.223.453
Total	10.264.236	8.264.044

7.10. Information on Non-performing Loans (net)

7.10.1. Information on Non-performing Loans Restructured or Rescheduled and other Receivables

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	13.582	109.533	1.003.768
Restructured loans	13.582	109.533	1.003.768
Prior Period			
Gross amounts before the provisions	72.597	199.997	259.471
Restructured loans	72.597	199.997	259.471

7.10.2. Information on the Movement of Total Non-performing Loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	1.807.761	3.172.929	7.709.797
Additions (+)	2.394.088	664.668	1.002.716
Transfers from Other Categories of Loans under Follow-Up (+)	-	2.958.318	4.769.848
Transfers to Other Categories of Loans under Follow-Up (-)	2.958.318	4.769.848	-
Collections (-)	242.239	931.729	1.682.872
Sold ⁽¹⁾	-	-	-
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	1.001.292	1.094.338	11.799.489
Provision (-)	472.234	506.735	9.285.267
Net Balance on Balance Sheet	529.058	587.603	2.514.222

⁽¹⁾ Includes transfers to the first and second group loans amounting to TL 582.016.

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7.10.3. Information on Non-performing Loans Granted as Foreign Currency Loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	2.739	2.188	36.279
Provision (-)	1.035	1.681	35.385
Net Balance on Balance Sheet	1.704	507	894
Prior Period:			
Period Ending Balance	655	698	28.293
Provision (-)	187	426	26.653
Net Balance on Balance Sheet	468	272	1.640

7.10.4. Breakdown of Non-performing Loans According to Their Gross and Net Values

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	529.058	587.603	2.514.222
Loans to Real Persons and Legal Entities (Gross)	1.001.292	1.094.338	11.651.023
Provisions (-)	472.234	506.735	9.136.801
Loans to Real Persons and Legal Entities (Net)	529.058	587.603	2.514.222
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.466
Provisions (-)	-	-	148.466
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.258.833	1.681.266	1.486.344
Loans to Real Persons and Legal Entities (Gross)	1.807.761	3.172.929	7.563.830
Provisions (-)	548.928	1.491.663	6.077.486
Loans to Real Persons and Legal Entities (Net)	1.258.833	1.681.266	1.486.344
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-

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7.10.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans Banks which Provide Expected Credit Loss According to TFRS 9

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	137.864	31.348	142.756
Interest Accruals and Valuation Differences	254.910	74.478	646.891
Provisions (-)	117.046	43.130	504.135
Prior Period (Net)	103.300	139.371	54.580
Interest Accruals and Valuation Differences	150.292	271.159	203.749
Provisions (-)	46.992	131.788	149.169

7.11. Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	1.346.524	3.397.684	8.264.044	13.008.252
Additions during the Period	1.712.730	5.506.538	3.153.910	10.373.178
Disposals (-) ⁽¹⁾	(524.724)	(3.002.813)	(1.101.175)	(4.628.712)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage1	151.201	(96.177)	(55.024)	-
Transfer to Stage 2	(155.724)	240.194	(84.470)	-
Transfer to Stage 3	(3.076)	(83.875)	86.951	-
Balances at End of Period	2.526.931	5.961.551	10.264.236	18.752.718

⁽¹⁾ While monitoring in the second stage, it includes the provision cancellation of the loan amounting to USD 1.155 million collected with the bonds (Loan Note) transferred and assigned in favor of the Bank.

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	855.496	2.181.267	5.347.819	8.384.582
Additions during the Period	685.991	1.319.034	3.417.334	5.422.359
Disposals (-)	(130.208)	(75.096)	(593.385)	(798.689)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage1	32.165	(30.358)	(1.807)	-
Transfer to Stage 2	(89.333)	124.985	(35.652)	-
Transfer to Stage 3	(7.587)	(122.148)	129.735	-
Balances at End of Period	1.346.524	3.397.684	8.264.044	13.008.252

7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

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7.13. Explanations on Write-Off Policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

8. Financial Assets Measured at Amortised Cost

8.1. Information on Financial Assets Subject to Repurchase Agreements and those Given as Collateral/Blocked

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	3.315.575	1.802.748	1.989.088	2.104.824
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	3.315.575	1.802.748	1.989.088	2.104.824

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	8.723.020	14.875.540	2.021.297	10.404.413
Other	-	-	-	-
Total	8.723.020	14.875.540	2.021.297	10.404.413

8.2. Information on Government Debt Securities at Amortised Cost

	Current Period	Prior Period
Government Bonds	29.445.712	17.427.402
Treasury Bills	-	-
Other Public Sector Debt Securities	95.224	36.073
Total	29.540.936	17.463.475

8.3. Information on Financial Assets Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	29.686.696	17.550.083
Quoted at Stock Exchange	29.540.936	17.463.475
Unquoted at Stock Exchange	145.760	86.608
Provision for Impairment (-)	-	-
Total	29.686.696	17.550.083

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8.4. The Movements of Financial Assets Measured at Amortised Cost

	Current Period	Prior Period
Beginning Balance	17.550.083	10.254.639
Foreign Currency Differences on Monetary Assets	4.217.972	562.552
Purchases During the Year ⁽¹⁾	8.771.752	10.608.138
Disposals through Sales and Redemptions	(853.111)	(3.875.246)
Provision for Impairment (-)	-	-
Period End Balance	29.686.696	17.550.083

⁽¹⁾ Accruals are shown in "Purchases During the Year".

9. Information on Investments in Associates (Net)

9.1. Information about Investment in Associates

	Unvanı	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/Turkey	15,43	15,43
2	Platform Ortak Kartlı Sistemler A.Ş.	İstanbul/Turkey	20,00	20,00
3	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Turkey	33,34	33,34
4	Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.	Manisa/Turkey	32,40	32,40

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	5.576.326	1.152.814	147.064	169.879	86.938	96.575	166.427	-
2	5.250	5.250	-	-	-	-	-	-
3	186.027	156.928	16.452	2.009	-	2.989	13.276	-
4	351.828	(620.618)	163.234	791	-	468.531	(323.710)	-

⁽¹⁾ There is no fair value due to the fact that associates are not traded in the stock exchange.⁽²⁾ Current period financial information has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2019.⁽³⁾ Total non current assets include tangible and intangible assets.

9.2. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	88.846	88.846
Movement During the Period	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Balance at the End of the Period	88.846	88.846
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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9.3. Sectoral Information on Financial Associates and the Related Carrying Amounts

	Current Period	Prior Period
Banks	88.846	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.4. Subsidiaries Quoted to the Stock Exchange

None (31 December 2019: None).

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

Financial subsidiaries are followed in the unconsolidated financial statements at fair value within the scope of "Separate Financial Statements Turkey Accounting Standard 27 (IAS 27)" in accordance to IFRS 9 Financial Instruments. Fair values were determined with the valuation reports prepared for these partnerships and were accounted under equity as of the valuation date.

	Description	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul/Türkiye	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	İstanbul/Türkiye	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	100,00	100,00
6	Ziraat Teknoloji A.Ş.	İstanbul/Türkiye	100,00	100,00
7	Onko İlaç Sanayi ve Ticaret A.Ş.	Kocaeli/Türkiye	85,00	85,00
8	Koçsel İlaç Sanayi ve Ticaret A.Ş.	Kocaeli/Türkiye	85,00	85,00
9	Rinerji Rize Elektrik Üretim A.Ş.	Rize/Türkiye	51,00	51,00
10	Ziraat Bank International A.G.	Frankfurt/Almanya	100,00	100,00
11	Ziraat Bank BH d.d.	Saraybosna/Bosna Hersek	100,00	100,00
12	Ziraat Bank (Moscow) JSC	Moskova/Rusya	99,91	99,91
13	Kazakhstan Ziraat Int. Bank	Almatı/Kazakistan	99,58	99,58
14	Ziraat Bank Azerbaycan ASC	Bakü/Azerbaycan	99,98	100,00
15	Ziraat Bank Montenegro AD	Podgoritsa/Karadağ	100,00	100,00
16	JSC Ziraat Bank Georgia	Tiflis/Gürcistan	100,00	100,00
17	Ziraat Bank Uzbekistan JSC	Taşkent/Özbekistan	100,00	100,00

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	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
1	727.008	428.909	4.445	63.943	-	314.841	91.235	1.098.904	-
2	151.523	140.561	3.868	11.638	-	68.873	41.704	153.045	-
3	60.186.996	3.734.273	339.221	3.582.776	608.569	638.562	516.735	3.277.972	-
4	5.436.092	5.085.872	4.682.142	4.687	-	403.381	118.361	5.085.872	-
5	1.007.392	1.005.686	1.110	27.597	-	136.886	117.742	1.005.686	-
6	81.488	19.337	9.080	1.295	279	3.456	1.806	56.467	-
7	806.718	130.048	360.494	2.867	-	34.963	(35.095)	62.661	-
8	47.751	7.704	5.882	-	-	(3.796)	(1.998)	7.320	-
9	56.856	12.694	54.048	-	-	(8.991)	(10.348)	38.948	-
10	14.775.383	2.350.096	27.997	326.851	5.423	69.669	89.092	1.700.069	-
11	5.270.596	537.548	47.243	121.773	-	(231.512)	3.922	278.717	-
12	948.196	346.281	13.071	67.874	546	37.340	29.424	268.876	-
13	2.130.672	576.055	191.688	131.579	508	53.165	37.454	435.713	-
14	1.294.956	310.231	92.675	68.322	3.551	4.501	5.780	228.372	-
15	650.178	152.426	10.116	25.827	1.561	2.198	1.580	116.537	-
16	287.585	128.137	15.459	12.256	3.980	3.204	6.935	113.798	-
17	789.229	232.013	16.156	59.441	-	34.448	41.128	138.316	-

⁽¹⁾ The amounts shown in the interest income column of Ziraat Katılım Bankası include profit share income.⁽²⁾ Current period financial information has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2019.

	Current Period	Prior Period
Balance at the Beginning of the Period	7.335.025	7.394.408
Movements During the Period	6.566.853	(59.383)
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	2.499.959	106.806
Bonus Shares Obtained	-	2.065
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	4.738.323	325.990
Impairment Provision (-)	671.429	364.273
Transfer (-)	-	129.971
Balance at the End of the Period	13.901.878	7.335.025
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ Paid Capital Increases are classified under "Purchases" account.⁽²⁾ Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate⁽³⁾ Non-financial subsidiaries are not included.

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10.2. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts

	Current Period	Prior Period
Banks	6.558.371	5.178.895
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	7.343.507	2.156.130

10.3. Subsidiaries Quoted to the Stock Exchange

None (31 December 2019: None).

11. Information on Entities Under Common Control (Joint Ventures)

Investments on entities under common control are monitored at fair value in the unconsolidated financial statements within the scope of "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. Fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	6.338.953	22.149	8.721	171.399	79.730

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2020.

12. Information on Lease Receivables

The Bank has no financial lease receivables.

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no hedging derivative financial assets.

14. Information on the Investment Property

None.

15. Information on non-currents assets or disposal groups "held for sale" and "from discontinued operations"

Bank does not have any discontinuing operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Bank. Those immovables considered for sales are announced at the web site of the Bank.

The Bank's immovables acquired amount to TL 5.259.672 (31 December 2019: TL 4.649.359) consisting of TL 8.689 (31 December 2019: TL 18.767) due to consumer loans, TL 5.128.416 (31 December 2019: TL 4.479.822) on its commercial loans and TL 122.567 (31 December 2019: TL 150.770) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.207 (31 December 2019: TL 2.390).

For the purpose of transfer of shares belonging to the Bank representing 99,97% of the capital of Ziraat Sigorta A.Ş. and shares representing 99,97% of the capital of Ziraat Hayat ve Emeklilik A.Ş., TVF Financial Investments A.Ş. and seller As of April 22, 2020, a share transfer agreement was signed between the Bank, Ziraat Katılım Bank A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş. and the share transfers were completed as of the same date.

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Accordingly, the amount to be paid to the Bank for Ziraat Sigorta A.Ş. shares is determined as TL 18.63 (full TL) per share, and the total sales price is TL 931.220.550,00 (full TL). The sale price was paid in full by a special government domestic debt bill. The amount to be paid to the Bank for Ziraat Hayat ve Emeklilik A.Ş. for its shares is determined as 23.00 TL (full TL) per share and the total sales price is 1.839.448.000,00 TL (full TL). The sale price was paid in full by a special government domestic debt bill. As a result of the aforementioned transaction, TL 2.495.459 was accounted in retained earning. There is also a dividend income amounting to TL 1.039.688 obtained from the mentioned companies in the current period.

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	5.391.246	685.790	1.259.272	139.260	257.561	-	7.733.129
Accumulated Depreciation (-)	993.926	96.236	877.862	45.632	237.397	-	2.251.053
Impairment (-)	3.429	-	-	-	-	-	3.429
Net Book Value	4.393.891	589.554	381.410	93.628	20.164	-	5.478.647
Current Period End							
Net Book Value at the Beginning of the Period	4.393.891	589.554	381.410	93.628	20.164	-	5.478.647
Change During the Period (Net)	1.095.622	91.112	61.188	31.906	(10.120)	-	1.269.708
- Cost	994.517	133.420	189.524	74.325	3.504	-	1.395.290
- Depreciation - net (-)	(99.829)	42.308	128.336	42.419	13.624	-	126.858
- Impairment (-)	(1.276)	-	-	-	-	-	(1.276)
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	6.385.763	819.210	1.448.796	213.585	261.065	-	9.128.419
Accumulated Depreciation at Period End (-)	894.097	138.544	1.006.198	88.051	251.021	-	2.377.911
Impairment (-)	2.153	-	-	-	-	-	2.153
Closing Net Book Value	5.489.513	680.666	442.598	125.534	10.044	-	6.748.355

17. 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.

18. Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets

None.

19. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	3.098	3.098	-	2.272	2.172	100
Goodwill	-	-	-	-	-	-
Intangible Rights	1.505.790	503.584	1.002.206	1.130.516	385.527	744.989
Total	1.508.888	506.682	1.002.206	1.132.788	387.699	745.089

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Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements :

None.

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition :

None.

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.

The book value of intangible fixed assets that are pledged or restricted for use :

None.

Amount of purchase commitments for intangible fixed assets :

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the unconsolidated financial statements.

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below.

	Current Period	Prior Period
Deferred Tax Assets	2.880.881	2.128.618
Deferred Tax Liabilities	2.633.473	980.007
Net Deferred Tax Assets/(Liabilities)	247.408	1.148.611
Net Deferred Tax Income/(Expense)	180.397	1.277.304

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	Current Period	Prior Period
Deferred Tax Asset	2.880.881	2.128.618
Stage 1 and 2 TFRS 9 Expected Loss Provisions	1.944.591	1.144.240
Reserve for Employee Benefits	301.808	345.317
Other	634.482	639.061
Deferred Tax Liabilities	2.633.473	980.007
Financial Assets Valuation Differences	1.907.474	579.273
Real Estate Valuation Difference	509.930	395.527
Other	216.069	5.207
Net Deferred Tax Asset	247.408	1.148.611

As of 31 December 2020, deferred tax income amounting to TL 180.397 (31 December 2019: TL 1.277.304 deferred tax income) in the expense statement, deferred tax expense amounting to TL 1.081.600 (31 December 2019: TL 1.674.686). is classified under shareholders' equity.

21. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	935	512
Banks and Receivables from Money Markets	387	322
Financial Assets Measured at Amortized Cost	4.008	2.369
Other assets	59.695	25.755
Total	65.025	28.958

22. Information on Other Assets

As of 31 December 2020, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits/Funds Collected

1.1. Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	47.445.710	-	7.101.407	86.333.174	20.458.566	2.696.747	5.249.838	209.210	169.494.652
Foreign Currency Deposits	84.598.180	-	22.682.226	97.260.057	15.375.465	10.563.076	33.073.118	10.170	263.562.292
Residents in Turkey	71.987.667	-	21.867.751	85.353.584	10.451.291	5.346.528	13.457.962	8.374	208.473.157
Residents on Abroad	12.610.513	-	814.475	11.906.473	4.924.174	5.216.548	19.615.156	1.796	55.089.135
Public Sector Deposits	9.612.544	-	17.703.596	10.564.284	648.670	96.690	74.892	-	38.700.676
Commercial Inst. Deposits	15.140.391	-	21.299.054	18.021.905	397.778	3.118.357	48.458	-	58.025.943
Other Inst. Deposits	2.869.693	-	2.764.170	15.201.005	605.124	396.468	284.547	-	22.121.007
Precious Metals Deposit	36.450.903	-	726.639	5.688.505	495.330	350.570	263.129	-	43.975.076
Interbank Deposits	2.224.762	-	18.607.137	5.636.556	2.147.238	3.491.271	1.887.598	-	33.994.562
The CBRT	1.026	-	-	-	-	-	-	-	1.026
Domestic Banks	217.688	-	18.589.118	45.050	-	-	1.801.788	-	20.653.644
Foreign Banks	1.426.482	-	18.019	5.591.506	2.147.238	3.491.271	85.810	-	12.760.326
Participation Banks	579.566	-	-	-	-	-	-	-	579.566
Other	-	-	-	-	-	-	-	-	-
Total	198.342.183	-	90.884.229	238.705.486	40.128.171	20.713.179	40.881.580	219.380	629.874.208

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Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	35.581.357	-	4.237.081	67.768.913	24.683.146	2.501.760	8.212.210	209.613	143.194.080
Foreign Currency Deposits	48.613.677	-	17.732.279	61.492.670	11.496.435	8.125.155	26.667.206	6.056	174.133.478
Residents in Turkey	39.834.641	-	16.446.344	50.992.758	7.259.895	3.793.055	8.458.349	4.746	126.789.788
Residents on Abroad	8.779.036	-	1.285.935	10.499.912	4.236.540	4.332.100	18.208.857	1.310	47.343.690
Public Sector Deposits	10.390.666	-	5.285.909	5.948.535	676.310	1.721.733	5.126	-	24.028.279
Commercial Inst. Deposits	10.681.697	-	15.446.366	14.937.802	583.115	2.627.321	501.315	-	44.777.616
Other Inst. Deposits	2.103.727	-	2.174.807	5.835.250	3.120.939	433.837	348.999	-	14.017.559
Precious Metals Deposit	13.116.231	-	150.419	1.867.099	212.200	143.416	130.731	-	15.620.096
Interbank Deposits	3.528.208	-	17.879.257	5.028.707	3.841.992	675.331	526.370	-	31.479.865
The CBRT	1.412	-	-	-	-	-	-	-	1.412
Domestic Banks	243.636	-	17.537.397	250.727	120.458	2.130	-	-	18.154.348
Foreign Banks	2.311.746	-	341.860	4.132.691	3.449.833	673.201	526.370	-	11.435.701
Participation Banks	971.414	-	-	645.289	271.701	-	-	-	1.888.404
Other	-	-	-	-	-	-	-	-	-
Total	124.015.563	-	62.906.118	162.878.976	44.614.137	16.228.553	36.391.957	215.669	447.250.973

1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	111.238.745	97.647.381	57.562.720	45.079.450
Foreign Currency Saving Deposits ⁽¹⁾	90.621.370	60.512.530	128.265.371	75.967.350
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	2.089.213	1.381.203	638.133	263.633
Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ Related deposit balances do not include foreign branches.⁽²⁾ B n Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 562.575 and TL 30.001 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2019: TL 227.092 and TL 16.176)

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 511 (31 December 2019: TL 536) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 1.508.273 (31 December 2019: TL 1.553.917) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

1.3. Information on Saving Deposits/Real Persons' Private Current And Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of The Bank Whose Head Office is Abroad, And Reasons if it is Covered in Where The Head Office is Located

The Bank's head office is located in Turkey.

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1.4. Saving Deposits of Real Persons which are Not Under the Guarantee of Saving Deposit Insurance Fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	5.865	39.051
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	32.513	20.948
Deposits Obtained through Illegal Acts Defined in the 282 nd 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. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	46.748	1.467	128.419	20.630
Swap Transactions	1.417.814	2.021.623	408.117	1.101.684
Futures Transactions	-	-	-	-
Options	-	-	-	8
Other	-	-	-	-
Total	1.464.562	2.023.090	536.536	1.122.322

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	1.063.233	4.891.638	4.088.885	3.576.251
Foreign Banks, Institutions and Funds	228.249	30.767.093	373.530	26.489.824
Total	1.291.482	35.658.731	4.462.415	30.066.075

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.062.458	3.671.112	4.088.115	1.682.486
Medium and Long-Term	229.024	31.987.619	374.300	28.383.589
Total	1.291.482	35.658.731	4.462.415	30.066.075

3.3. Further Information is Disclosed for the Areas Of Liability Concentrations. Main Liability Concentration Areas are Fund Suppliers, Sector Groups or other Risk Concentration Criteria

66,75% of the Bank's total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

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4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	92.831.730	-	28.801.883	-
Financial Institutions and Organizations	91.872.390	-	28.179.581	-
Other Institutions and Organizations	950.313	-	615.654	-
Real Person	9.027	-	6.648	-
From Overseas Operations	-	23.569.739	-	20.473.527
Financial Institutions and Organizations	-	23.569.739	-	20.473.527
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	92.831.730	23.569.739	28.801.883	20.473.527

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	-	2.268.570	279.678
Asset-Backed Securities	-	-	-	-
Treasury Bonds	1.010.690	13.343.843	1.010.690	9.547.088
Total	1.010.690	13.343.843	3.279.260	9.826.766

6. If Other Foreign Liabilities exceed 10% of The Total Balance Sheet, Names and Amounts of Sub Accounts That Make Up At Least 20% of These

Other foreign liabilities do not exceed 10% of the total balance sheet.

7. Information on Financial Lease Liabilities (Net)

Information on financial lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	36.216	18.549	23.822	12.856
Between 1-4 Years	584.944	318.521	521.476	270.506
More than 4 Years	751.894	484.915	646.786	338.398
Total	1.373.054	821.985	1.192.084	621.760

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1. Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables

There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2019: None).

9.2. Liabilities on Employee Benefits Provision

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9.2.1. Termination benefit and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2020, unpaid vacation liability amounted to TL 278.450 and employment termination amounted to TL 1.230.590 are presented under the "Employee Benefits Provision" in the financial statements (31 December 2019: unpaid vacation liability amounted to TL 265.511, and employment termination amounted to TL 1.038.524 are presented under the "Employee Benefits Provision" in the financial statements)

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2020 and 31 December 2019.

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL 7.663.184 as of 31 December 2019 (31 December 2019: TL 5.925.666).

	Current Period	Prior Period
Non Medical Assets	4.310.644	3.295.264
Actual and Technical Overrun	7.663.184	5.925.666

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

The CSO 1980 Female/Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	Current Period	Prior Period
Bank placements	87.668	1.209.299
Property and equipment	381.205	380.707
Marketable securities	3.831.575	1.645.168
Other	10.196	60.090
Total	4.310.644	3.295.264

9.3. Information on Other Provision

These financial statements include a free provision amounting to TL 3.460.000 which consist of TL 830.000 provided in prior periods and TL 2.630.000 recognized in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 40.750 for cash transfers made by Bank officials and other provision of TL 157 exist. The Bank has provided provision amounting to TL 1.852.945 for possible losses arising from the off-balance sheet items. (31 December 2019: These financial statements include a free provision amounting to TL 830.000 which consist of TL 952.000 provided in prior periods and TL 122.000 reversed in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 for cash transfers made by Bank officials and other provision of TL 217 exist. The Bank has provided provision amounting to TL 1.086.387 for possible losses arising from the off-balance sheet items in the current period).

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Regarding the Bank's lawsuit files, a total amount of TL 131.255 has been provided in the financial statements for lawsuits filed against the Bank for a total amount of TL 56.000 but not yet finalized (31 December 2019: For the lawsuits filed against the Bank amounting to TL 110.166, a provision of TL 42.600 has been provided in these financial statements for cases that are likely to result against the Bank but are not yet finalized).

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 December 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 943.399 (As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 939.810).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	943.399	939.810
Taxation on Income From Securities	268.092	340.458
Property Tax	1.663	3.059
Banking Insurance Transactions Tax (BITT)	248.321	250.846
Foreign Exchange Transactions Tax	19.803	7.251
Value Added Tax Payable	17.646	11.164
Other	113.887	127.132
Total	1.612.811	1.679.720

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums Employee	54	48
Social Security Premiums - Employer	72	65
Bank Social Aid Pension Fund Premium - Employee	17.743	15.201
Bank Social Aid Pension Fund Premium - Employer	26.008	22.271
Pension Fund Membership Fees and Provisions - Employee	2	1
Pension Fund Membership Fees and Provisions - Employer	4	1
Unemployment Insurance - Employee	1.274	1.093
Unemployment Insurance - Employer	2.549	2.187
Other	-	-
Total	47.706	40.867

10.2. Information on Deferred Tax Liability

The Bank does not have any deferred tax liability.

11. Information on liabilities related to non-current assets "held for sale" and "held from discontinued operations"

The Bank does not have any liabilities related to non-current assets "held for sale" and "held from discontinued operations".

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12. Information on Subordinated Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	13.048.197	-	9.565.957
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	13.048.197	-	9.565.957
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	13.048.197	-	9.565.957

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

13. Information on Shareholders' Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	13.100.000	6.100.000
Preferred stock	-	-

13.2. Amount of Paid-In Capital, Explanation As to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling

The Bank does not have a registered capital system.

13.3. Capital Increases and Sources in the Current Period and Other Information Based on Increased Capital Share

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Extraordinary General Assembly Meeting held on May 15, 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the said capital increase was made on 21 May 2020 based on the permission from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
21.05.2020	7.000.000	7.000.000	-	-

13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period

There is no share capital amount included in capital.

13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year and the Subsequent Interim Period

The Bank has no capital commitments.

13.6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators

In the current period, the Bank follows its operations in line with the previous periods. The Bank's balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to the Bank's performance and contributes to the profitability structure to be sustainable.

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13.7. Summary Information on Privileges Given to Shares Representing the Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	3.376.855	(941.492)	34.241	(172.810)
Valuation Difference	(108.006)	956.316	807.677	(1.165.565)
Foreign Exchange Difference	2.262.057	-	2.008.638	-
Total	5.530.906	14.824	2.850.556	(1.338.375)

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount Of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	14.083.382	13.596.736
Subsidiaries and Associates Capital Contribution Commitments	3.150	7.500
Loan Granting Commitments	14.668.990	11.845.018
Commitments for Cheque Payments	4.830.167	3.695.596
Commitments for Credit Card Expenditure Limits	44.590.857	24.220.013
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	68.631	36.161
Other Irrevocable Commitments	20.523.305	13.794.074
Total	98.768.482	67.195.098

1.2. A Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance Sheet Items Including the Below Mentioned

The Bank has provided provision amounting to TL 1.852.945 for possible losses arising from the off-balance sheet items in the current period. (31 December 2019: TL 1.086.387).

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter of Credits

	Current Period	Prior Period
Letters of Guarantee	110.741.419	91.260.564
Letters of Credit	23.274.697	19.392.291
Bank Acceptances	7.202.148	8.202.251
Endorsements	1.520.463	969.507
Total	142.738.727	119.824.613

1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions

	Current Period	Prior Period
Letters of Certain Guarantees	66.820.813	67.879.220
Letters of Advance Guarantees	19.339.621	15.303.379
Letters of Temporary Guarantees	3.293.464	2.456.525
Letters of Guarantees Given to Customs Offices	1.612.223	1.552.648
Other Letters of Guarantees	19.675.298	4.068.792
Total	110.741.419	91.260.564

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1.3 Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	16.698.879	441.107
With Original Maturity of One Year or Less	10.564.285	-
With Original Maturity of More than One Year	6.134.594	441.107
Other Non-Cash Loans	126.039.848	119.383.506
Total	142.738.727	119.824.613

1.3.2. Information on Sectoral Risk Concentrations Of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	451.192	1,05	378.956	0,38
Farming and Raising Livestock	283.192	0,66	159.616	0,16
Forestry	146.331	0,34	8.593	0,01
Fishing	21.669	0,05	210.747	0,21
Manufacturing	10.433.240	24,25	44.364.193	44,49
Mining and Quarrying	374.585	0,87	1.135.898	1,14
Production	6.783.422	15,77	37.674.545	37,78
Electric, Gas and Water	3.275.233	7,61	5.553.750	5,57
Construction	12.616.963	29,32	32.106.298	32,20
Services	19.053.531	44,28	22.213.447	22,28
Wholesale and Retail Trade	9.134.030	21,23	6.892.658	6,91
Hotel, Food and Beverage Services	403.148	0,94	1.102.649	1,11
Transportation and Telecommunication	2.522.527	5,86	5.574.855	5,59
Financial Institutions	5.086.029	11,82	6.671.352	6,69
Real Estate and Leasing Services	1.588.046	3,69	1.563.403	1,57
Self-employment Services	-	0,00	-	0,00
Education Services	177.732	0,41	213.787	0,21
Health and Social Services	142.019	0,33	194.743	0,20
Other	471.303	1,10	649.604	0,65
Total	43.026.229	100,00	99.712.498	100,00

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	Prior Period			
	TL	(%)	FC	(%)
Agricultural	362.811	0,93	44.030	0,05
Farming and Raising Livestock	250.180	0,64	28.348	0,04
Forestry	105.103	0,27	-	0,00
Fishing	7.528	0,02	15.682	0,02
Manufacturing	8.920.407	22,80	36.840.112	45,65
Mining and Quarrying	387.125	0,99	383.676	0,48
Production	5.134.524	13,12	32.293.329	40,01
Electric, Gas and Water	3.398.758	8,69	4.163.107	5,16
Construction	11.213.606	28,66	22.819.150	28,28
Services	18.136.756	46,36	20.278.129	25,13
Wholesale and Retail Trade	7.778.793	19,88	5.965.007	7,39
Hotel, Food and Beverage Services	266.125	0,68	874.047	1,08
Transportation and Telecommunication	1.830.472	4,68	4.463.028	5,53
Financial Institutions	6.549.033	16,74	7.540.363	9,34
Real Estate and Leasing Services	1.387.100	3,55	1.195.621	1,48
Self-employment Services	-	-	-	-
Education Services	175.154	0,45	143.574	0,18
Health and Social Services	150.079	0,38	96.489	0,12
Other	486.980	1,24	722.632	0,90
Total	39.120.560	100,00	80.704.053	100,00

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	41.887.834	95.805.519	935.984	3.419.026
Letters of Guarantee	40.708.789	65.144.068	935.984	3.263.915
Bank Acceptances	122.254	7.076.088	-	3.806
Letters of Credit	957.791	22.167.503	-	147.702
Endorsements	99.000	1.417.860	-	3.603
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-
Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	38.383.314	78.808.227	497.009	1.396.259
Letters of Guarantee	38.146.982	50.549.184	497.009	1.328.847
Bank Acceptances	9.724	8.167.548	-	24.979
Letters of Credit	226.608	19.121.988	-	42.433
Endorsements	-	969.507	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

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2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	303.682.548	208.996.455
Forward Transactions	7.061.086	10.273.424
Swap Transactions	295.321.384	198.692.497
Futures Transactions	1.300.078	-
Option Transactions	-	30.534
Interest Related Derivative Transactions (II)	54.425.306	44.356.644
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	54.425.306	44.356.644
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	358.107.854	253.353.099
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	358.107.854	253.353.099

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	(963.027)	1.397.739	94.501	-	269.733	798.946
- Inflow	110.395.923	32.819.889	7.737.887	1.972	1.285.076	152.240.747
- Outflow	(111.358.950)	(31.422.150)	(7.643.386)	(1.972)	(1.015.343)	(151.441.801)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	180.000	180.000	230.000	1.329.506	25.293.147	27.212.653
- Outflow	(180.000)	(180.000)	(230.000)	(1.329.506)	(25.293.147)	(27.212.653)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	110.575.923	32.999.889	7.967.887	1.331.478	26.578.223	179.453.400
Total Outflow	(111.538.950)	(31.602.150)	(7.873.386)	(1.331.478)	(26.308.490)	(178.654.454)

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	134.618	(25.604)	(88.462)	670.220	18.819	709.591
- Inflow	68.666.660	27.371.716	6.721.025	1.357.757	735.865	104.853.023
- Outflow	(68.532.042)	(27.397.320)	(6.809.487)	(687.537)	(717.046)	(104.143.432)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	40.000	-	387.353	597.136	21.153.833	22.178.322
- Outflow	(40.000)	-	(387.353)	(597.136)	(21.153.833)	(22.178.322)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	68.706.660	27.371.716	7.108.378	1.954.893	21.889.698	127.031.345
Total Outflow	(68.572.042)	(27.397.320)	(7.196.840)	(1.284.673)	(21.870.879)	(126.321.754)

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank's liability resulting from the cheques given to its customers amounts TL 4.830.167 (31 December 2019: TL 3.695.596).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on Services in the Name of Others

The Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS

1. Information on Interest Income

1.1. Information on Interest Income From Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	44.524.134	7.805.953	44.686.280	8.078.143
Short Term Loans	8.931.910	565.882	13.569.101	744.898
Medium and Long Term Loans	34.554.339	7.240.062	30.010.953	7.333.197
Interest on Loans Under Follow-up	1.037.885	9	1.106.226	48
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

⁽¹⁾ Includes fees and commissions income on cash loans.

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1.2. Information on Interest Income on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	91.929	-
From Domestic Banks	8.785	1.083	143.121	315
From Foreign Banks	29.151	19.082	36.110	34.282
From Headquarters and Branches Abroad	-	-	-	-
Total	37.936	20.165	271.160	34.597

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	172.138	1.520	10.270	2.193
Fair Value Through Other Comprehensive Income	11.038.299	3.230.474	8.866.484	1.736.633
Financial Assets Measured at Amortized Cost	1.376.172	877.362	779.495	571.033
Total	12.586.609	4.109.356	9.656.249	2.309.859

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	201.537	211.930

2. Information on Interest Expense

2.1. Information of Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	235.781	955.261	460.458	1.211.656
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	177.170	165.807	382.417	197.718
Foreign Banks	58.611	789.454	78.041	1.013.938
From Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	235.781	955.261	460.458	1.211.656

⁽¹⁾ Includes fees and commissions expenses on cash loans.

2.2. Information on Interest Expense Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	223.796	417.031

2.3. Information on Interest Expense Given on Securities Issued

	Current Period		Prior Period	
	TP	YP	TP	YP
Interest Expenses on Securities Issued	344.241	1.251.731	476.475	889.893

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2.4. Maturity Structure of the Interest Expense on Deposits

Current Period	Time Deposit							Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year			
Account Name									
TL									
Bank Deposit	-	1.830.715	1.389	-	213	-	-	-	1.832.317
Saving Deposit	-	580.349	7.329.853	2.792.555	245.241	968.984	20.833	-	11.937.815
Public Sector Deposit	370	1.524.894	519.449	51.872	101.730	997	-	-	2.199.312
Commercial Deposit	107	1.706.675	1.801.740	44.309	439.636	66.588	-	-	4.059.055
Other Deposit	-	218.825	805.540	129.481	78.433	23.970	-	-	1.256.249
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	-
Total	477	5.861.458	10.457.971	3.018.217	865.253	1.060.539	20.833	-	21.284.748
FC									
Foreign Currency Deposit	1.807	144.296	896.444	76.051	79.208	255.069	7	-	1.452.882
Bank Deposit	11	8.166	20.897	6.753	8.646	5.060	-	-	49.533
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	2.136	17.692	1.824	1.796	1.467	-	-	24.915
Total	1.818	154.598	935.033	84.628	89.650	261.596	7	-	1.527.330
Grand Total	2.295	6.016.056	11.393.004	3.102.845	954.903	1.322.135	20.840	-	22.812.078

Prior Period	Time Deposit							Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year			
Account Name									
TL									
Bank Deposit	-	2.624.072	14.767	4.175	460	472	-	-	2.643.946
Saving Deposit	-	414.983	11.072.591	2.838.615	495.788	1.029.784	15.788	-	15.867.549
Public Sector Deposit	447	651.244	668.045	124.280	308.701	549	-	-	1.753.266
Commercial Deposit	151	1.214.003	1.838.997	137.096	688.646	55.333	-	-	3.934.226
Other Deposit	7	178.665	600.542	464.480	185.552	87.793	-	-	1.517.039
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	-
Total	605	5.082.967	14.194.942	3.568.646	1.679.147	1.173.931	15.788	-	25.716.026
FC									
Foreign Currency Deposit	996	306.557	1.124.798	135.057	117.840	390.209	6	-	2.075.463
Bank Deposit	22	144.849	10.597	16.859	4.842	8.762	-	-	185.931
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	430	8.850	1.030	568	704	-	-	11.582
Total	1.018	451.836	1.144.245	152.946	123.250	399.675	6	-	2.272.976
Grand Total	1.623	5.534.803	15.339.187	3.721.592	1.802.397	1.573.606	15.794	-	27.989.002

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3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	6.727	17.522
Other ⁽¹⁾	1.112.526	1.042.835
Total	1.119.253	1.060.357

⁽¹⁾ Shows the Bank's dividend income from subsidiaries, associates and entities under common control.

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	190.732.979	90.559.608
Trading Gains on Securities	4.012.272	225.185
Gains on Derivative Financial Transactions	5.533.538	3.097.116
Foreign Exchange Profits	181.187.169	87.237.307
Loss (-)	198.476.446	98.377.101
Trading Losses on Securities	40.374	5.748
Losses on Derivative Financial Instruments	10.670.577	11.581.015
Foreign Exchange Loss	187.765.495	86.790.338

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 4.280.768 and income from sales of assets amounting to TL 231.150 (31 December 2019: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 971.605 and income from sales of assets amounting to TL 123.539).

6. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provisions	10.690.951	6.313.395
12 Month Expected Credit Loss (Stage 1)	1.339.654	594.391
Significant Increase in Credit Risk (Stage 2)	5.505.372	1.298.404
Non-Performing Loans (Stage 3)	3.845.925	4.420.600
Marketable Securities Impairment Expense	49	767
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	49	767
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other ⁽¹⁾	2.648.348	110.999
Total	13.339.348	6.425.161

⁽¹⁾ Includes free provision expense amounting to TL 2.630.000 in the current period (31 December 2019: None) (Note II.9.3 of Section Five).

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7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	279.623	185.213
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	137
Depreciation Expenses of Tangible Assets	443.753	407.929
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	108.831	91.153
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	3.940.239	2.823.711
Leasing Expenses Related to TFRS 16 Exceptions	80.697	115.491
Maintenance Expenses	129.702	108.394
Advertisement Expenses	236.339	256.703
Other Expenses	3.493.501	2.343.123
Loss on Sales of Assets	3.489	21.866
Other ⁽¹⁾	2.919.460	2.694.803
Total	7.695.395	6.224.812

⁽¹⁾ TL 1.353.383 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 968.658 consists of taxes, duties and charges expense (31 December 2019: TL 962.372 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 865.671 consists of taxes, duties and charges expense).

8. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	34.614.500	25.312.006
Net Fees and Commissions Income	3.092.735	3.589.771
Other Operating Income	5.181.957	1.613.869
Dividend Income	1.119.253	1.060.357
Trading Profit/Loss (Net)	(7.743.467)	(7.817.493)
Personnel Expenses (-)	4.396.112	3.460.423
Expected Credit Loss (-)	10.690.951	6.313.395
Other Provision Expenses (-)	2.648.397	111.766
Other Operating Expenses (-)	7.695.395	6.224.812
Profit/(Loss) From Continuing Operations	10.834.123	7.648.114

9. Information on Tax Provision for Continued and Discontinued Operations

As of 31 December 2020, TL 3.009.104 of the Bank's total tax provision expense amounting to TL 3.189.501 consists of current tax expense while remaining balances amounting to TL 180.397 consists of deferred tax expense. (As of 31 December 2019, TL 1.461.226 of the Bank's total tax provision expense amounting to TL 2.738.530 consists of current tax expense while remaining balances amounting to TL 1.277.304 consists of deferred tax income).

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10. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations

The Bank's net operating income after tax amounts to TL 7.825.019 (31 December 2019: TL 6.186.888).

11. Information on Net Profit/Loss

11.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Bank in The Current Period

The Bank, mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations and insurance agencies.

11.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period

12. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The "Other" statement under the "Fees and Commission Income" in the Profit or Loss Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

1. Explanations on the Issuance of Shares

The decision to increase the capital to TL 13.100.000 was approved at the Extraordinary General Assembly meeting of the Bank held on 15 May 2020, the capital increase and the related amendment made in the related article of the Articles of Association was registered on 21 May 2020, and It was announced in the Trade Registry Gazette numbered 10084. The accounting of the said capital increase was realized on 21 May 2020, based on the permission obtained from the BRSA.

2. Explanations on Profit Distribution:

According to the Bank's Ordinary General Assembly Meeting dated 12 June 2020; in accordance with Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; after deducting the deferred tax income amounting to TL 1.277.304 from the net profit of TL 6.186.888 in accordance with the Circular No. 2004/3 of the BRSA, 5% (245.479 TL) of the remaining legal reserve has been set aside, the remaining 4.909.584 TL has been allocated to the Bank. From 222,285 TL arising from real estate valuation differences and being monitored in previous years profit as per TAS 16, the tax provision amount is 48,903 TL, real estate sales revenue exception calculated in accordance with the VUK within the scope of the 5/1-e clause of the Corporate Tax Law no. After deducting 50% of its base, 72.102 TL, allocating 5% of legal reserves over the remaining 101.280 TL (5.064 TL), transferring the remaining 96.216 TL to extraordinary reserves, 72.102 TL which is 50% of the real estate sales profit exception and which should be monitored in a special fund account. is decided to transfer to other reserves.

The Bank plans to distribute its profit in 2020 in line with its articles of association. However, as of the date of preparation of the financial reports, no decision has been taken regarding profit distribution.

3. Profit Reserves:

As of the balance sheet date, profit reserves amount to TL 58.398.544, legal reserves amount to TL 5.000.726 extraordinary reserves amount to TL 53.397.818. (31 December 2019: As of the balance sheet date, profit reserves amount to TL 52.110.376, legal reserves amount to TL 4.750.183 extraordinary reserves amount to TL 47.360.193).

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VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the "Other" items and "The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent" item in the Cash Flow Statement:

Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL 14.474.641 gain is composed mainly from interest received from loans and securities amounting to TL 65.352.951 and interest paid to deposit and money market operations which is amounting to TL 34.636.969 Other earnings consists primarily net fee, commission income and other operation gains.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 411.229 expense as of 31 December 2020.

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	6.696.663	3.538.007
Central Bank of the Republic of Turkey and Other Banks	21.137.280	19.851.722
Money Market Operations	328.596	-
Total Cash and Cash Equivalents	28.162.539	23.389.729
Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	4.967.159	6.696.663
Central Bank of the Republic of Turkey and Other Banks	29.673.828	21.137.280
Money Market Operations	206.435	328.596
Total Cash and Cash Equivalents	34.847.422	28.162.539

VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

1. Information on the Volume of Transactions Relating to the Bank's Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period

1.1. Information on Loans of the Bank's Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	2.388.776	3.494.739	-	-	-	-
Ending Balance	2.513.483	7.410.848	-	-	-	-
Interest and Commissions Income	201.537	1.247	-	-	-	-
Prior Period	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	2.535.527	5.669.093	-	-	-	-
Ending Balance	2.388.776	3.494.739	-	-	-	-
Interest and Commissions Income ⁽¹⁾	212.123	1.515	-	-	-	-

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1.2. Information on Deposits of the Bank's Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	3.724.118	2.711.172	-	-	-	-
Ending Balance	1.674.595	3.724.118	-	-	-	-
Interest Expense on Deposits ⁽¹⁾	223.796	417.031	-	-	-	-

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Bank's Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through Profit or Loss						
Beginning Balance	1.161.358	1.209.831	-	-	-	-
Ending Balance	1.126.974	1.161.358	-	-	-	-
Total Profit/Loss	129.773	(55.620)	-	-	-	-
Risk Protection Oriented Processes						
Beginning Balance	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

1.4. Information Regarding Benefits Provided to the Bank's Key Management

Fees paid to the Bank's key management amount to TL 15.035 (31 December 2019: TL 12.480).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.'s 39.3% shares were taken over from T. Vakıflar Bankası TAO, and the share of the Bank increased from 32.4% to 71.7%. The transfer transaction was registered on 12 January 2021 and announced in the Trade Registry Gazette dated 15 January 2021 and numbered 102462.

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IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the Bank's Domestic and Foreign Branches and Foreign Representatives of The Bank

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.728	24.585			
			Country of Incorporation		
Foreign Representative Office ⁽²⁾	1	-	1- Iran		
				Total Assets	Statutory Share Capital
Foreign Branch ⁽²⁾	1	4	1- England	10.743.849	512.399
	4	3	2- Bulgaria	1.380.759	128.025
	2	4	3- Iraq	1.041.526	367.165
	3	4	4- Greece	1.066.034	297.267
	1	3	5- Saudi Arabia	560.747	110.150
	4	-	6- Kosovo	734.619	90.081
	8	32	7- T.R. of Northern Cyprus	4.003.494	285.730
	1	3	8- Bahrain	24.881.615	36.717
Off-Shore Banking Region Branches	-	-	-	-	-

⁽¹⁾ Includes the employees of the domestic branches, including the employees of head office and regional management.

⁽²⁾ Excluding the local employees of the foreign branches.

2. Information on The Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of The Bank:

In 2020, 1 new branch was opened in the country and 7 branches were closed.

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investors Service: December 2020

Outlook	Negative
Long term Foreign Currency Deposit	B2
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B2
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B2
Long term Issuer Rating Domestic Currency	B2
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

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Fitch Ratings: September 2020

Foreign Currency Long Term IDR	B+
Outlook	Negative
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	BB-
Outlook	Negative
Local Currency Short Term IDR	B
National Long Term Rating	AA
Outlook	Stable
Support Rating	4
Support Rating Floor	B
Viability Rating	b+

JCR Eurasia: December 2020

Long Term International FC	BB+
Outlook	Negative
Long Term International LC	BB+
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term International FC	B
Outlook	Negative
Short Term International LC	B
Outlook	Negative
Short Term National LC	A-1+ (Trk)
Sponsor Support	1
Stand Alone	A

II. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements prepared as of 31 December 2020 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and presented preceding the unconsolidated financial statements of independent auditors' report dated 19 February 2021.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
 STATEMENTS AND RELATED DISCLOSURES
 AT 31 DECEMBER 2020 WITH AUDITOR'S REPORT**

(Convenience Translation of Consolidated Financial Statements and Related Disclosures Originally Issued in Turkish, See Note I. of Section Three)

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi:

A. Audit of the consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2020, consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the 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 Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2020 include a free provision amounting to TL 3.505.000 thousand which consist of TL 910.000 thousand provided in prior periods, TL 2.630.000 thousand recognized in the current year and TL 35.000 thousand reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified 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 consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Group has total expected credit losses for loans and receivables amounting to TL 662.656.151 thousand in respect to total loans and receivables amounting to TL 21.022.688 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2020. Explanations and notes related to expected credit losses provisions for loans and receivables are presented Section Three VII, Section Three VIII, Section Four II, Section Four VIII-3, Section Five 1.7 and Section Five II-9 in the accompanying consolidated financial statements as at 31 December 2020.</p> <p>The Group recognizes provision for impairment in accordance with "IFRS 9 Financial Instruments" ("IFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The effects of the COVID-19 outbreak increased the importance of these estimates and assumptions used by the Group's management in determining the loan loss provisions as of 31 December 2020, and the uncertainties caused by these effects were taken into account in the calculation of expected credit loss using expert opinion.</p>	<p>With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group including the effects of COVID-19 outbreak within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Group with IFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations including the effects of the COVID-19 pandemic, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations including the effects of the COVID-19 outbreak with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked selected models used in determination of provisions for various loans and receivables portfolios with our financial risk experts by reperforming on a sample selection basis.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>The Group uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>For a selected sample of loans and receivables, we checked expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness including areas affected by uncertainties caused by COVID-19 via communications with management.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Group's determination of staging for credit risk for loans and receivables within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</p>

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Pension funds</p> <p>Explanations on Valuation of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund ("TZHEMSAN") Foundation are presented in the Section Three XVI in the accompanying consolidated financial statements as at 31 December 2020.</p> <p>TZHEMSAN foundation ("Fund") is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. Evaluation of Fund liabilities include uncertainty of estimates and assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. The Bank's management uses external actuaries for the purpose of valuations of Fund obligations.</p> <p>During our audit, above mentioned fundamental assumption and estimates used in calculations of Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation of Fund obligations. In addition, we verified the existence and values of the Fund assets on a sample basis.</p> <p>We examined whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and regulations related to valuations exist, and tested significant changes.</p> <p>Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures, we have checked the disclosures made with respect to Fund obligations in the consolidated financial statements.</p>

4. Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2019 was audited by another auditor who expressed a qualified opinion based on the reason represented in the section "Basis for the Qualified Conclusion" above thereon on 25 February 2020.

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

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

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

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

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the 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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

INDEPENDENT AUDITOR'S REPORT

(Convenience Translation into English of Independent Auditor's Report Originally Issued in Turkish (See Note I of Section Three))

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

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

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

Didem Demer Kaya, SMMM
Partner
Istanbul, 19 February 2021

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2020

(Convenience Translation of Publicly Announced Consolidated Financial Statements and Related Disclosures with Auditor's Report Originally Issued In Turkish, See Note I. Of Section Three)

The Bank's Headquarter Address : Hacıbayram Mahallesi Atatürk Bulvarı No: 8 06050-Altındağ/ANKARA
Phone : (312) 584 20 00
Facsimile : (312) 584 49 63
Website : www.ziraatbank.com.tr

The consolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section 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
- INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND DISCLOSURES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDITOR'S REPORT

Within the framework of this financial report, our consolidated financial statements of subsidiaries, associates and entities under common control are as follows:

DOMESTIC SUBSIDIARIES

Ziraat Yatırım Menkul Değerler A.Ş.
Ziraat Portföy Yönetimi A.Ş.
Ziraat Katılım Bankası A.Ş.
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

FOREIGN SUBSIDIARIES

Ziraat Bank International AG
Ziraat Bank BH d.d.
Ziraat Bank (Moscow) JSC
Kazakhstan Ziraat International Bank
Ziraat Bank Azerbaycan ASC
Ziraat Bank Montenegro AD
JSC Ziraat Bank Georgia
Ziraat Bank Uzbekistan JSC
ENTITIES UNDER COMMON CONTROL
Turkmen Turkish Joint Stock Commercial Bank

ASSOCIATES

Arap Türk Bankası A.Ş.

The accompanying consolidated financial statements and notes to these financial statements for the year ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board,
CEO

Feyzi ÇUTUR
Member of the Board,
Member of the Audit Committee

Mahmut KAÇAR
Member of the Board,
Member of the Audit Committee

Bilgehan KURU
Executive Vice President of
Financial Management

Neslihan ARAS
Senior Vice President of Financial
Coordination

For the questions regarding this financial report, contact details of the personnel in charge are presented below:

Name/Title : Serkan ÖZKAN/Financial Statements and Budget Analysis Manager
Telephone Number : 0312 584 59 32
Fax Number : 0312 584 59 38

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TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("Ziraat Bankası" or "The Parent Bank") is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. All shares of the Parent Bank, which was given the authority to perform all banking activities, belonged to the Republic of Turkey Prime Ministry Undersecretariat of Treasury ("Treasury") transferred to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Parent Bank's head office is located in Ankara.

II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO

The total share capital of the Bank is TL 13.100.000. This capital is divided into 13.100.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Bank's sole shareholder is the Turkish Wealth Fund.

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Ordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA.

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Veysi KAYNAK ⁽¹⁾	Vice President and Member
Faruk ÇELİK	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Mehmet Nihat ÖMEROĞLU	Member
Serruh KALELİ	Member
Yusuf BİLMEZ	Member
Audit Committee Members	
Feyzi ÇUTUR	Member
Mahmut KAÇAR ⁽²⁾	Member
Executive Vice Presidents	
Ali KIRBAŞ	Digital Solutions, Operation and Communication
Alpaslan ÇAKAR	Retail Banking-2
Bilgehan KURU	Financial Management
Musa ARDA	Corporate Banking
Süleyman TÜRETKEN	Retail Banking-1
Yüksel CESUR	Internal Systems

⁽¹⁾ At the Ordinary General Assembly meeting of the Parent Bank held on 12 June 2020, he was appointed in place of Yusuf Dağcan and started his duty as of 16 June 2020

⁽²⁾ At the Ordinary General Assembly meeting of the Parent Bank held on 12 June 2020, he was appointed in place of Yusuf Bilmez and started his duty as of 12 June 2020.

The Parent Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Parent Bank.

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Turkish Wealth Fund	13.100.000	100	13.100.000	-

The Parent Bank's sole shareholder is the Turkish Wealth Fund.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. SUMMARY INFORMATION ON THE PARENT BANK'S ACTIVITIES AND SERVICES

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent Bank can perform all sorts of operations, without prejudice to the provisions of banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the registry office.

As of 31 December 2020, the Parent Bank carries its activities with a grand total of 1.752 branches; 1.728 domestic branches including 19 corporate branches, 65 entrepreneurial branches, 1.639 branches and 5 mobile branches (31 December 2019: 1.734 domestic branches including 1.643 branches, 19 corporate branches, 67 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

The Parent Bank and the consolidated subsidiaries in Note III of Section Three are referred to 'Group' as a whole.

As of 31 December 2020, the Group has 27.161 employees (31 December 2019: 27.168).

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Bank, and Turkmen Turkish Joint Stock Commercial Bank, entity under common control of the Bank, is accounted by using equity method in the consolidated financial statements of the Bank.

Since Ziraat Teknoloji A.Ş., Onko İlaç Sanayi ve Ticaret A.Ş., Koçsel İlaç Sanayi ve Ticaret A.Ş. and Rinerji Rize Elektrik Üretim A.Ş. are non-financial subsidiaries of the Bank, are not consolidated in the consolidated financial statements of the Parent Bank in accordance with "Communiqué of the Preparation Consolidated Financial Statements. Since Platform Ortak Kartlı Sistemler A.Ş., Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. and Keskinöğlü Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş. are non-financial associates of the Bank, carried at cost, are not consolidated in the consolidated financial statements. Subsidiaries other than these are within the scope of full consolidation. Since Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., ZG Tarım ve Hayvancılık Yatırımları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. -a subsidiary of Parent Bank- are non-financial subsidiaries; and since ZY Elektrikli Traktör San. ve Tic. A.Ş. and MESA İmalat Sanayi ve Ticaret A.Ş., which are associates of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. are non-financial associates, are not consolidated in the consolidated financial statements.

VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Statement of Financial Position) - Assets
- II. Consolidated Balance Sheet (Statement of Financial Position) - Liabilities
- III. Consolidated Statement of Off-Balance Sheet Commitments
- IV. Consolidated Statement of Profit or Loss
- V. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- VI. Consolidated Statement of Changes in Shareholders' Equity
- VII. Consolidated Statement of Cash Flows
- VIII. Consolidated Statement of Profit Distribution

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 December 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (NET)		121.644.985	190.978.231	312.623.216	83.583.457	98.441.926	182.025.383
1.1 Cash and Cash Equivalents		9.547.307	95.419.691	104.966.998	3.565.469	60.244.783	63.810.252
1.1.1 Cash and Balances with Central Bank	(1)	8.366.406	86.579.819	94.946.225	2.947.625	52.864.641	55.812.266
1.1.2 Banks	(4)	581.355	8.848.805	9.430.160	131.072	7.251.813	7.382.885
1.1.3 Money Market Receivables		603.790	-	603.790	487.812	133.957	621.769
1.1.4 Expected Loss Provision (-)		4.244	8.933	13.177	1.040	5.628	6.668
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	14.810.177	543.939	15.354.116	1.932.117	145.007	2.077.124
1.2.1 Government Debt Securities		13.782.465	9.300	13.791.765	1.898.894	7.310	1.906.204
1.2.2 Equity Investments		16.486	527.069	543.555	23	-	23
1.2.3 Other Financial Assets		1.011.226	7.570	1.018.796	33.200	137.697	170.897
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	94.339.957	92.900.367	187.240.324	76.790.107	36.553.163	113.343.270
1.3.1 Government Debt Securities		89.811.384	91.006.417	180.817.801	74.042.653	35.560.304	109.602.957
1.3.2 Equity Investments		242.135	31.702	273.837	140.393	399.984	540.377
1.3.3 Other Financial Assets		4.286.438	1.862.248	6.148.686	2.607.061	592.875	3.199.936
1.4 Derivative Financial Assets	(3)	2.947.544	2.114.234	5.061.778	1.295.764	1.498.973	2.794.737
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.947.544	2.114.234	5.061.778	1.295.764	1.498.973	2.794.737
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		484.765.513	187.483.096	672.248.609	334.985.276	153.648.840	488.634.116
2.1 Loans	(7)	489.100.046	168.409.928	657.509.974	342.521.224	138.437.666	480.958.890
2.2 Lease Receivables	(12)	2.851.377	2.294.800	5.146.177	1.531.983	2.136.768	3.668.751
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	12.466.614	18.153.867	30.620.481	4.480.563	13.691.052	18.171.615
2.4.1 Government Debt Securities		12.379.588	18.095.133	30.474.721	4.395.402	13.664.560	18.059.962
2.4.2 Other Financial Assets		87.026	58.734	145.760	85.161	26.492	111.653
2.5 Expected Credit Loss (-)		19.652.524	1.375.499	21.028.023	13.548.494	616.646	14.165.140
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(15)	5.336.119	-	5.336.119	6.965.298	165	6.965.463
3.1 Held for Sale Purpose		5.336.119	-	5.336.119	6.965.298	165	6.965.463
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.277.395	207.948	1.485.343	589.172	137.914	727.086
4.1 Associates (Net)	(9)	550.810	3.445	554.255	282.244	2.584	284.828
4.1.1 Associates Valued Based on Equity Method		293.250	-	293.250	271.526	-	271.526
4.1.2 Unconsolidated Associates		257.560	3.445	261.005	10.718	2.584	13.302
4.2 Subsidiaries (Net)	(10)	726.585	9.541	736.126	306.928	-	306.928
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		726.585	9.541	736.126	306.928	-	306.928
4.3 Entities under Common Control (Joint Ventures) (Net)	(11)	-	194.962	194.962	-	135.330	135.330
4.3.1 Joint Ventures Valued Based on Equity Method		-	194.962	194.962	-	135.330	135.330
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(16)	11.099.870	403.960	11.503.830	7.516.783	271.515	7.788.298
VI. INTANGIBLE ASSETS (Net)	(19)	1.147.667	66.466	1.214.133	884.317	50.831	935.148
6.1 Goodwill		-	-	-	30.723	-	30.723
6.2 Other		1.147.667	66.466	1.214.133	853.594	50.831	904.425
VII. INVESTMENT PROPERTY (Net)	(14)	477.790	-	477.790	-	-	-
VIII. CURRENT TAX ASSET		23.394	5.688	29.082	20.386	5.083	25.469
IX. DEFERRED TAX ASSET	(20)	856.992	5.120	862.112	1.191.444	123	1.191.567
X. OTHER ASSETS (Net)	(22)	9.414.878	3.337.809	12.752.687	3.856.278	1.572.417	5.428.695
TOTAL ASSETS		636.044.603	382.488.318	1,018.532.921	439.592.411	254.128.814	693.721.225

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 December 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	331.229.660	363.608.580	694.838.240	250.892.192	229.036.334	479.928.526
II. FUNDS BORROWED	(3)	1.393.770	35.774.781	37.168.551	1.667.904	32.590.533	34.258.437
III. MONEY MARKETS BORROWINGS	(4)	94.932.803	23.569.739	118.502.542	28.821.018	20.473.527	49.294.545
IV. SECURITIES ISSUED (Net)	(5)	5.027.603	13.346.012	18.373.615	5.761.229	9.831.892	15.593.121
4.1 Bills		-	-	-	2.267.540	279.678	2.547.218
4.2 Asset Backed Securities		4.017.250	-	4.017.250	2.482.999	-	2.482.999
4.3 Bonds		1.010.353	13.346.012	14.356.365	1.010.690	9.552.214	10.562.904
V. FUNDS	(6)	6.053.060	-	6.053.060	6.066.464	-	6.066.464
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.053.060	-	6.053.060	6.066.464	-	6.066.464
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	1.464.562	2.022.399	3.486.961	536.555	1.115.646	1.652.201
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.464.562	2.022.399	3.486.961	536.555	1.115.646	1.652.201
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(7)	879.435	121.928	1,001.363	668.204	104.471	772.675
X. PROVISIONS	(9)	7.265.341	245.485	7,510.826	3,571.025	539.769	4,110.794
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1,569.882	7193	1,577.075	1,704.127	4,823	1,708.950
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		5,695.459	238.292	5,933.751	1,866.898	534.946	2,401.844
XI. CURRENT TAX LIABILITY	(10)	1,769.112	6,951	1,776.063	1,857.191	8,489	1,865.680
XII. DEFERRED TAX LIABILITY	(10)	-	7,128	7,128	34,153	5,019	39,172
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	3,061.224	-	3,061.224
13.1 Held for Sale Purpose		-	-	-	3,061.224	-	3,061.224
13.2 Held from Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	13,816.234	13,816.234	-	10,103.295	10,103.295
14.1 Loans		-	768.037	768.037	-	537.338	537.338
14.2 Other Debt Instruments		-	13,048.197	13,048.197	-	9,565.957	9,565.957
XV. OTHER LIABILITIES	(6)	15,978.625	4,946.160	20,924.785	9,438.934	3,308.655	12,747.589
XVI. SHAREHOLDERS' EQUITY	(13)	93,066.833	2,006.720	95,073.553	74,397.428	(169,926)	74,227.502
16.1 Paid-in capital		13,100.000	-	13,100.000	6,100.000	-	6,100.000
16.2 Capital Reserves		(17,745)	-	(17,745)	(571)	-	(571)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(17,745)	-	(17,745)	(571)	-	(571)
16.3 Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		5,619.524	(32,697)	5,586.827	3,885.618	303,466	4,189,084
16.4 Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		3,563.047	956,629	4,519,676	3,613,096	(1,160,736)	2,452,360
16.5 Profit Reserves		57,638,040	1,082,788	58,720,828	51,637,732	687,344	52,325,076
16.5.1 Legal Reserves		5,111,485	33,686	5,145,171	5,049,462	40,119	5,089,581
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		52,389,601	36,080	52,425,681	46,497,385	34,521	46,531,906
16.5.4 Other Profit Reserves		136,954	1,013,022	1,149,976	90,885	612,704	703,589
16.6 Profit or (Loss)		13,159,432	-	13,159,432	9,158,560	-	9,158,560
16.6.1 Prior Periods' Profit or (Loss)		3,507,980	-	3,507,980	1,801,735	-	1,801,735
16.6.2 Current Period Profit or (Loss)		9,651,452	-	9,651,452	7,356,825	-	7,356,825
16.7 Minority Interest		4,535	-	4,535	2,993	-	2,993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		559,060,804	459,472,117	1,018,532,921	386,773,521	306,947,704	693,721,225

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period			Prior Period		
			31 December 2020			31 December 2019		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		202.622.377	429.001.864	631.624.241	144.394.170	313.003.820	457.397.990
I.	GUARANTEES AND WARRANTIES	(1),(3)	50.318.190	109.735.813	160.054.003	44.163.692	87.532.468	131.696.160
1.1	Letters of Guarantee		48.991.834	75.714.828	124.706.662	43.893.079	57.274.344	101.167.423
1.1.1	Guarantees Subject to State Tender Law		1.463.827	16.510.251	17.974.078	1.164.794	13.635.508	14.800.302
1.1.2	Guarantees Given for Foreign Trade Operations		41.641.970	37.911.310	79.553.280	37.831.479	39.002.599	76.834.078
1.1.3	Other Letters of Guarantee		5.886.037	21.293.267	27.179.304	4.896.806	4.636.237	9.533.043
1.2	Bank Acceptances		122.254	7.088.274	7.210.528	9.724	8.211.786	8.221.510
1.2.1	Import Letter of Acceptance		122.254	7.087.381	7.209.635	6.517	8.206.747	8.213.264
1.2.2	Other Bank Acceptances		-	893	893	3.207	5.039	8.246
1.3	Letters of Credit		997.868	23.665.410	24.663.278	255.679	20.137.357	20.393.036
1.3.1	Documentary Letters of Credit		997.868	23.562.686	24.560.554	255.679	20.071.463	20.327.142
1.3.2	Other Letters of Credit		-	102.724	102.724	-	65.894	65.894
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		99.000	1.421.463	1.520.463	-	969.507	969.507
1.5.1	Endorsements to the Central Bank of Turkey		99.000	1.421.463	1.520.463	-	969.507	969.507
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		98.155	1.841.367	1.939.522	-	939.474	939.474
1.9	Other Collaterals		9.079	4.471	13.550	5.210	-	5.210
II.	COMMITMENTS		78.266.567	29.605.559	107.872.126	53.014.691	19.903.469	72.918.160
2.1	Irrevocable Commitments	(1),(3)	78.266.567	21.595.365	99.861.932	53.014.691	14.823.869	67.838.560
2.1.1	Asset Purchase Commitments		96.533	14.155.920	14.252.453	2.134.231	11.571.249	13.705.480
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	7.500	-	7.500
2.1.4	Loan Granting Commitments		14.666.903	63.612	14.730.515	11.842.898	32.819	11.875.717
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques Payments		5.098.792	83	5.098.875	3.852.919	24	3.852.943
2.1.8	Tax and Fund Liabilities from Export Commitments		16.428	-	16.428	11.509	-	11.509
2.1.9	Commitments for Credit Card Limits		44.638.928	38.696	44.677.624	24.220.013	25.292	24.245.305
2.1.10	Commitments for Credit Cards and Banking Services Promotions		68.632	-	68.632	36.161	-	36.161
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		13.677.201	7.337.054	21.014.255	10.909.460	3.194.485	14.103.945
2.2	Revocable Commitments		-	8.010.194	8.010.194	-	5.079.600	5.079.600
2.2.1	Revocable Loan Granting Commitments		-	205.122	205.122	-	216.573	216.573
2.2.2	Other Revocable Commitments		-	7.805.072	7.805.072	-	4.863.027	4.863.027
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	74.037.620	289.660.492	363.698.112	47.215.787	205.567.883	252.783.670
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period			Prior Period		
			31 December 2020			31 December 2019		
			TL	FC	Total	TL	FC	Total
3.1.1	Fair Value Hedges		-	-	-	-	-	-
3.1.2	Cash Flow Hedges		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		74.037.620	289.660.492	363.698.112	47.215.787	205.567.883	252.783.670
3.2.1	Forward Foreign Currency Buy/Sell Transactions		2.355.332	2.663.655	5.018.987	3.859.858	4.325.518	8.185.376
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.527.355	1.008.721	2.536.076	1.631.241	2.449.973	4.081.214
3.2.1.2	Forward Foreign Currency Transactions-Sell		827.977	1.654.934	2.482.911	2.228.617	1.875.545	4.104.162
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		71.018.140	286.360.907	357.379.047	43.353.905	201.213.855	244.567.760
3.2.2.1	Foreign Currency Swap-Buy		6.051.965	145.831.548	151.883.513	1.417.227	99.048.727	100.465.954
3.2.2.2	Foreign Currency Swap-Sell		63.436.175	87.634.053	151.070.228	41.796.678	57.948.484	99.745.162
3.2.2.3	Interest Rate Swap-Buy		765.000	26.447.653	27.212.653	70.000	22.108.322	22.178.322
3.2.2.4	Interest Rate Swap-Sell		765.000	26.447.653	27.212.653	70.000	22.108.322	22.178.322
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	2.024	28.510	30.534
3.2.3.1	Foreign Currency Options-Buy		-	-	-	1.012	14.255	15.267
3.2.3.2	Foreign Currency Options-Sell		-	-	-	1.012	14.255	15.267
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		664.148	635.930	1.300.078	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	635.930	635.930	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		664.148	-	664.148	-	-	-
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		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		2.563.869.791	325.299.145	2.889.168.936	1.937.445.479	248.393.650	2.185.839.129
IV.	ITEMS HELD IN CUSTODY		1.179.135.773	66.865.796	1.246.001.569	806.756.931	45.380.242	852.137.173
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		17.451.168	31.490.162	48.941.330	20.517.299	21.575.724	42.093.023
4.3	Checks Received for Collection		17.101.252	2.429.665	19.530.917	10.908.997	1.492.464	12.401.461
4.4	Commercial Notes Received for Collection		14.356.213	1.383.849	15.740.062	11.345.458	946.062	12.291.520
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		1.100.163.673	2.864	1.100.166.537	738.596.223	-	738.596.223
4.7	Other Items Under Custody		30.053.002	28.659.397	58.712.399	25.378.489	20.506.340	45.884.829
4.8	Custodians		1.649	2.899.859	2.901.508	1.649	859.652	861.301
V.	PLEDGES RECEIVED		1.383.210.835	254.082.953	1.637.293.788	1.129.440.550	199.704.058	1.329.144.608
5.1	Marketable Securities		717.865	1.570.333	2.288.198	3.353.935	1.296.711	4.650.646
5.2	Guarantee Notes		16.760.456	7.021.330	23.781.786	16.780.956	5.436.821	22.217.777
5.3	Commodity		3.110.331	923.024	4.033.355	2.428.499	639.362	3.067.861
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		1.103.157.094	158.200.995	1.261.358.089	895.452.305	125.862.426	1.021.314.731
5.6	Other Pledged Items		252.999.880	86.339.640	339.339.520	211.419.646	66.447.078	277.866.724
5.7	Pledged Items-Depository		5.209	27.631	32.840	5.209	21.660	26.869
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES		1.523.183	4.350.396	5.873.579	1.247.998	3.309.350	4.557.348
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			2.766.492.168	754.301.009	3.520.793.177	2.081.839.649	561.397.470	2.643.237.119

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Note (Section Five IV)	Current Period 1 January-31 December 2020	Prior Period 1 January-31 December 2019
IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
I. INTEREST INCOME	(1)	74.450.737	69.718.782
1.1 Interest on Loans		56.110.001	56.075.144
1.2 Interest on Reserve Requirements		253.867	479.203
1.3 Interest on Banks		133.438	355.434
1.4 Interest on Money Market Transactions		9.219	9.568
1.5 Interest on Marketable Securities Portfolio		17.320.104	12.221.439
1.5.1 Fair Value Through Profit or Loss		181.115	32.390
1.5.2 Fair Value through Other Comprehensive Income		14.842.857	10.837.254
1.5.3 Measured at Amortized Cost		2.296.132	1.351.795
1.6 Financial Lease Interest Income		379.390	380.566
1.7 Other Interest Income		244.718	197.428
II. INTEREST EXPENSE (-)	(2)	36.972.540	41.903.049
2.1 Interest on Deposits		24.374.966	29.099.627
2.2 Interest on Funds Borrowed		1.325.340	1.747.982
2.3 Interest Expense on Money Market Transactions		5.791.733	8.939.821
2.4 Interest on Securities Issued		1.923.109	1.757.446
2.5 Interest on Leases		125.893	119.410
2.6 Other Interest Expenses		3.431.499	238.763
III. NET INTEREST INCOME (I - II)		37.478.197	27.815.733
IV. NET FEES AND COMMISSIONS INCOME		3.584.405	3.239.834
4.1 Fees and Commissions Received		5.445.765	5.428.248
4.1.1 Non-cash Loans		1.098.536	1.025.162
4.1.2 Other		4.347.229	4.403.086
4.2 Fees and Commissions Paid (-)		1.861.360	2.188.414
4.2.1 Non-cash Loans		668	4.071
4.2.2 Other		1.860.692	2.184.343
V. DIVIDEND INCOME	(3)	7.314	25.972
VI. TRADING PROFIT/(LOSS) (Net)	(4)	(7.636.594)	(7.754.939)
6.1 Trading Gains/(Losses) on Securities		4.156.404	226.967
6.2 Gains/(Losses) on Derivative Financial Transactions		(5.137.049)	(8.570.364)
6.3 Foreign Exchange Profit/(Losses)		(6.655.949)	588.458
VII. OTHER OPERATING INCOME	(5)	5.919.245	2.163.955
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		39.352.567	25.490.555
IX. EXPECTED CREDIT LOSS (-)	(6)	12.194.001	7.214.540
X. OTHER PROVISION EXPENSES (-)	(6)	2.874.919	275.487
XI. PERSONNEL EXPENSE (-)		4.852.164	3.813.756
XII. OTHER OPERATING EXPENSES (-)	(7)	8.343.307	6.602.596
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		11.088.176	7.584.176
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		57.258	84.273
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)	11.145.434	7.668.449
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(3.348.927)	(1.776.755)
18.1 Current Tax Provision		(3.554.074)	(3.068.013)
18.2 Deferred Tax Expense Effect (+)		(6.236.873)	(3.379.831)
18.3 Deferred Tax Income Effect (-)		6.442.020	4.671.089
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVII)	(10)	7.796.507	5.891.694
XX. INCOME FROM DISCONTINUED OPERATIONS		2.473.439	4.692.070
20.1 Income from Non-Current Assets Held for Sale		1.107.539	4.692.070
20.2 Income from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		1.365.900	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		535.466	2.890.574
21.1 Expenses on Non-Current Assets Held for Sale		535.466	2.890.574
21.2 Expense from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)	(8)	1.937.973	1.801.496
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	(81.405)	(335.716)
23.1 Current Tax Provision		(78.057)	(340.887)
23.2 Deferred Tax Expense Effect (+)		(3.766)	-
23.3 Deferred Tax Income Effect (-)		418	5.171
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXII)	(10)	1.856.568	1.465.780
XXV. NET PROFIT/(LOSS) (XVIII+XXIII)	(11)	9.653.075	7.357.474
25.1 Profit/(Loss) from the Group		9.651.452	7.356.825
25.2 Profit/(Loss) from Minority Interest		1.623	649
Earnings/(Loss) per share (in TL full)		0,928	1,206

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Current Period 1 January- 31 December 2020	Prior Period 1 January- 31 December 2019
V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD PROFIT/LOSS	9.653.075	7.357.474
II. OTHER COMPREHENSIVE INCOME	3.176.865	5.837.460
2.1 Not Reclassified Through Profit or Loss	1.109.630	(177.427)
2.1.1 Property and Equipment Revaluation Increase/Decrease	2.133.124	(360.951)
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	80.179	(34.864)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.167.575)	321.826
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	63.902	(103.438)
2.2 Reclassified Through Profit or Loss	2.067.235	6.014.887
2.2.1 Foreign Currency Translation Differences	287.029	105.265
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	1.425.327	7.575.936
2.2.3 Cash Flow Hedge Income/Expense	-	-
2.2.4 Foreign Net Investment Hedge Income/Expense	644.292	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(289.413)	(1.666.314)
III. TOTAL COMPREHENSIVE INCOME (I+II)	12.829.940	13.194.934

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
Current Period																
31 December 2020																
I. Prior Period End Balance	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
IV. Total comprehensive income	-	-	-	-	2.018.466	64.143	(972.979)	287.029	1.135.995	644.292	-	-	9.651.452	12.828.398	1.542	12.829.940
V. Capital increase by cash	7.000.000	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000
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	-	-	-	(19.370)	288.113	-	-	-	-	-	(728.699)	1.548.961	-	1.089.005	-	1.089.005
XI. Profit distribution	-	-	-	2.196	-	-	-	-	-	-	7.124.451	(7.199.541)	-	(72.894)	-	(72.894)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(72.894)	-	(72.894)	-	(72.894)
11.2 Transfers to Reserves	-	-	-	2.196	-	-	-	-	-	-	6.974.268	(6.976.464)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	3.507.980	9.651.452	95.069.018	4.535	95.073.553

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss Differences on Translation)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss)

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
PRIOR PERIOD																
31 December 2019																
I. Prior Period End Balance	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
IV. Total comprehensive income	-	-	-	-	(324.856)	(27.891)	175.320	105.265	5.909.736	-	-	-	7.356.825	13.194.399	535	13.194.934
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	-	-	-	(88)	188.957	-	-	-	667	-	138.686	575.371	-	903.593	-	903.593
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	14.866.010	(14.866.010)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	14.794.507	(14.794.507)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	1.801.735	7.356.825	74.224.509	2.993	74.227.502

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss Differences on Translation

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Note (Section Five VI)	Current Period 1 January- 30 December 2020	Prior Period 1 January- 30 December 2019
VII. CONSOLIDATED STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	21.675.973	(10.191.268)
1.1.1	Interest Received	69.359.999	62.716.085
1.1.2	Interest Paid	(33.250.585)	(41.250.106)
1.1.3	Dividend Received	7.314	20.155
1.1.4	Fees and Commissions Received	6.364.892	5.428.493
1.1.5	Other Income	6.686.199	3.063.653
1.1.6	Collections from Previously Written-off Loans and Other Receivables	2.667.883	2.496.293
1.1.7	Cash Payments to Personnel and Service Suppliers	(5.451.129)	(4.317.186)
1.1.8	Taxes Paid	(3.711.294)	(5.277.471)
1.1.9	Other	(20.997.306)	(33.071.184)
1.2	Changes in Operating Assets and Liabilities	53.389.187	29.142.260
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(9.404.293)	4.821.736
1.2.2	Net (Increase)/Decrease in due from banks and other financial institutions	(32.409.950)	(9.601.642)
1.2.3	Net (Increase)/Decrease in loans	(146.468.732)	(69.729.045)
1.2.4	Net (Increase)/Decrease in other assets	(7.663.739)	2.554.398
1.2.5	Net Increase/(Decrease) in bank deposits	7.999.354	6.184.517
1.2.6	Net Increase/(Decrease) in other deposits	173.185.323	119.631.420
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	(37.668)
1.2.8	Net Increase/(Decrease) in funds borrowed	(4.616.790)	(1.412.395)
1.2.9	Net Increase/(Decrease) in payables	-	-
1.2.10	Net Increase/(Decrease) in other liabilities	72.768.014	(23.269.061)
I.	Net Cash Provided from Banking Operations	75.065.160	18.950.992
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities	(70.619.616)	(23.539.257)
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	(410.071)	(50.592)
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	-	-
2.3	Purchases of Property and Equipment	(1.482.629)	(1.835.246)
2.4	Disposals of Property and Equipment	1.133.608	499.160
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(114.440.414)	(44.506.253)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	51.339.571	21.731.937
2.7	Purchase of Financial Assets at Measured at Amortized Cost	(7.612.792)	(11.191.088)
2.8	Sale of Financial Assets at Measured at Amortized Cost	853.111	3.875.246
2.9	Other	-	7.937.579
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities	6.969.637	6.319.753
3.1	Cash Obtained from Funds Borrowed and Securities Issued	16.688.914	24.358.844
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(16.389.618)	(17.669.126)
3.3	Issued Equity Instruments	7.000.000	-
3.4	Dividends Paid	-	-
3.5	Payments for finance leases	(329.659)	(369.965)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	2.024.161
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	10.951.139	3.755.649
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	28.295.446
VII.	Cash and Cash Equivalents at the End of the Period	(1)	32.051.095

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

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Current Period 31 December 2020	Prior Period 31 December 2019
VIII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION (*)		
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	10.834.123
1.2	Taxes And Duties Payable (-)	(3.009.104)
1.2.1	Corporate Tax (Income tax)	(3.189.501)
1.2.2	Income withholding tax	-
1.2.3	Other taxes and duties	180.397
A.	NET INCOME FOR THE YEAR (1.1-1.2)	7.825.019
1.3	Prior Year Losses (-)	-
1.4	First Legal Reserves (-)	245.479
1.5	Other Statutory Reserves (-)	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	4.664.104
1.6	First Dividend To Shareholders (-)	-
1.6.1	To Owners Of Ordinary Shares	-
1.6.2	To Owners Of Privileged Shares	-
1.6.3	To Owners Of Preferred Shares	-
1.6.4	To Profit Sharing Bonds	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-
1.7	Dividends To Personnel (-)	-
1.8	Dividends To Board Of Directors (-)	-
1.9	Second Dividend To Shareholders (-)	-
1.9.1	To Owners Of Ordinary Shares	-
1.9.2	To Owners Of Preferred Shares	-
1.9.3	To Owners Of Preferred Shares	-
1.9.4	To Profit Sharing Bonds	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-
1.10	Statutory Reserves (-)	-
1.11	Extraordinary Reserves	4.664.104
1.12	Other Reserves	-
1.13	Special Funds	-
II. DISTRIBUTION OF RESERVES		
2.1	Appropriated Reserves	-
2.2	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 (Preemptive Rights)	-
2.3.4	To Profit Sharing Bonds	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-
2.3	Dividends To Personnel (-)	-
2.4	Dividends To Board Of Directors (-)	-
III. EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	0,8048
3.2	To Owners Of Ordinary Shares (%)	80,48
3.3	To Owners Of Privileged Shares	-
3.4	To Owners Of Privileged Shares (%)	-
IV. DIVIDEND PER SHARE		
4.1	To Owners Of Ordinary Shares	-
4.2	To Owners Of Ordinary Shares (%)	-
4.3	To Owners Of Privileged Shares	-
4.4	To Owners Of Privileged Shares (%)	-

(*) Profit distribution is approved by the Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

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

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“Regulation”) related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Financial Reporting Standards (“TFRS”) and (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced consolidated 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”, published in the Official Gazette No. 28337, dated 28 June 2012 and the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Financial statements of subsidiaries in abroad are prepared in accordance with prevalent law and legislation in their country, adjustments and reclassifications are reflected on the purpose of fair presentation pursuant to Reporting Standards.

The consolidated financial statements have been prepared in thousands of Turkish Lira (“TL”), under the historical cost convention, except for the financial assets and liabilities carried at fair value.

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

Unless otherwise specified, all balances in the financial statements and related disclosures are expressed in Thousand Turkish Lira (“TL”).

The COVID-19 epidemic, which originates in China, spreads to various countries in the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are overexposed to the epidemic, and negatively affects economic conditions both regionally and globally. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the financial statements dated 31 December 2020, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

As of 31 December 2020, due to the adverse effects of the COVID-19 epidemic, the Parent Bank reviewed the valuation of financial assets at fair value through other comprehensive income and fair value through profit or loss and as of the reporting date, corrections have been taken into account. The fair values were determined and accounted for as of the valuation date with the valuation reports prepared for the entity under common control monitored with their fair values, the entity under common control and the securities representing a share in the capital. On the other hand, the Parent Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments, and there are no changes that require any correction as of the reporting date. As of 31 December 2020, the Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment.

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 December 2020, by taking into account the change in probability of default and loss given default.

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In this context, the Parent Bank has measured its macroeconomic expectations on non-performing loans under different scenarios and reflected the increase coefficient, which is considered to best reflect the current situation in the range of NPL ratio it obtained, into the loan parameters and included it in provision calculations. Among the three scenarios used, the weight of the bad scenario was increased. In addition, the Parent Bank analyzed its corporate, entrepreneurial and retail loan portfolios and the sector distributions in these portfolios, using expert opinion, it made provisions on model outputs for customer groups that it believed to be affected by the COVID-19 outbreak. This approach, which is preferred in provision calculations in 2020, will be reviewed in the upcoming reporting periods, taking into account the impact of the epidemic, changes in the loan portfolio and future expectations.

Within the scope of the 4th and 5th articles of “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside”; it is allowed that the 30-day-past-due period envisaged for the classification of loans in the second group would be applied as 90 days until 31 December 2020 for the loans classified under the first group and the 90-day-past-due period envisaged for the classification of loans as non-performing would be applied as 180 days until 31 December 2020 for the loans classified under the first and second groups according to the decisions of BRSA numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020 due to the effects of the epidemic from the COVID-19 pandemic. Based on the BRSA’s Decision No. 9312 dated 8 December 2020, this period has been extended until 30 June 2021. The Parent Bank’s practices regarding the classification of the loans have been updated in accordance with the BRSA decisions.

The Parent Bank continues its practices for restructuring the loans in line with the needs of its customers, in line with the Bank’s procedures and principles. In particular, individual customers are directed to make restructuring requests through the digital channels without arriving at the branches. Applications received from the digital channels are evaluated quickly and concluded.

Changes in Accounting Policies

With the regulations regarding the implementation of the Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, early implementation of the amendments is permitted. With the amendments made, certain exceptions are provided in the basis for determining contractual cash flows and hedge accounting provisions. The process for the Benchmark Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank’s efforts continue to adapt to the changes.

Explanation for convenience translation to English:

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

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main activity of the Parent Bank comprises of banking services, such as; launching all kinds of cash and non-cash loans denominated in Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits denominated in Turkish Lira and foreign currencies. The Bank’s main funding sources are deposits denominated in Turkish Lira, repurchase agreements, issued securities and shareholders’ equity. The Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Bank’s liquidity structure is considered the financing of all liabilities at due date. Although most of the sources in the Bank’s balance sheet are with fixed interest rate, some of the securities in assets’ return have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Parent Bank adopts higher return principle for its long-term placements.

Loans and securities are instruments from which the Parent Bank gets returns above the average returns within its activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheques payments and commitments for credit card limit are the most important risk areas within the off-balance sheet accounts.

Since the Parent Bank’s total debt to the market is low among its total liabilities, the Parent Bank can borrow easily from short-term markets, such as; Borsa Istanbul (“BIST”), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of The Parent Bank is not presumed to be significantly affected from liquidity risk since the Parent Bank is a public bank with an extensive branch network.

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Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are valued by the Bank's prevailing counter currency buying rate at transaction date and reflected to records. At period ends, foreign currency asset and liability balances are valued at the Bank's period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a "foreign exchange profit or loss".

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange rate risk arising from foreign currency translation of partnerships with capital allocation in Euro, deposits in Euro are used as a hedging tool. Information on fair value hedge accounting applied in order to protect the said total capital amount, 268.075 thousand Euro, which is associated with this purpose, from the exchange rate risk effect due to the changes in the exchange rate, it is given in Note IX of Section 4.

Assets and liabilities of the overseas branches of the Parent Bank are converted into Turkish Lira with the Bank's prevailing counter currency buying rates at the balance sheet date.

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

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

1.1. Consolidation Principles for Subsidiaries

Subsidiaries are all entities in which the Group has the power to control financial and operational policies for the benefit of the Parent Bank (a) directly and indirectly, with the authority to exercise more than 50% of the voting rights pertaining to shares in the owned companies; or (b) not having the power to exercise more than 50% of the rights of use, otherwise having control over financial and business policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method, taking into account the size of their assets and equity within the scope of their activities and the materiality principle. Subsidiaries are included in the scope of consolidation since the control of their activities is transferred to the group and are excluded from the scope of consolidation from the date the control disappears. Where necessary, the accounting policies of the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The carrying amount of the Group's investments in each subsidiary is netted off with the portion of the capital of each subsidiary that belongs to the Group. Unrealized gains and losses and balances arising from transactions between subsidiaries included in consolidation are eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been determined and deducted from the net income of the subsidiary. Minority interest in the consolidated balance sheet are presented separately from the liabilities and shares of the Group shareholders. In addition, minority interest are presented separately in the profit or loss statement interest.

In order to transfer of the shares representing 99,97% of Ziraat Sigorta A.Ş. and the shares representing 99,97% of Ziraat Hayat ve Emeklilik A.Ş. capital which belong to the Parent Bank to TVF Finansal Yatırımlar A.Ş., the share transfer agreement was signed on April 22, 2020 and the said share transfers were completed as of the same date. between as a buyer, TVF Finansal Yatırımlar A.Ş. and as a seller, the Bank, Ziraat Katılım Bankası A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş.. Related subsidiaries were classified in the scope of consolidation in the previous period, the accounts related with held for sale in the assets and liabilities section of balance sheet, and under Income-Expense from Discontinued Operations line of the profit or loss statement. The related subsidiaries were excluded from the scope of consolidation with the sales transaction, and the figures of the income and expense items realized until the sales transaction date of the subsidiaries are shown in the Income-Expense from Discontinued Operations line of the consolidated profit or loss statement.

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

Title	Address (City/Country)	Main Activities	Parent Bank' Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	74,90	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Turkey	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	100,00	100,00
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Venture Capital	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	99,91	99,91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,58	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	99,98	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	Banking	100,00	100,00

1.2. Consolidation Principles of Associates and Entities under common control

An associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle. Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate. Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount. The associates and entities under common control consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/Turkmenistan	Banking	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15,43	15,43

1.3. Principles Applied During Share Transfer, Merger and Acquisition

Acquisition of entities are accounted by the purchase method on the date of purchase when the control is being transferred to the Group. Control explains managing power of Group on entity's financial and operational policies for the purpose of providing benefit from operations of entity. While evaluating control, executable potential voting rights are taken consideration by Group.

1.4. Transactions with Minority Shareholders

The Group considers transactions with minority shareholders as transactions within the Parent Bank. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets' booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

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1.5. Presentation of Unconsolidated Subsidiaries and Associates in Consolidated Financial Statements

Subsidiaries, which are not included in the scope of consolidation, are accounted for their fair values, while associates are accounted for at their cost values after netting impairment if any, and are reflected in the consolidated financial statements.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group's derivative transactions include cross currency swaps, interest rate swaps, currency and precious metal swaps, long-term financing transactions, full indemnity options and forward foreign currency buy/sell transactions. The Parent Bank has no embedded derivative instruments separated from the articles of association.

Derivative financial instruments of the Group are classified under "IFRS 9 Financial Instruments Standard" ("IFRS 9"), "Derivative Financial Assets Measured at Fair Value through Profit or Loss".

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets at fair value through profit or loss or derivative financial liabilities measured at fair value through profit or loss in the following periods of the recording. Fair value differences are recognized in statement of profit or loss in gains/(losses) on derivative financial transactions under trading profit/loss.

The fair value of derivative instruments is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts with their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses of the group are recognized according to the effective interest method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

Interest income from financial assets are recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses Reserve) of the non-performing loans.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related profit or loss statement line and is amortized over the estimated life of the financial asset.

Total of minimum rental payments including interests and principals are recorded under "financial lease receivables" as gross. The interest which is the difference between the total of rental payments and the cost of the related tangible asset is recorded under "unearned income". When the rent payment incurs, the rent amount is deducted from "financial lease receivables"; and the interest portion is recorded as interest income in the profit or loss statement.

Profit share income is accounted for by applying the internal rate of return method. Group calculates expense accrual according to the unit value calculation method over the participation accounts.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and expense from banking, agency and intermediary services are recognized as income/expense and conformant with IFRS 15 Revenue from Contracts with Customers on the date they are collected.

Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

Commission income from consumer, corporate and entrepreneurial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

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VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to IFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. They are included in the balance sheet of the Group, if the Group is a legal party to these instruments.

The Group classifies and recognizes its financial assets as "Financial assets measured at fair value through profit/loss", "Financial assets measured at fair value through other comprehensive income" or "Financial assets measured at amortized cost". This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

Financial assets mainly constitute the Group's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

Classification and Measurement within the Scope of IFRS 9

In accordance with IFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

Financial Assets at Fair Value Through Profit or Loss

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 the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Earned interests are included in interest income and dividends received are included in dividend income.

Government Bonds and Treasury Bills which are included in fair value through profit or loss are valued at the weighted average exchange prices of BIST on the balance sheet date and which are not traded in BIST are valued at prices of T.C. Central Bank. Eurobonds are carried at prices in the over the counter markets. All gains and losses arising from these valuations are reflected in the profit or loss account.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as 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.

Fair value through other comprehensive income are subsequently measured at their fair value. The interest income of fair value through other comprehensive income that are calculated by effective interest rate method and dividend income from equity instruments 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 statement of profit or loss when such securities are collected or disposed.

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Equity investments

Securities representing a share in the capital are recognized at their fair value if they are traded in organized markets and/or their fair value can be determined reliably, and if they are not traded in organized markets, they are reflected in the financial statements with their values found using other valuation models.

Financial Assets at Measured at Amortized Cost

A financial asset is classified as a financial assets measured at amortized cost when the 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.

Measured at amortized cost are recognized at which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income" and "financial assets measured at amortized cost" portfolios of the Bank include Consumer Price Index (CPI) indexed bonds. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance's CPI Indexed Bonds Investor Guide.

The Parent Bank also updates the estimated inflation rate used throughout the year in case of necessity.

Loans

Loans consist of financial assets which are created by providing money, goods or services to the debtor. Loans are initially recognized at acquisition cost presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate Method".

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. Foreign exchange loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Group sets aside the expected loss provision for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Parent Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12 - Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

Impairment

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

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The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument and the following aspects are important for the measurement:

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of the money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

12 Month Expected Credit Losses (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at the time of recognition or since initial recognition. For such assets, impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the credit quality.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of life time loss expectancy.

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for the at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, having day-past-due more than and equal to 30 days, and the Parent Bank's internal early warning system note. As explained in the third section, part 1, number 1, BRSA's decisions no 8948 dated 17 March 2020 and 8970 dated 27 March 2020 will be valid as of 27 March 2020, mainly due to the effects of the epidemic of the COVID-19 outbreak. The number of delay days is 90 days. Pursuant to the BRSA's decision dated 8 December 2020 and numbered 9312, the 90-day implementation period has been extended until 30 June 2021.

Credit-Impaired Losses (Stage 3)

Includes financial assets with unbiased evidence that they are impaired as of the reporting date. For these assets, lifetime expected credit loss provision is recorded.

The Group considers the debt to be in default in the following two cases:

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information. As explained in first numbered part one of Section third, the BRSA's decisions on 17 March 2020, numbered 8948 and 27 March 2020, numbered 8970 are mainly valid as of 17 March 2020 due to the effects of the epidemic of the COVID-19 outbreak. Accordingly, the definition of default is applied as 180 days. Pursuant to the BRSA's Decision No. 9312 dated 8 December 2020, the 180-day implementation period has been extended until 30 June 2021.
- Subjective Default Definition: It means it is considered as unlikelyness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected Effective Interest Rate value and discounted cash flows.

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When cash flows are estimated, the following situations are considered:

- All contractual terms of the financial instrument during the expected life,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default (PD)

Probability of default refers to the likelihood that a loan will default at a certain time.

In default probability models, sectorial information for the corporate portfolio and product information for the individual portfolio are taken as the basis.

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.

Loss Given Default (LGD)

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The Parent Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during this estimation are the Gross Domestic Product (GDP) and the consumer price index (CPI). Risk parameters are updated every 3 months, taking into account their compatibility with the portfolio. In addition to macroeconomic indicators, the Parent Bank takes into account the future expectations of its portfolio and the possible effects of COVID-19 in its models by using the best estimates and expert opinion in the presence of model variables.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no loan has been written-off by the Group as of the reporting date.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Group is subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment ("Reverse Repo") are accounted in "Money Markets Receivables" on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

XI. INFORMATION ON NON-CURRENTS ASSETS OR DISPOSAL GROUPS 'HELD FOR SALE' AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

The assets acquired by the Group due to its receivables are accounted for in accordance with "TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations" in financial statement of the Group.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan.

The properties acquired by the Group due to receivables are shown in the line of held for sale purpose in the financial statements depending on the termination of the term sales contract.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Group does not have any discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill; is the difference between the acquisition cost the fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition and it represents the payment that the acquirer expects to benefit in the future from assets that are not individually identifiable and separately accountable. Assets which are not included in the financial statements of the business purchased in business combinations; however, that are capable of being separated from goodwill, intangible assets and/or contingent liabilities are reflected to the financial statements with their fair values. As of the date of balance sheet, the Group has no goodwill in its financial statements. (31 December 2019: TL 30.723)

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were evaluated over their remaining amounts after deducting the accumulated depreciation and, if any, the accumulated depreciation from the cost value in the period following their recording.

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period. Expenditures for other intangible assets are amortized with equal amounts within the lease period, and if the lease period is not certain or is more than five years, the redemption period is accepted as five years (depreciation rate 20%).

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that qualify as development are added to software's initial costs and amortized over 3 years considering the useful lives. The Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33,3% to 6,7%.

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XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible and intangible fixed asset revaluation differences account under equity.

Property and equipment (except for immovables) are presented in the financial statements over their remaining cost after deducting accumulated depreciation from cost amounts, if any, and after deducting accumulated depreciation from their fair values. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The amortization method applied in the current period has not been changed.

Estimated useful lives and amortization rates of property and equipment are below:

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-25	4-33,33%
Assets held under financial leases	4-5	20-25%

Gains or losses arising from the disposal of property and equipment are reflected in the profit or loss accounts as the difference between the net disposal revenue of the tangible asset and the net book value.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties consist of assets held to earn rent and/or value increase. The aforementioned real estates owned by the Group are shown in the consolidated financial statements using the fair value method within the framework of TAS 40 "Investment Properties". Gains and losses arising from a change in the fair value of investment properties are reflected in the profit/loss accounts in the period they occur.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

The Group measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Group's incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

After the lease actually started, the Group; Increases the carrying amount to reflect the interest in the lease obligation, reduce the carrying value to reflect the lease payments made, and re-measure the carrying value to reflect reassessments and changes to the lease, or to reflect fixed lease payments in revised core.

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

After the date of lease actually started, the Group remeasures the lease liability to reflect the changes in lease payments. The Group reflects the remeasurement amount of the lease liability, in financial statements as adjustments in right to use assets.

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The Group uses a revised discount rate that reflects changes in the interest rate if there is a change in the initial lease period or the use of the purchase option.

The Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

The Group does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

Tangible assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible assets that are acquired under financial leasing are charged to liability account "Finance Lease Liabilities", whereas interests are recognized in "Deferred Financial Leasing Expenses" account. At installment payments, principal and interest amount of installment amount are debited to "Financial Lease Liabilities" account, whereas interest is credited in "Deferred Financial Leasing Expenses" account and recorded to the "Other Interest Expenses".

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than provisions for impairment set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

The Group provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation from the Parent Bank cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Group recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 "Turkish Accounting Standard about Benefits for Employee" and estimates the net present value of future liabilities arising from employment terminations and vacation benefits and reflects this provision amount in the financial statements.

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Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Group and social security institution, retirement bonus pension/severance payments are calculated for the time that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2020, retirement benefit obligation is TL 1.256.959 (31 December 2019: TL 1.052.901).

	Current Period	Prior Period
Discount Rate	12,96%	12,15%
Inflation	9,37%	8,68%

Communiqué on "Turkish Accounting Standard ("TAS19") about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial gains amounting to TL 3.716 was classified under shareholders' equity in the financials. (31 December 2019: TL 60.427 loss).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

The Parent Bank is not employing its personnel by means of limited-period contracts.

Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Parent Bank and Ziraat Katılım Bankası A.Ş. personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

As of 31 December 2020 the number of personnel who benefit from the Fund, excluding dependents, is 24.212 (31 December 2019: 23.720). 20.297 of these members are active while 3.915 are passive members. (31 December 2019: 19.832 active members, 3.888 passive members).

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

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Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2020 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Parent Bank's financial statements.

XVIII. EXPLANATIONS ON TAXATION

Current Tax

With the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, effective from 1 January 2006, 20% is applied for corporate earnings. In accordance with the regulation introduced by Law No. 7061 of 28 November 2017, the rate, which was applied as 22% for three years as of 1 January 2018, will continue to be applied as 20% as of 1 January 2021. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. In the event that there is a prepaid tax amount left despite the offset, this amount can be deducted from other financial debts to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

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This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the Bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, and 50% others are exempted from corporation tax (Changed with 89th article of code 7061 that entries into force in 5 December 2017).

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

Corporate tax returns are submitted to the affiliated tax office until the end of the fourth month following the end of the accounting period and the accrued tax is paid until the end of the same month. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if incorrect transactions are detected.

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2020 are presented below:

Russia	20%
Kazakhstan	20%
Germany	16%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	9%
Georgia	15%
Uzbekistan	20%

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax" and "Law No. 7061 of November 28, 2017 mentioned in the "Current Tax" section", the Group calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Bank estimates the time when temporary differences will be taxable/deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), the Parent Bank has calculated the deferred tax rate of 20% over its assets and liabilities as of December 31, 2020. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by obtaining taxable profit in the future. Deferred tax liability or assets related to temporary timing differences that arise from the initial recognition of assets or liabilities other than goodwill or business combinations and that do not affect both commercial and financial profit or loss are not calculated.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

Deferred tax asset and deferred tax liability are presented as net in these consolidated financial statements.

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.

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

XIX. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

Technical Reserves

Reserve for Unearned Premiums

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Reserve for Outstanding Claims

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related loan account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Mathematical Provisions

Mathematical provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on loan. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insureds.

XX. EXPLANATIONS ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and all financial liabilities are carried at amortized cost by using effective interest rate method. The Group has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Group borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Group has issued no convertible bonds to shares and has no instruments representing its own borrowings.

XXI. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by The Bank in 2020.

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XXII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the "Off-Balance Sheet" commitments.

XXIII. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Group as of the balance sheet date.

XXIV. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. FC cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

For the purposes of the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money markets receivables and time deposits at banks with original maturity periods of less than three months.

XXV. EXPLANATIONS ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 "Turkish Accounting Standard Operating Segments" together with organizational and internal reporting structure of the Group, are disclosed in Note VIII of Section Four.

XXVI. EXPLANATIONS ON OTHER MATTERS

Profit Distribution

According to the Bank's Ordinary General Assembly Meeting dated 12 June 2020; in accordance with Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; after deducting the deferred tax income amounting to TL 1.277.304 from the net profit of TL 6.186.888 in accordance with the Circular No. 2004/3 of the BRSA, 5% (TL 245.479) of the remaining legal reserve has been set aside, the remaining TL 4.664.104 has been allocated to the Bank. Real estate sales revenue exception calculated in accordance with the VUK within the scope of the 5/1-e clause of the Corporate Tax Law no. After deducting 50% of its base, TL 72.102, allocating 5% of legal reserves over the remaining TL 101.280 (TL 5.064), transferring the remaining TL 96.216 to extraordinary reserves, TL 72.102 which is 50% of the real estate sales profit exception and which should be monitored in a special fund account. is decided to transfer to other reserves.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to the regulations of BRSA numbered 9312 dated 8 December 2020. Based on recent regulation changes:

- In calculating the amount subject to credit risk; Simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date can be used to calculate the valued amounts in foreign currency.
- As of 23 March 2020, if the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, these differences may not be taken into consideration in the calculation of equity amount

As of 31 December 2020, the Group's total capital has been calculated as TL 114.356.330 (31 December 2019: TL 88.375.572), capital adequacy ratio is 17,25% (31 December 2019: 16,39%). This ratio is well above the minimum ratio required by the legislation.

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1. Information Related to the Components of Shareholders' Equity

	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.720.828	-
Gains recognized in equity as per TAS	10.121.812	-
Profit	13.159.432	-
Current Period Profit	9.651.452	-
Prior Period Profit	3.507.980	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	17.388	-
Minority Interest	555	-
Common Equity Tier 1 Capital Before Deductions	95.120.015	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	50.442	-
Improvement costs for operating leasing	44.857	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.214.133	1.214.133
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in 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	-	-
Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments 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	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the 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 I Capital	1.309.432	-
Total Common Equity Tier I Capital	93.810.583	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	13.317.710	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	13.317.710	-
Deductions from Additional Tier I Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	13.317.710	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	107.128.293	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	7.251.206	-
Tier II Capital Before Deductions	7.251.206	-
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in 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 (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	7.251.206	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	114.379.499	-

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	Current Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	114.379.499	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	23.169	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	114.356.330	-
Total Risk Weighted Assets	663.051.749	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	14,15	-
Consolidated Tier I Capital Ratio (%)	16,16	-
Consolidated Capital Adequacy Ratio (%)	17,25	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,059	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,65	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	199.294	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	54.586	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	862.112	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	10.396.404	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7.251.206	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

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COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.325.076	-
Gains recognized in equity as per TAS	6.981.113	-
Profit	9.158.560	-
Current Period Profit	7.356.825	-
Prior Period Profit	1.801.735	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	17.388	-
Minority Interest	309	-
Common Equity Tier 1 Capital Before Deductions	74.582.446	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	357.628	-
Improvement costs for operating leasing	49.402	-
Goodwill (net of related tax liability)	30.723	30.723
Other intangibles other than mortgage-servicing rights (net of related tax liability)	904.425	904.425
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in 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	-	-
Portion of the total of net long positions of investments made in 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 exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments 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	-	-
Excess amount arising from mortgage servicing rights	-	-

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Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the 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 I Capital	1.342.178	-
Total Common Equity Tier I Capital	73.240.268	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.783.918	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	9.783.918	-
Total Tier I Capital and Tier II Capital (Total Equity)		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	9.783.918	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	83.024.186	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Third parties' share in the secondary capital	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.447.631	-
Tier II Capital Before Deductions	5.447.631	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in 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 (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.447.631	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	88.471.817	-

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	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	88.471.817	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	96.245	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	88.375.572	-
Total Risk Weighted Assets	539.203.074	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,58	-
Consolidated Tier I Capital Ratio (%)	15,40	-
Consolidated Capital Adequacy Ratio (%)	16,39	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,55	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,05	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,08	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.191.567	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	5.447.631	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.447.631	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

*) Amounts considered within transition provisions.

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2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period		
	T.C Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Issuer	T.C Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739	-
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.
Regulatory treatment		
Subject to 10% deduction as of 1/1/2015	None	None
Eligible on unconsolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	12.611	706
Nominal value of instrument (TL million)	12.611	706
Accounting classification of the instrument	347001-Subordinated Debts Instruments	347000- Subordinated Loans
Original date of issuance	24 April 2019	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual	Perpetual
Issue date of the instrument	24 April 2019	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	24.04.2024	
Interest/dividend payment		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None

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Information about instruments included in total capital calculation-Current Period

	T.C Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Issuer	T.C Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Convertible into equity shares		
If convertible, conversion trigger (s)	None	None
If convertible, fully or partially	None	None
If convertible, conversion rate	None	None
If convertible, mandatory or optional conversion	None	None
If convertible, type of instrument convertible into	None	None
If convertible, issuer of instrument to be converted into	None	None
Write-down feature		
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature	Has temporary write down feature.
If temporary write-down, description of write-up mechanism.	Has-write up mechanism	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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3. Necessary Explanations in order to Reach an Agreement Between the Statement of Shareholder's Equity and Balance-Sheet Amounts

Current Period	Current Period	Prior Period
Balance Sheet - Equity	95.073.553	74.227.502
Operational Leasing Development Costs	(44.857)	(49.402)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.214.133)	(935.148)
TIER 2 Capital (Provisions)	7.251.206	5.447.631
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	13.317.710	9.783.918
Other deductions from common equity	(23.169)	(96.245)
Minority interest	(3.980)	(2.684)
Other regulations	-	-
Amount recognized in regulatory capital	114.356.330	88.375.572

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the Group may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and nonfinancial information of the credit customers, credit requirements, sectorial and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Group's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, collateral, etc.).

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The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

On August 2012 The Parent Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

The Parent Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Parent Bank's abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, The Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients.

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

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Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 23% and 27% respectively (31 December 2019: 26% and 32%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 48% and 59% respectively (31 December 2019: 49% ve 60%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 24% and 30% respectively (31 December 2019: 27% ve 34%).

The total amount of the first and second phase provisions set aside for the credit risk undertaken by the Group is TL 10.303.277. (31 December 2019: TL 5.401.551)

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2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investmet funds	Invesments in Equity Instruments	Other receivables	Total
Current Period																		
Domestic	229.733.733	536.899	763.014	-	-	34.987.970	326.130.329	252.803.855	100.831.143	3.911.447	106.954	-	-	-	1.873.895	246.995	39.267.401	991.193.635
European Union Countries	324.326	-	-	-	-	49.319.220	5.323.640	385.102	153.533	4.665	286	-	-	-	-	12	86.423	55.597.207
OECD Countries ⁽¹⁾	-	-	-	-	-	572.949	479.121	16.942	10.767	107	4	-	-	-	-	-	574	1.080.464
Off-shore banking	10	-	-	-	-	423.997	-	250	1.607	2	-	-	-	-	-	-	6	425.872
Usa, Canada	-	-	-	-	-	981.262	510.295	25.311	18.445	682	-	-	-	-	-	-	357	1.536.352
Other Countries	2.321.924	11.170	26	-	-	2.869.824	6.294.153	3.325.728	193.505	78.242	2.659.422	-	-	-	-	137.805	1.028.582	18.920.381
Other Countries Subsidiaries, Associates and Joint Ventures (Joint Ventures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	203.969	318.295	100	522.364
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	232.379.993	548.069	763.040	-	-	89.155.222,00	338.737.538	256.557.188	101.209.000	3.995.145	2.766.666	-	-	-	2.077.864	703.107	40.383.443	1.069.276.275

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investmet funds	Invesments in Equity Instruments	Other receivables	Total
Prior Period																		
Domestic	142.272.662	650.429	589.015	-	-	31.650.433	273.352.238	164.527.938	68.652.934	4.658.210	1.764.652	-	-	-	2.533.444	139.049	32.624.242	723.415.246
European Union Countries	192.382	-	-	-	-	39.632.919	1.957.068	594.148	-	1.168	459	-	-	-	-	-	43.776	42.421.920
OECD Countries ⁽¹⁾	-	-	-	-	-	705.454	186.646	17	-	-	-	-	-	-	-	-	-	892.117
Off-shore banking	-	-	-	-	-	3.108	-	269	-	-	-	-	-	-	-	-	-	3.377
Usa, Canada	-	-	-	-	-	3.982.037	2.130.965	329	-	-	-	-	-	-	-	-	-	6.113.331
Other Countries	662.678	4.546	24	-	-	5.345.810	13.815.600	992.717	59.608	134.670	830.607	-	-	-	19.136	24.853	666.385	22.556.634
Other Countries Subsidiaries, Associates and Joint Ventures (Joint Ventures)	-	-	-	-	-	297.791	422.950	6.343	-	-	355.535	-	-	-	-	-	-	1.082.619
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	143.127.722	654.975	589.039	-	-	81.617.552	291.865.467	166.121.761	68.712.542	4.794.048	2.951.253	-	-	-	2.552.580	163.902	33.334.403	796.485.244

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.⁽²⁾ Assets and liabilities that could not be distributed on a consistent basis

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4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	7.987.543	3.893.690	3.754.214	7.083.518	209.661.028
Conditional and unconditional exposures to regional governments or local authorities	3.611	6.970	22.078	22.473	492.937
Conditional and unconditional receivables from administrative units and non-commercial enterprises	11.701	21.636	160.105	125.262	444.336
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	51.904.354	11.457.848	2.623.228	2.976.655	20.193.137
Conditional and unconditional exposures to corporates	9.579.447	17.296.467	17.369.732	55.516.521	238.975.371
Conditional and unconditional retail exposures	3.988.085	6.051.321	7.527.840	52.690.243	186.299.699
Conditional and unconditional exposures secured by real estate property	457.169	1.027.114	1.181.826	9.870.835	88.672.056
Past due receivables	1.314.035	52.610	75.175	112.406	2.440.919
Receivables defined in high risk category by BRSA	845.100	25.225	100.461	615.542	1.180.338
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	28.760	54.334	398.802	248.402	1.347.566
Investments in Equity Instruments	-	-	-	-	703.107
Grand Total	76.119.805	39.887.215	33.213.461	129.261.857	750.410.494

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Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	5.666.354	702.604	5.242.281	6.095.258	125.421.225
Conditional and unconditional exposures to regional governments or local authorities	5.015	965	16.993	79.697	552.305
Conditional and unconditional receivables from administrative units and non-commercial enterprises	8.138	4.752	1.555	60.848	513.746
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	55.122.457	9.106.043	1.600.856	1.616.148	14.172.048
Conditional and unconditional exposures to corporates	4.689.426	12.878.958	9.138.005	43.360.357	221.798.721
Conditional and unconditional retail exposures	4.647.212	5.065.791	7.976.495	33.608.833	114.823.430
Conditional and unconditional exposures secured by real estate property	154.963	412.416	737.342	4.882.726	62.525.095
Past due receivables	3.025.437	9	1	21	1.768.580
Receivables defined in high risk category by BRSA	986.773	-	2.911	127.586	1.833.983
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	185.348	-	10.287	1.017.245	1.339.700
Investments in Equity Instruments	-	-	-	-	163.902
Grand Total	74.491.123	28.171.538	24.726.726	90.848.719	544.912.735

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

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Fitch Rating's and the Islamic International Rating Agency's (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights

Current Period

Risk Weights	0%	2% ^(*)	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	245.211.123	21.067.850	-	27.650.954	2.650.349	42.406.404	343.604.303	383.941.291	2.744.001	-	-	1.282.159
2 Exposures after Credit Risk Mitigation	345.642.501	1.581.631	-	16.572.834	71.304.824	61.234.416	221.494.128	348.703.954	2.741.987	-	-	1.282.159

Prepared with the numbers after conversion rate to credit

^(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

Prior Period

Risk Weights	0%	2% ^(*)	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	117.728.136	2.870.742	-	53.652.350	-	70.509.780	231.574.866	317.198.115	2.951.255	-	-	1.080.795
2 Exposures after Credit Risk Mitigation	183.972.736	2.870.742	-	19.287.478	59.380.353	96.409.551	146.525.565	285.148.908	2.889.911	-	-	1.080.795

Prepared with the numbers after conversion rate to credit

^(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

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6. Information in terms of major sectors and type of counterparties

Current Period	Loans		Provision
	Impaired (TFRS 9)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)		
Agriculture	2.736.308	2.024.815	1.246.624
Farming and Stockbreeding	2.721.259	2.001.127	1.227.323
Forestry	4.590	12.258	10.179
Fishery	10.459	11.430	9.122
Manufacturing	17.332.160	2.817.918	6.268.999
Mining and Quarrying	141.979	38.627	57.255
Production	14.027.766	2.540.613	5.538.464
Electricity, Gas and Water	3.162.415	238.678	673.280
Construction	4.636.989	3.257.106	2.815.258
Services	10.242.014	5.746.448	5.399.666
Wholesale and Retail Trade	3.618.857	3.344.457	2.902.166
Accommodation and Dining	2.797.299	408.248	407.206
Transportation and Telecom.	230.312	294.026	229.964
Financial Institutions	11.997	53.519	52.819
Real Estate and Rental Services	2.563.665	1.461.697	1.418.643
Professional Services	-	502	268
Educational Services	115.954	89.149	73.284
Health and Social Services	903.930	94.850	315.316
Other	5.031.966	2.834.927	2.404.111
Total	39.979.437	16.681.214	18.134.658

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Prior Period	Loans		Provision
	Impaired (IFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (IFRS)
Agriculture	3.600.569	1.810.224	1.138.189
Farming and Stockbreeding	3.584.481	1.789.010	1.122.042
Forestry	7.770	11.674	8.228
Fishery	8.318	9.540	7.919
Manufacturing	7.623.229	2.567.341	2.236.722
Mining and Quarrying	232.631	32.101	27.307
Production	5.416.599	2.281.898	1.726.912
Electricity, Gas and Water	1.973.999	253.342	482.503
Construction	2.812.608	2.593.481	1.716.042
Services	14.737.852	5.137.622	5.950.087
Wholesale and Retail Trade	2.203.367	2.928.652	2.116.979
Accommodation and Dining	808.367	356.358	221.394
Transportation and Telecom.	9.183.304	178.307	2.432.381
Financial Institutions	13.485	5.870	4.490
Real Estate and Rental Services	2.186.294	1.514.297	1.118.422
Professional Services	407	93	1.396
Educational Services	40.363	108.756	24.559
Health and Social Services	302.265	45.289	30.466
Other	2.610.351	2.422.762	1.637.023
Total	31.384.609	14.531.430	12.678.063

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	9.202.528	3.791.820	(1.691.127)	607.840	11.911.061
2	Stage 1 and 2 Expected Loss Provisions	4.959.763	6.586.672	(2.434.808)	-	9.111.627

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	6.190.930	3.856.575	(880.059)	35.082	9.202.528
2	Stage 1 and 2 Expected Loss Provisions	3.260.949	1.936.425	(260.285)	22.674	4.959.763

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8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
Bosnia and Herzegovina	6.050.995	-	6.050.995
Germany	4.115.233	-	4.115.233
Turkish Republic of Northern Cyprus	1.592.974	-	1.592.974
Azerbaijan	1.579.233	-	1.579.233
Holland	1.438.561	-	1.438.561
Kazakhstan	1.349.362	-	1.349.362
USA	428.599	527.070	955.669
Montenegro	873.394	-	873.394
Iraq	676.683	190.941	867.624
Russia	800.109	-	800.109
Other	4.385.639	92.763	4.478.402

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
Bosnia and Herzegovina	4.396.532	-	4.396.532
USA	2.151.679	375.131	2.526.810
Germany	1.236.585	-	1.236.585
Azerbaijan	935.376	14.168	949.544
Turkish Republic of Northern Cyprus	931.395	-	931.395
Uzbekistan	760.564	-	760.564
United Kingdom	709.596	-	709.596
Bahrain	585.724	-	585.724
Russia	456.675	-	456.675
Other	436.494	-	436.494

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

1. Whether the Parent Bank is Exposed to Foreign Currency Risk, Whether the Effects of This Matter are Estimated, Whether Limits for The Daily Followed Positions are Determined by the Board of Directors

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, The Parent Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis. Additionally, dealer's position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material

None.

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3. Management Policy for Foreign Currency Risk

Periodic "Liquidity Gap Analysis" and "Repricing Gap Analysis" to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. "Structural Liquidity Gap Analysis" is performed. In addition, daily VaR analysis for the follow-up of currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

4. Current Foreign Exchange Bid Rates of The Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2020	7,5067	9,1506	5,7066	1,2304	0,9087	8,4316	5,8522	0,8705	10,2038	2,0006	7,2409
25.12.2020	7,4819	9,1205	5,6870	1,2265	0,9058	8,4171	5,8144	0,8711	10,1365	1,9940	7,2310
28.12.2020	7,3631	9,0095	5,5901	1,2117	0,8913	8,2955	5,7439	0,8541	9,9557	1,9621	7,1038
29.12.2020	7,2792	8,9309	5,5417	1,2013	0,8901	8,2400	5,6945	0,8477	9,8306	1,9398	7,0317
30.12.2020	7,3008	8,9719	5,6004	1,2062	0,8922	8,2738	5,7140	0,8524	9,9276	1,9459	7,0847
31.12.2020	7,3433	9,0081	5,6786	1,2109	0,8984	8,3400	5,7740	0,8607	10,0273	1,9574	7,1267

5. Simple Arithmetic Average of The Parent Bank's Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	7,6211	9,2793	5,7425	1,2474	0,9126	8,5829	5,9504	0,8767	10,2421	2,0316	7,3482

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6. Information on The Foreign Currency Risk of the Group

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	34.975.577	33.680.863	17.920.858	86.577.298
Banks	2.268.082	4.086.728	2.487.583	8.842.393
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	-	543.939	13.734.743	14.278.682
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	9.472.010	83.264.143	164.214	92.900.367
Loans ^{(2) (7)}	74.111.281	90.227.402	5.346.664	169.685.347
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	194.962	12.986	207.948
Financial Assets Measured at Amortised Cost	14.503.412	3.619.178	29.950	18.152.540
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	37.219	2.517	364.224	403.960
Intangible Assets	27.024	3.750	35.692	66.466
Other Assets ⁽⁴⁾	1.658.332	3.529.895	248.300	5.436.527
Total Assets ⁽⁵⁾	137.052.937	219.153.377	40.345.214	396.551.528
Liabilities				
Interbank Deposits	15.278.100	1.489.396	1.064.764	17.832.260
Foreign Currency Deposits	150.441.937	137.984.198	57.350.185	345.776.320
Money Markets Borrowings	-	23.569.739	-	23.569.739
Funds Provided from Other Financial Institutions	10.547.549	25.168.397	58.835	35.774.781
Issued Marketable Securities ⁽⁶⁾	13.048.197	13.343.843	2.169	26.394.209
Miscellaneous Payables	3.182.334	713.596	94.543	3.990.473
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	1.690.393	2.244.261	192.961	4.127.615
Total Liabilities	194.188.510	204.513.430	58.763.457	457.465.397
Net Balance Sheet Position	(57.135.573)	14.639.947	(18.418.243)	(60.913.869)
Net Off-Balance Sheet Position ⁽³⁾	57.329.355	(24.817.036)	25.674.893	58.187.212
Financial Derivative Assets	66.178.121	80.849.019	26.896.712	173.923.852
Financial Derivative Liabilities	8.848.766	105.666.055	1.221.819	115.736.640
Non-Cash Loans	47.061.577	53.914.659	8.759.577	109.735.813
Prior Period				
Total Assets	102.706.773	134.619.353	18.009.408	255.335.534
Total Liabilities	145.260.855	137.233.900	23.507.229	306.001.984
Net Balance Sheet Position	(42.554.082)	(2.614.547)	(5.497.821)	(50.666.450)
Net Off-Balance Sheet Position ⁽³⁾	42.239.827	(10.244.323)	9.679.167	41.674.671
Financial Derivative Assets	49.481.768	63.545.770	10.593.739	123.621.277
Financial Derivative Liabilities	7.241.941	73.790.093	914.572	81.946.606
Non-Cash Loans	35.902.142	44.589.301	7.041.025	87.532.468

⁽¹⁾ TL 13.734.743 equivalent to Financial Assets at Fair Value through Profit and Loss Other FC balance arises from gold indexed bonds. (31 December 2019: TL 1.856.094 equivalent to Other FC balance arises from gold indexed bonds)

⁽²⁾ TL 129.364 equivalent of USD and TL 225.427 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2019: TL 294.722 equivalent of USD and TL 571.170 equivalent of EUR).

⁽³⁾ Indicates the net balance of receivables and payables on derivative financial instruments.

⁽⁴⁾ Prepaid expenses in other assets amounting to TL 26.324 are not included.

⁽⁵⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁶⁾ Includes subordinated debt instruments.

⁽⁷⁾ It also includes receivables from leasing transactions.

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Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effects) for the year ended 31 December 2020 and 31 December 2019 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period – 31 December 2020		Prior Period – 31 December 2019	
	Profit or Loss Statement	Equity ⁽¹⁾	Profit or Loss Statement	Equity ⁽¹⁾
USD	(292.956)	(419.439)	(1.157.928)	(1.278.951)
EUR	(47.189)	(259.321)	27.971	(176.718)
Other Currencies	142.831	142.831	165.287	165.287
Total (Net) ⁽²⁾	(197.314)	(535.929)	(964.670)	(1.290.382)

⁽¹⁾ Equity effect also includes the effect of profit or loss due to the 10% depreciation of TL against related foreign currencies.

⁽²⁾ Associates, subsidiaries and entities under common control are included in the profit or loss statement effect calculation, but not in the calculation of impact on equity. Tangible and intangible assets are not included in the equity and profit or loss statement effect calculation.

The effect of 10% appreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effect) for the year ending on 31 December 2020 and 31 December 2019 is shown in the table below.

	Current Period – 31 December 2020		Prior Period – 31 December 2019	
	Profit or Loss Statement	Equity ⁽¹⁾	Profit or Loss Statement	Equity ⁽¹⁾
USD	292.956	419.439	1.157.928	1.278.951
EUR	47.189	259.321	(27.971)	176.718
Other Currencies	(142.831)	(142.831)	(165.287)	(165.287)
Total (Net) ⁽²⁾	197.314	535.929	964.670	1.290.382

⁽¹⁾ Equity effect also includes the effect of profit or loss due to the 10% appreciation of TL against related foreign currencies.

⁽²⁾ Associates, subsidiaries and entities under common control are included in the profit or loss statement effect calculation, but not in the calculation of impact on equity. Tangible and intangible assets are not included in the equity and profit or loss statement effect calculation.

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IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	10.663.989	-	-	-	-	84.275.914	94.939.903
Banks	2.545.908	160.322	330.510	11.640	-	6.374.979	9.423.359
Financial Assets at Fair Value Through Profit and Loss	253.906	4.487.102	7.265.682	2.785.237	17.280	544.909	15.354.116
Money Markets Receivables	603.736	-	-	-	-	-	603.736
Financial Assets at Fair Value Through Other Comprehensive Income	26.336.732	16.862.958	39.096.787	61.982.137	42.555.478	406.232	187.240.324
Loans Given ^{(3) (7)}	124.751.285	75.525.451	131.837.989	240.244.974	64.503.611	4.770.153	641.633.463
Financial Assets Measured at Amortised Cost	2.778.964	61.323	7.787.481	16.078.725	3.908.653	-	30.615.146
Other Assets ⁽²⁾	826.462	2.162.783	964.216	138.986	1.135.581	33.494.846	38.722.874
Total Assets ^{(1) (5)}	168.760.982	99.259.939	187.282.665	321.241.699	112.120.603	129.867.033	1.018.532.921
Liabilities							
Interbank Deposits	21.551.648	5.392.665	5.492.551	914.859	-	6.096.456	39.448.179
Other Deposits	285.316.807	99.345.949	55.720.758	6.508.650	539.054	207.958.843	655.390.061
Money Markets Borrowings	111.215.295	5.135.012	849.452	1.302.783	-	-	118.502.542
Miscellaneous Payables	4.225	-	-	-	-	13.578.047	13.582.272
Issued Marketable Securities ⁽⁶⁾	864.135	2.606.819	4.799.651	23.151.207	-	-	31.421.812
Funds Provided from Other Financial Institutions	1.956.700	14.054.359	14.459.435	6.107.111	564.448	26.498	37.168.551
Other Liabilities ⁽⁴⁾	1.838.258	683.454	924.477	1.905.131	5.779.625	111.888.559	123.019.504
Total Liabilities ⁽¹⁾	422.747.068	127.218.258	82.246.324	39.889.741	6.883.127	339.548.403	1.018.532.921
Balance Sheet Long Position	-	-	105.036.341	281.351.958	105.237.476	-	491.625.775
Balance Sheet Short Position	(253.986.086)	(27.958.319)	-	-	-	(209.681.370)	(491.625.775)
Off-Balance Sheet Long Position	3.460.446	3.574.705	516.189	-	-	-	7.551.340
Off-Balance Sheet Short Position	2.646.418	1.080.313	382.179	-	(1.015.345)	255.299	3.348.864
Total Position	(247.879.222)	(23.303.301)	105.934.709	281.351.958	104.222.131	(209.426.071)	10.900.204

⁽¹⁾ Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.

⁽²⁾ Deferred tax asset and liability are shown under the "Non-Interest Bearing" column.

⁽³⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.

⁽⁴⁾ Total shareholders' equity is shown under the "Non-Interest Bearing" column.

⁽⁵⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾ Includes subordinated debt instruments.

⁽⁷⁾ It also includes receivables from leasing transactions.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	31.560.965	-	-	-	-	24.249.517	55.810.482
Banks	480.994	110.301	132.777	63.337	-	6.590.614	7.378.023
Financial Assets at Fair Value Through Profit and Loss	26.018	66.586	979.223	895.635	109.639	23	2.077.124
Money Markets Receivables	621.747	-	-	-	-	-	621.747
Financial Assets at Fair Value Through Other Comprehensive Income	16.155.484	10.821.478	28.371.557	26.495.730	30.722.504	776.517	113.343.270
Loans Given ^{(3) (7)}	139.542.737	34.099.633	92.585.067	161.718.891	37.973.418	4.545.604	470.465.350
Financial Assets Measured at Amortised Cost	2.460.269	84.298	711.156	10.573.278	4.288.523	51.242	18.168.766
Other Assets ⁽²⁾	1.133.943	1.331.551	399.731	51.871	12.881	22.926.486	25.856.463
Total Assets ⁽¹⁾⁽⁵⁾	191.982.157	46.513.847	123.179.511	199.798.742	73.106.965	59.140.003	693.721.225
Liabilities							
Interbank Deposits	20.755.815	6.904.302	589.744	25.643	-	3.205.124	31.480.628
Other Deposits	194.125.482	70.974.614	50.804.129	3.774.835	1.786.391	126.982.447	448.447.898
Money Markets Borrowings	45.120.166	2.948.343	541.873	684.163	-	-	49.294.545
Miscellaneous Payables	32.370	-	-	-	-	7.673.426	7.705.796
Issued Marketable Securities ⁽⁶⁾	763.356	3.756.767	984.501	19.654.454	-	-	25.159.078
Funds Provided from Other Financial Institutions	2.745.370	6.304.265	17.872.214	6.104.863	683.231	548.494	34.258.437
Other Liabilities ⁽⁴⁾	1.403.809	147.478	422.109	1.459.280	5.227.647	88.714.520	97.374.843
Total Liabilities ⁽¹⁾	264.946.368	91.035.769	71.214.570	31.703.238	7.697.269	227.124.011	693.721.225
Balance Sheet Long Position	-	-	51.964.941	168.095.504	65.409.696	-	285.470.141
Balance Sheet Short Position	(72.964.211)	(44.521.922)	-	-	-	(167.984.008)	(285.470.141)
Off-Balance Sheet Long Position	1.186.774	141.045	3.419	6	-	129.611	1.460.855
Off-Balance Sheet Short Position	1.047.681	74.152	(85.481)	-	-	-	1.036.352
Total Position	(70.729.756)	(44.306.725)	51.882.879	168.095.510	65.409.696	(167.854.397)	2.497.207

⁽¹⁾ Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.⁽²⁾ Deferred tax asset and liability are shown under the "Non-Interest Bearing" column.⁽³⁾ Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.⁽⁴⁾ Total shareholders' equity is shown under the "Non-Interest Bearing" column.⁽⁵⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items.⁽⁶⁾ Includes subordinated debt instruments.⁽⁷⁾ It also includes receivables from leasing transactions.

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2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging to the Parent Bank) (%)

	EUR	USD	JPY	TL
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	12,00
Banks	1,79	-	-	18,02
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,88
Money Markets Receivables	-	-	-	15,89
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,76	-	11,17
Loans Given ⁽²⁾	4,70	5,93	5,95	11,03
Financial Assets Measured at Amortised Cost	4,87	7,47	-	15,86
Liabilities				
Interbank Deposits	0,20	0,26	-	17,94
Other Deposits	0,56	1,91	-	13,73
Money Markets Borrowings	-	2,34	-	17,25
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,87	-	16,99
Funds Provided from Other Financial Institutions	1,61	2,57	-	14,90

⁽¹⁾ The rate on TL column denotes the interest rates applied for required reserve at CBRT.⁽²⁾ Credit card loans are not included.⁽³⁾ Subordinated debt instruments are included⁽⁴⁾ Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	10,00
Banks	4,30	-	-	17,25
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,58
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,07	5,91	-	13,33
Loans Given ⁽²⁾	5,00	6,97	5,19	13,35
Financial Assets Measured at Amortised Cost	4,99	7,40	-	15,14
Liabilities				
Interbank Deposits	0,34	1,56	-	11,20
Other Deposits	0,49	2,09	-	10,50
Money Markets Borrowings	-	2,92	-	11,53
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,97	1,50	13,65
Funds Provided from Other Financial Institutions	1,78	3,98	-	11,47

⁽¹⁾ The rate on TL column denotes the interest rates applied for required reserve at CBRT.⁽²⁾ Credit card loans are not included.⁽³⁾ Subordinated debt instruments are included⁽⁴⁾ Foreign branches are excluded

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V. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

Comparison with the market value if the market value is significantly different from the fair value for balance sheet, fair and market values of equity shares

Investments in Equity Instruments – Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	289.106	289.106	-

^(*) The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

Investments in Equity Instruments – Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	163.902	163.902	-

^(*) The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

The breakdown of capital requirements on the basis of related investments in equity instruments depending on the method of the calculation of capital requirement which is chosen by Bank among approaches that are allowed to be used within the Communiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon Interior Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 289.106 and all of them are 100% risk weighted (31 December 2019: are amounted TL 163.902 and all of them are 100% risk weighted).

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management and ICAAP Regulations".

The Parent Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Bank. The renewal rates used in the analysis are taken into account on a daily basis. In addition, the Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Bank's liquidity risk level with the sector.

In line with the "Economic Stability Shield" measures put in place to reduce the effects of the COVID-19 outbreak on the economy, the effects of the new loans on the existing loans and potential new disbursements on existing and future cash flows and related alternative resource plans, The necessary evaluations have been made by taking into consideration, and will be followed up in the future.

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The Parent Bank maintains its liquidity buffer at high levels, taking into account the periods when liquidity risk may increase. Thanks to this approach, it is seen that the effect of the mobility experienced in the markets as a result of the negativity caused by the COVID-19 epidemic on the bank's liquidity needs is minimal.

1. Liquidity Risk

Explanations related to the liquidity risk management including the Parent Bank's risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk in internal banking, the strategy of liquidity risk and how to provide the communication of policies and implementations with board of directors and business lines

The Parent Bank's risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the bank network are explained in "Regulations of Risk Management, Stress Test Program and ICAAP Regulations" of the Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Parent Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Parent Bank's senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the partners of Bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Parent Bank and its partners, the compulsory directions and treats are moderated by Treasury Management and International Banking Group to direct liquidity risk and surpluses in effective way.

Information on the Bank's funding strategy, including policies on diversity of funding sources and duration

The Parent Bank's main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are mainly considered.

Explanation related to liquidity management as currencies forming at least 5 percentage of aggregate liabilities of the Parent Bank

The Parent Bank's total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

Information related to the techniques about the reduction of current liquidity risk

The Parent Bank's source of funds is mainly formed of deposits. The Bank's deposits do not fluctuate considerably in line with the broadly dispersed customer network and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

For the asset side of the Parent Bank, within the scope of reformatting short-term cash cycle, dissonance reducing the maturity of asset and liability, the policy for shortening the average maturity on loans is being pursued.

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, stress tests being done in order to test the endurance of the Parent Bank. These actions have been shared with key management of the Parent Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Parent Bank's estimated financial position for the next period, the progress of legal ratios and the liquidity need in short and long term as part of budget practices.

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General information on liquidity urgent and unexpected situation plan

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically followed and the borrowing limits of the Parent Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Parent Bank lines off its exposition to liquidity risk by limits that are approved from Board of Directors and within the frame of "Regulation on Risk Management, Stress Test Program and ICAAP Regulations".

2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, The Parent Bank calculates the liquidity cover rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest ratios are as follows: October FC 404,26, TL + FC 140,37; November FC 382,18, TL + FC 128,7; December was realized as FC 469,91, TL + FC 137,83 (31 December 2019: October FC 503,92, TL+FC 145,41; November FC 475,35, TL+FC 146,11; December FC 513,41, TL+FC 149,27).

Current Period	Total Unweighted Amount ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			188.259.913	102.705.164
Cash Outflows				
Retail and Small Business Customers, of which;	450.212.905	254.036.348	39.319.152	25.402.159
Stable deposits	114.042.765	29.514	5.702.138	1.476
Less stable deposits	336.170.140	254.006.834	33.617.014	25.400.683
Unsecured wholesale funding, of which;	243.764.352	90.509.605	115.252.460	44.137.448
Operational deposit	16.366.823	1.739.643	4.082.760	425.965
Non-operational deposits	200.570.849	79.628.315	91.107.616	34.705.377
Other unsecured funding	26.826.680	9.141.647	20.062.084	9.006.106
Secured funding			-	-
Other cash outflows, of which;	92.427.127	14.182.251	12.549.130	6.600.246
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.913.927	3.444.867	4.913.927	3.444.867
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	87.513.200	10.737.384	7.635.203	3.155.379
Other revocable off-balance sheet commitments and contractual obligations	8.300.305	8.300.305	415.015	415.015
Other irrevocable or conditionally revocable off-balance sheet obligations	66.179.789	43.406.259	3.781.763	2.170.314
Total Cash Outflows			171.317.520	78.725.182
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	46.363.070	21.372.648	30.470.866	16.836.319
Other cash inflows	1.781.988	39.029.760	1.771.158	39.018.930
Total Cash Inflows	48.145.058	60.402.408	32.242.024	55.855.249
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			188.259.913	102.705.164
TOTAL NET CASH OUTFLOWS			139.075.496	22.869.933
LIQUIDITY COVERAGE RATIO (%)			135,37	449,08

^(*) The average of last three months' liquidity coverage ratio calculated by monthly simple averages.

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Prior Period	Total Unweighted Amount ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			106.986.311	57.969.988
Cash Outflows				
Retail and Small Business Customers, of which;	305.160.810	149.261.517	26.002.445	14.926.062
Stable deposits	90.272.718	1.789	4.513.636	89
Less stable deposits	214.888.092	149.259.728	21.488.809	14.925.973
Unsecured wholesale funding, of which;	133.754.751	53.572.752	69.342.008	28.051.940
Operational deposit	7.865.281	842.792	1.957.900	202.278
Non-operational deposits	106.969.221	46.342.658	52.011.548	21.593.925
Other unsecured funding	18.920.249	6.387.302	15.372.560	6.255.737
Secured funding			-	-
Other cash outflows, of which;	62.216.808	6.758.784	7.125.122	2.150.741
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.236.035	487.363	2.236.035	487.363
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.980.773	6.271.421	4.889.087	1.663.378
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.167.084	31.258.133	2.859.625	1.581.286
Total Cash Outflows			105.329.200	46.710.029
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	46.299.477	23.410.598	31.145.755	17.763.221
Other cash inflows	1.361.923	43.519.136	1.346.154	43.503.367
Total Cash Inflows	47.661.400	66.929.734	32.491.909	61.266.588
			Upper Limit Applied Amounts	
Total HQLA Stock			106.986.311	57.969.988
Total Net Cash Outflows			72.837.291	11.677.507
Liquidity Coverage Ratio (%)			146,88	496,42

^(*) The average of last three months' liquidity coverage ratio calculated by monthly simple averages.

3. Explanations on Liquidity Coverage Ratio

Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio

While the parent bank deposit, which constitutes an important part of its funding and liquidity coverage ratio, does not have a fluctuant structure, public deposits can cause periodic changes within total deposits. While considering the previous periods, the percentage of the total deposit in financial statement does not change and has an increasing pattern.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing tend.

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

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The content of high quality liquid assets

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are; cash, the accounts in Central Bank, reserve requirements and securities from the portfolio (the important part of bonds and T-bills issued by Republic of Turkey and other bonds).

The content of funds and their share in the total liabilities and funding

The major part of the resources of funds in Group is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, funds borrowed, and issued securities.

Information about cash out-flows arising from derivative operations and margin operations likely to processing

Derivative operations in the Parent Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meeting customer demand. Customer operations are carried out under the "Framework Agreement on Purchase and Sale of Derivative Instruments" or ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex), as well as transactions with banks are performed again under ISDA and CSA agreements signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional cash margining. Operations could create additional collateral inflow or outflow depending on market valuation.

The concentration limits regarding collateral and counterparty and product based fund resources

For the counterparty and product based concentration limits are determined under Regulation on Risk Management, Stress Test Program and the Parent Bank's Internal Capital Adequacy Assessment Process ("ICAAP") with the approval of the Parent Bank's Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

Liquidity risk and needed funding on the basis of the Bank itself, the branches in foreign countries and the partnerships consolidated by considering operational and legal factors preventing liquidity transfer

Liquidity needs and surpluses of the Parent Bank's foreign branches and consolidated subsidiaries are regularly monitored and managed. There are no operational or legal restrictions preventing liquidity transfer. In the analysis made, it is seen that the effect of subsidiaries and foreign branches on the Parent Bank's liquidity structure is limited in proportion to the balance sheet size. Liquidity needs and surpluses are met in the most appropriate way between partnerships and branches abroad.

Explanations of cash in-flow and cash out-flow items that are considered to be related to liquidity profile of the Bank and to be placed on the calculation of liquidity coverage ratio but not on the second paragraph of the disclosure template

All items on the calculation of liquidity coverage ratio are included in calculation in aggregated form on the table. In this context, there is no point included in the calculation of liquidity coverage ratio and not included in the disclosure template.

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4. Presentation of Assets and Liabilities According to Their Remaining Maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	34.047.877	60.892.026	-	-	-	-	-	94.939.903
Banks	6.374.979	2.545.908	160.322	330.510	11.640	-	-	9.423.359
Financial Assets at Fair Value Through Profit and Loss	17.843	253.797	4.487.102	7.265.791	2.785.237	17.280	527.066	15.354.116
Money Markets Receivables	-	603.736	-	-	-	-	-	603.736
Financial Assets at Fair Value Through Other Comprehensive Income	298.429	2.705.820	5.993.027	21.530.707	95.993.447	60.445.057	273.837	187.240.324
Loans Given ⁽⁴⁾	-	24.353.919	56.036.675	177.653.617	279.344.479	99.474.620	4.770.153	641.633.463
Investments Held-to-Maturity	-	2.778.965	61.323	787.481	15.402.049	11.585.328	-	30.615.146
Other Assets	12.776.221	826.296	2.162.949	965.538	138.986	1.135.581	20.717.303	38.722.874
Total Assets⁽²⁾	53.515.349	94.960.467	68.901.398	208.533.644	393.675.838	172.657.866	26.288.359	1.018.532.921
Liabilities								
Interbank Deposits	6.096.456	21.551.646	5.392.665	5.492.551	914.861	-	-	39.448.179
Other Deposits	207.958.843	285.365.459	99.299.612	55.569.932	6.654.000	542.215	-	655.390.061
Funds Provided from Other Financial Institutions	26.498	1.398.198	4.504.686	14.401.389	13.043.407	3.794.373	-	37.168.551
Money Markets Borrowings	-	111.215.295	5.135.012	849.452	1.302.783	-	-	118.502.542
Issued Marketable Securities ⁽³⁾	-	864.135	2.606.819	4.799.651	23.151.207	-	-	31.421.812
Miscellaneous Payables	4.900.548	8.353.091	-	-	-	-	328.633	13.582.272
Other Liabilities	13.902.984	2.544.502	1.637.727	924.477	1.905.131	7.288.665	94.816.018	123.019.504
Total Liabilities	232.885.329	431.292.326	118.576.521	82.037.452	46.971.389	11.625.253	95.144.651	1.018.532.921
Liquidity Gap	(179.369.980)	(336.331.859)	(49.675.123)	126.496.192	346.704.449	161.032.613	(68.856.292)	-
Net Off-Balance Sheet Position	-	(928.056)	1.392.453	104.102	-	269.733	-	838.232
Financial Derivative Assets	-	112.691.820	32.919.251	8.157.398	1.972	1.285.078	-	155.055.519
Financial Derivative Liabilities	-	113.619.876	31.526.798	8.053.296	1.972	1.015.345	-	154.217.287
Non-cash Loans	48.553.453	5.871.734	14.137.642	47.245.602	37.445.134	6.267.013	533.425	160.054.003
Prior Period								
Total Assets	37.284.253	65.265.992	37.626.040	185.293.366	253.080.890	93.486.055	21.684.629	693.721.225
Total Liabilities	139.662.428	270.211.959	87.140.325	70.871.543	36.375.040	12.122.526	77.337.404	693.721.225
Liquidity Gap	(102.378.175)	(204.945.967)	(49.514.285)	114.421.823	216.705.850	81.363.529	(55.652.775)	-
Net Off-Balance Sheet Position	-	105.413	(8.583)	(88.029)	670.218	18.825	-	697.844
Financial Derivative Assets	-	70.479.265	25.168.990	6.820.549	1.357.756	735.875	-	104.562.435
Financial Derivative Liabilities	-	70.373.852	25.177.573	6.908.578	687.538	717.050	-	103.864.591
Non-cash Loans	42.650.170	6.515.165	12.406.400	38.396.519	26.266.400	5.260.088	201.418	131.696.160

⁽¹⁾ Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾ Expected credit losses for financial assets and other assets are recognized in the related account.

⁽³⁾ Includes subordinated debt instruments.

⁽⁴⁾ It also includes receivables from leasing transactions.

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5. Presentation of Liabilities According to Their Remaining Maturities

Current Period ^(*)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposit	28.446.118	6.950.206	570.961	914.861	-	36.882.146
Other Deposit	342.065.588	75.633.274	53.255.563	6.345.578	544.565	477.844.568
Funds borrowed from other financial institutions	3.691.604	2.584.561	15.342.280	11.933.612	5.040.989	38.593.046
Funds borrowed from Interbank Money Market	47.230.835	2.967.187	543.789	684.233	-	51.426.044
Total	421.434.145	88.135.228	69.712.593	19.878.284	5.585.554	604.745.804
Prior Period ^(*)						
Bank Deposit	23.884.309	6.914.752	597.886	25.643	-	31.422.590
Other Deposit	321.670.264	71.229.357	52.291.118	4.028.034	1.792.169	451.010.942
Funds borrowed from other financial institutions	1.174.612	2.679.963	17.170.821	12.057.420	5.021.839	38.104.655
Funds borrowed from Interbank Money Market	45.148.897	2.967.187	543.789	684.233	-	49.344.106
Total	391.878.082	83.791.259	70.603.614	16.795.330	6.814.008	569.882.293

(*) Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group's consolidated leverage calculated by force of the regulation "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 8,00% (31 December 2019: 9,24%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

	Current Period ^(*)	Prior Period ^(*)
Balance sheet assets		
On-balance sheet items (excluded derivative financial instruments and credit derivatives, included collateral)	1.019.008.924	673.691.992
(Assets deducted in determining Tier 1 capital)	(3.484.580)	(3.562.075)
Total on-balance sheet risks (sum of lines 1 and 2)	1.015.524.344	670.129.917
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	6.447.370	2.575.393
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.973.199	1.622.384
Total risks of derivative financial instruments and credit derivatives	8.420.569	4.197.777
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	15.489.064	8.795.353
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	15.489.064	8.795.353
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	257.863.235	197.379.048
(Adjustments for conversion to credit equivalent amounts)	(7.445.068)	(4.251.413)
Total risks of off-balance sheet items	250.418.167	193.127.635
Capital and total risks		
Tier 1 capital	103.142.384	80.977.302
Total risks	1.289.852.144	876.250.682
Leverage ratio		
Leverage ratio %	8,00	9,24

(*) Three month average of the amounts in the table are taken into account.

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2. An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	1.019.093.587	694.363.407
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	560.666	642.182
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	343.739.300	255.846.636
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts	46.521.925	42.291.398
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	7.445.068	4.251.413
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	(55.563.620)	(48.511.359)
Total Risk Amount	1.289.852.144	876.250.682

(*) The amounts shown in the table are 3 month averages.

(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2020 of the nonfinancial subsidiaries.

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.

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

1. Explanations on Risk Management and Risk Weighted Amount.

1.1 The Parent Bank's Risk Management Approach

It has to do with how the business model determines The Parent Bank's risk profile; how it interacts with it (e.g. key risks related to the business model and how each of these risks is reflected on explanations); and how The Parent Bank's risk profile interacts with the risk appetite approved by the board of directors

While risk appetite determines the Parent Bank's risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Parent Bank's risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Parent Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank's strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Risk weighted asset-based signal and limit values are regularly monitored by the Parent Bank Risk Management Department, and actual values are reported periodically to the Parent Bank Senior Management.

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Risk management structure: Responsibilities distributed at The Parent Bank (e.g. supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g. board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Parent Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Parent Bank's risk management is consistent with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board Presidency, Internal Control and Compliance Group Presidency and Risk Management Group Presidency report to the Audit Committee and Board of Directors through the Vice President who is responsible for internal systems and operates separate from executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") approved by the Bank's Board of Directors.

Organizational structure of the Parent Bank's Risk Management Group Presidency consists of credit risk management, market risk management, operational risk management and statement risks management units. Duties of risk management:

- Ensuring identification, measurement, reporting, monitoring and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Parent Bank's cash flows in the future, quality and level of its associated activities
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks exposed or possible risks and assessment of capital adequacy/requirement level in line with the strategic goals
- Preparing ICAAP reports periodically.

ICAAP analyses and activities are validated by a team that reports to the Audit Committee independently from the team that develops and implements the methodology of such activities. The same team issues a Validation Report as well. Analyses and activities conducted within the process, including validation activities are reviewed by the Inspection Board Presidency and a Review Report is issued for the results.

Channels used for disseminating and implementing risk culture within The Bank (e.g. codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Parent Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Parent Bank and the structure is understood by the staff. Usage levels for signal and risk parameters are subject to reports submitted to the bank's Top Management.

If limits are exceeded, the Parent Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and so on can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Parent Bank - including budget figures - can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of The Parent Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Parent Bank's Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Bank regulations and relevant legal legislation.

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Principal elements and scope of risk measurement systems

The Parent Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions accordingly; and report results of analyses conducted with such models.

The Parent Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts are made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Parent Bank's liquidity requirement in a worst case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the Board of Directors and Top Management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

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As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

Explanations on stress test (e.g. assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Parent Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

The Parent Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Parent Bank performs risk mitigation with a simple financial method. Credibilities of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The Parent Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Parent Bank's fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed. As for the asset side of the Parent Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

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Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	567.727.732	464.023.607	45.418.219
2	Standardised approach	567.727.732	464.023.607	45.418.219
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	10.299.316	5.889.919	823.945
5	Standardised approach for counterparty credit risk	10.299.316	5.889.919	823.945
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the Banking account	-	-	-
8	Investments made in collective investment companies- look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	2.069.435	2.367.231	165.554
10	Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	39.814.620	28.277.041	3.185.170
17	Standardised approach	39.814.620	28.277.041	3.185.170
18	Internal model approaches	-	-	-
19	Operational risk	43.140.646	38.645.276	3.451.252
20	Basic Indicator approach	43.140.646	38.645.276	3.451.252
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	663.051.749	539.203.074	53.044.140

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2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Current Period	Carrying values as reported in published financial statements (*)	Valued amount according to TAS within legal consolidation (**)	Carrying values as reported in published financial statements (*)				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	
Assets							
Cash and balances at central bank	95.022.404	94.939.903	94.939.903	-	-	-	-
Banks	9.413.032	9.423.359	9.423.359	-	-	-	-
Receivables from Money Markets	603.736	603.736	467.510	136.226	-	-	-
Financial assets measured at fair value to profit or loss	15.354.116	15.354.116	24.056	-	-	15.330.060	-
Financial assets measured at fair value to other comprehensive income	187.240.324	187.240.324	120.688.428	52.130.594	-	66.551.896	-
Financial assets measured at amortised cost	30.615.423	30.615.146	30.615.146	5.118.323	-	-	-
Derivative financial assets	5.061.778	5.061.778	-	5.061.778	-	-	-
Loans (Net)	636.487.286	636.487.286	645.575.744	-	-	-	23.169
Investments in associates (Net)	554.237	554.255	554.255	-	-	-	-
Investments in subsidiaries (Net)	673.465	736.126	736.126	-	-	-	-
Jointly Controlled Partnerships (Joint Venture Net)	194.962	194.962	194.962	-	-	-	-
Lease receivables	5.146.177	5.146.177	5.146.177	-	-	-	-
Tangible Assets (net)	11.517.285	11.503.830	11.458.973	-	-	-	44.857
Intangible Assets (net)	1.576.133	1.214.133	-	-	-	-	1.214.133
Investment Properties (Net)	477.790	477.790	477.790	-	-	-	-
Tax Asset	891.194	891.194	891.194	-	-	-	-
Assets Held for Sale and Discontinued Operations (Net)	5.336.119	5.336.119	5.336.119	-	-	-	-
Other Assets	12.928.125	12.752.687	12.752.687	-	-	-	-
Total Assets	1.019.093.587	1.018.532.921	939.282.429	62.446.921	-	81.881.956	1.282.159
Liabilities							
Deposits	694.797.559	694.838.240	-	-	-	-	-
Funds Borrowed	37.658.707	37.168.551	-	6.096.622	-	-	-
Money Market Borrowings	118.502.542	118.502.542	-	48.312.215	-	-	-
Securities Issued (Net)	18.373.615	18.373.615	-	-	-	-	-
Funds	6.192.868	6.053.060	-	-	-	-	-
Derivative Financial Liabilities	3.486.961	3.486.961	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Other Liabilities	21.029.670	20.924.785	-	-	-	-	-
Factoring Liabilities	1.001.363	1.001.363	-	-	-	-	-
Provisions	7.555.261	7.510.826	-	-	-	-	-
Tax Liability	1.783.191	1.783.191	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debts	13.816.234	13.816.234	-	-	-	-	-
Shareholders' equity	94.895.616	95.073.553	-	-	-	-	-
Total Liabilities	1.019.093.587	1.018.532.921	-	54.408.837	-	-	-

(*) Financial statements prepared in accordance with the sixth paragraph of the fifth article of the "Communiqué on the Preparation of Banks' Consolidated Financial Statements" have been used.

(**) The Bank's consolidated financial statements.

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Prior Period	Carrying values as reported in published financial statements (*)	Valued amount according to TAS within legal consolidation (**)	Carrying values as reported in published financial statements (*)				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	
Assets							
Cash and balances at central bank	55.810.483	55.810.483	55.810.483	-	-	-	-
Banks	7.378.022	7.378.022	7.378.022	-	-	-	-
Receivables from Money Markets	621.747	621.747	417.600	204.147	-	-	-
Financial assets measured at fair value to profit or loss	2.077.124	2.077.124	105.671	-	-	1.971.453	-
Financial assets measured at fair value to other comprehensive income	113.343.270	113.343.270	70.078.873	50.624.288	-	43.264.362	-
Financial assets measured at amortised cost	18.168.766	18.168.766	18.168.766	4.093.912	-	-	-
Derivative financial assets	2.794.737	2.794.737	-	2.794.737	-	-	-
Loans (Net)	466.796.599	466.796.599	471.660.117	-	-	-	96.245
Investments in associates (Net)	308.245	284.828	284.828	-	-	-	-
Investments in subsidiaries (Net)	300.691	306.928	306.928	-	-	-	-
Jointly Controlled Partnerships (Joint Venture Net)	135.330	135.330	135.330	-	-	-	-
Lease receivables	3.668.751	3.668.751	3.668.751	-	-	-	-
Tangible Assets (net)	7.789.554	7.788.298	7.738.896	-	-	-	49.402
Intangible Assets (net)	906.408	935.148	-	-	-	-	935.148
Investment Properties (Net)	-	-	-	-	-	-	-
Tax Asset	1.217.036	1.217.036	1.217.036	-	-	-	-
Assets Held for Sale and Discontinued Operations (Net)	6.965.463	6.965.463	6.965.463	-	-	-	-
Other Assets	5.499.324	5.428.695	5.428.695	-	-	-	-
Total Assets	693.781.550	693.721.225	649.365.459	57.717.084	-	45.235.815	1.080.795
Liabilities							
Deposits	479.902.579	479.928.526	-	-	-	-	-
Funds Borrowed	34.258.437	34.258.437	-	2.835.538	-	-	-
Money Market Borrowings	49.294.545	49.294.545	-	47.079.527	-	-	-
Securities Issued (Net)	15.593.121	15.593.121	-	-	-	-	-
Funds	6.093.770	6.066.464	-	-	-	-	-
Derivative Financial Liabilities	1.652.201	1.652.201	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Other Liabilities	12.747.589	12.747.589	-	-	-	-	-
Factoring Liabilities	772.675	772.675	-	-	-	-	-
Provisions	4.136.721	4.110.794	-	-	-	-	-
Tax Liability	1.904.852	1.904.852	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	3.061.224	3.061.224	-	-	-	-	-
Subordinated debts	10.103.295	10.103.295	-	-	-	-	-
Shareholders' equity	74.260.541	74.227.502	-	-	-	-	-
Total Liabilities	693.781.550	693.721.225	-	49.915.065	-	-	-

(*) Financial statements prepared in accordance with the sixth paragraph of the fifth article of the "Communiqué on the Preparation of Banks' Consolidated Financial Statements" have been used.

(**) The Bank's consolidated financial statements.

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The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	1.018.532.921	939.282.429	62.446.921	81.881.956
Liabilities carrying value amount under regulatory scope of consolidation	-	-	54.408.837	-
Total net amount under regulatory scope of consolidation	1.018.532.921	939.282.429	8.038.084	81.881.956
Differences in valuations	443.071.666	103.488.079	189.394.399	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	1.461.604.587	1.042.770.508	197.432.483	81.881.956
Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	693.721.225	649.374.976	57.717.084	45.235.815
Liabilities carrying value amount under regulatory scope of consolidation	-	-	49.915.065	-
Total net amount under regulatory scope of consolidation	693.721.225	649.374.976	7.802.019	45.235.815
Differences in valuations	317.649.597	79.891.826	133.624.602	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	1.011.370.822	729.266.802	141.426.621	45.235.815

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank's business model into components in credit risk profile

The Banks must allocate risk limits approved by board of directors of the Banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structures.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

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Pursuant to aforementioned regulations, to what extent the Parent Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation and it helps optimization of resource utilization.

In accordance with the changing organizational structure of the Parent Bank, the signal and limit with risk of change in customer segmentation are on corporate and individual segment basis in accordance with the customer segment structure and are updated according to the changes in the segmentation structure. Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Parent Bank's Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank's risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank's Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank's strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Parent Bank's risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank's Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Parent Bank's risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank's strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within The Parent Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank's Top Management.

3.3 Structure and organization of credit risk management and control function

The Parent Bank's internal system units consist of the Inspection Board Presidency, Internal Control and Compliance Presidency and Risk Management Group Presidency. Credit risk management is one of the four services under the Risk Management Group Presidency.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank's credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Group Presidency goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

Furthermore, inspection and control units involve in the process also for the ICAAP activities that constitute a significant part of risk management activities. Accordingly, ICAAP analyses and activities are validated by Internal Control and Compliance Group Presidency that reports to the Audit Commission independent from the team that develops and implements the methodology of the ICAAP analyses. The same team issues a Validation Report as well. The entire ICAAP process is subject to an inspection by the Inspection Board Presidency and reported through Examination Report issued.

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The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control, and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Parent Bank; compliance with relevant laws, regulations, internal policies and banking practices is controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on The Parent Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Parent Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Parent Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans ^(*)	16.681.214	645.974.937	21.022.688	641.633.463
Debt Securities	-	155.101.630	1.073.083	154.028.547
Off-balance sheet exposures	717.071	259.198.864	1.927.597	257.988.338
Total	17.398.285	1.060.275.431	24.023.368	1.053.650.348

^(*) It also includes receivables from leasing transactions.

Prior Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans ^(*)	14.531.430	470.096.211	14.162.291	470.465.350
Debt Securities	-	135.726.146	2.134.137	133.592.009
Off-balance sheet exposures	758.256	198.776.464	1.134.125	198.400.595
Total	15.289.686	804.598.821	17.430.553	802.457.954

^(*) It also includes receivables from leasing transactions.

3.7 Changes in the Defaulted Receivables and Debt Instruments

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	14.531.430
2	Loans and debt securities that have defaulted since the last reporting period	5.507.939
3	Returned to non-defaulted status	582.016
4	Amounts written off	-
5	Other changes	(2.776.139)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)^(*) definitions	16.681.214

^(*) Provisions for non-cash loans are not included in the table.

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Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	8.755.997
2	Loans and debt securities that have defaulted since the last reporting period	8.815.989
3	Returned to non-defaulted status	68.930
4	Amounts written off	-
5	Other changes	(2.971.626)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)^(*) definitions	14.531.430

^(*) Provisions for non-cash loans are not included in the table

3.8. Additional Explanations on Credit Quality of Assets

Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any

Group classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Group sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

The portion that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and reasons for this practice

Group transfers credits whose maturity is deferred for more than 90 days automatically to monitoring accounts pursuant to the classification provisions of Regulation on Provisions, and allocates provision of respective class; whereas it does not allocate expected loss provisions for fund-based credits classified as "Non-Performing Loans" pursuant to Article 13 "Exceptions" of the Regulation on Provisions as the relevant risk is not assumed by the Group.

As of 17 March 2020, the "delay more than 90 days" condition, which is used in the definition of default in order to classify the loans in accordance with the BRSA Decision due to COVID-19, started to be applied as "delay more than 180 days". This application will be valid until 30 June 2021, according to the BRSA's decision dated 8 December 2020 and numbered 9312.

With the aforementioned classification changes, the Group reserves provisions for loans with a delay of 90-180 days in accordance with TFRS 9 requirements, according to its own risk policies and models, which also evaluate the borrower's conditions.

Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". However, there is no judgement in the related Regulation and the BRSA's related disclosures that would prevent further provision of the minimum amounts required.

Definitions of restructured receivables

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

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Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables	Non Performing Loans	Expected Loss Provisions	Total
Domestic	625.792.009	15.082.289	19.911.445	620.962.853
European Union Countries	4.146.568	39.182	67.515	4.118.235
USA, Canada	441.510	4.239	4.262	441.487
OECD Countries ⁽¹⁾	772.318	7.351	39.413	740.256
Off-Shore Banking Regions	-	-	-	-
Other	9.676.355	1.548.153	1.000.053	10.224.455
Total	640.828.760	16.681.214	21.022.688	636.487.286

⁽¹⁾ OECD countries other than EU countries, USA and Canada.⁽²⁾ It also includes receivables from leasing transactions.

	Loans and Receivables	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	91.965.389	2.024.815	1.632.975	92.357.229
Farming and Stockbreeding	91.001.949	2.001.127	1.610.162	91.392.914
Forestry	547.347	12.258	12.362	547.243
Fishing	416.093	11.430	10.451	417.072
Manufacturing	138.149.645	2.817.918	6.858.756	134.108.807
Mining and Quarrying	10.015.131	38.627	95.400	9.958.358
Production	98.038.136	2.540.613	5.905.101	94.673.648
Electric, Gas and Water	30.096.378	238.678	858.255	29.476.801
Construction	67.313.630	3.257.106	3.073.208	67.497.528
Services	152.074.278	5.746.448	6.564.551	151.256.175
Wholesale and Retail Trade	68.127.576	3.344.457	3.372.644	68.099.389
Hotel Food and Beverage Services	14.371.718	408.248	592.032	14.187.934
Transportation and Telecommunication	15.277.489	294.026	365.398	15.206.117
Financial Institutions	11.916.118	53.519	103.535	11.866.102
Real Estate and Leasing Services	37.980.811	1.461.697	1.714.781	37.727.727
Self Employment Services	79.771	502	1.344	78.929
Education Services	1.593.226	89.149	92.681	1.589.694
Health and Social Services	2.727.569	94.850	322.136	2.500.283
Other	191.325.818	2.834.927	2.893.198	191.267.547
Total	640.828.760	16.681.214	21.022.688	636.487.286

⁽¹⁾ It also includes receivables from leasing transactions.

Information regarding breakdown of receivables according to remaining maturities is given in Note II-4.

Aging Analysis for Overdue Receivables

Day Past Due	Current Period	Prior Period
1-30 Days	1.188.230	2.173.548
31-60 Days	793.810	2.486.550
61-90 Days	1.383.584	12.032.142
90 +	2.721.661	-
Total	6.087.285	16.692.240

Loans under close monitoring amounting to TL 33.892.152 (31 December 2019: TL 14.692.369) are not overdue.

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Breakdown of restructured receivables by allocation of provision

Out of the Group's total restructured loans amounting to TL 19.951.076, a portion of TL 18.566.150 consists of performing loans and remaining portion of TL 1.384.926 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 2.505.013 and the third stage expected loss provision for non-performing loans is TL 558.700. No expected loss provision is reserved for non-performing loans amounting to TL 65.200 whose risk does not belong to the Bank (31 December 2019: Out of the Group's total restructured loans amounting to TL 10.805.869, a portion of TL 10.107.754 consists of performing loans and remaining portion of TL 698.115 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is 596.202 TL and third stage expected loss provision amount allocated for non-performing loans is 332.381 TL. No expected loss provision has been allocated for non-performing loans amounting to TL 19.094 whose risk does not belong to the Bank.).

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Group.

3.10. Credit risk mitigation techniques - Overview

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans ^(*)	489.160.650	143.739.220	68.716.959	138.718.903	66.054.305	-	-
Debt Securities	140.611.253	-	-	-	-	-	-
Total	629.771.903	143.739.220	68.716.959	138.718.903	66.054.305	-	-
Of which defaulted	15.629.079	887.419	247.846	881.293	247.239	-	-

^(*) It also includes receivables from leasing transactions.

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans ^(*)	387.419.543	84.336.819	48.242.825	67.009.421	44.952.792	-	-
Debt Securities	133.592.009	-	-	-	-	-	-
Total	521.011.552	84.336.819	48.242.825	67.009.421	44.952.792	-	-
Of which defaulted	12.420.194	2.111.236	733.725	2.109.151	733.709	-	-

^(*) It also includes receivables from leasing transactions.

3.11. Credit risk in case of using standard approach

3.11.1. Qualitative explanations on ratings used by banks when calculating credit risk with the standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by The Parent Bank and the reasons in case of any change during the reporting period

The Parent Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

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Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

In order to determine the risk weight of the items subject to issuance or issuer rating among the items included in the banking accounts, the issue rating is first examined, and in the absence of an issue rating, the credit rating of the issuer is taken into account.

Matching rating grades on the basis of risk

Rating grade assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.

3.12. Standard Approach- Loan risk Exposure and the Effects of Loan Risk Reduction Techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
Exposures to sovereigns and their central banks	231.948.275	971.770	297.204.260	652.576	8.975.475	3,01%
Exposures to regional and local governments	512.473	76.717	572.847	58.739	305.684	48,40%
Exposures to administrative bodies and non-commercial entities	538.433	549.846	517.121	224.607	721.946	97,33%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	82.735.792	14.853.033	83.425.896	7.125.907	16.382.876	18,09%
Exposures to corporates	259.361.476	138.356.697	229.627.285	78.588.205	305.044.911	98,97%
Retail exposures	248.065.075	80.672.085	215.148.335	8.340.228	166.291.304	74,41%
Exposures secured by residential property	71.009.064	979.519	70.911.940	398.843	24.957.538	35,00%
Exposures secured by commercial property	28.785.972	1.817.589	25.803.409	1.006.345	17.439.660	65,05%
Past-due items	3.995.145	-	3.747.911	-	2.566.079	68,47%
Exposures in high-risk categories	1.600.528	5.006.702	1.600.524	1.164.178	4.124.249	149,18%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2.012.544	131.459	2.005.249	65.320	2.069.435	99,95%
Other exposures	40.383.443	-	40.383.443	-	28.275.362	70,02%
Equity share investments	703.107	-	703.107	-	703.107	100,00%
Total	971.651.327	243.415.417	971.651.327	97.624.948	577.857.626	54,04%

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Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Risk classes	On-balance sheet amount	Off-balance sheet amount
Exposures to sovereigns and their central banks	142.772.174	824.931	185.517.801	2.739.787	31.883.780	16,9%
Exposures to regional and local governments	618.948	77.751	443.045	44.102	232.054	47,6%
Exposures to administrative bodies and non-commercial entities	250.281	757.225	1.203.781	385.688	1.549.733	97,5%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	74.194.983	14.517.448	75.389.253	8.108.048	14.062.276	16,8%
Exposures to corporates	226.687.251	120.310.850	199.982.187	63.252.866	260.017.372	98,8%
Retail exposures	160.423.783	52.259.544	143.756.084	4.531.954	110.036.616	74,2%
Exposures secured by residential property	59.603.803	352.789	59.275.334	174.748	20.818.566	35,0%
Exposures secured by commercial property	8.464.297	740.249	8.214.361	445.931	4.397.972	50,8%
Past-due items	4.794.048	-	4.075.365	-	2.680.485	65,8%
Exposures in high-risk categories	2.788.783	373.558	2.741.140	152.885	4.335.303	149,8%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2.496.762	112.063	2.496.762	55.817	2.367.231	92,7%
Other exposures	33.334.403	-	33.334.403	-	19.735.467	59,2%
Equity share investments	163.902	-	163.902	-	163.902	100,0%
Total	716.593.418	190.326.408	716.593.418	79.891.826	472.280.757	59,3%

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Current Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	281.805.624	-	263.864	-	-	13.729.292	-	2.058.056	-	-	-	297.856.836
Exposures to regional and local government	31.359	-	34	-	-	589.031	-	11.162	-	-	-	631.586
Exposures to administrative bodies and non-commercial entities	19.736	-	58	-	-	-	-	721.934	-	-	-	741.728
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	49.293.961	-	14.399.077	-	-	23.611.552	-	1.665.653	-	-	1.581.560	90.551.803
Exposures to corporates	1.200.058	-	1.035.599	-	-	2.284.083	-	303.695.750	-	-	-	308.215.490
Retail exposures	1.146.907	-	843.404	-	-	4.053	221.494.128	-	-	-	71	223.488.563
Exposures secured by residential property	1.711	-	4.248	71.304.824	-	-	-	-	-	-	-	71.310.783
Exposures secured by commercial property	32.912	-	26.454	-	18.632.037	-	-	8.118.351	-	-	-	26.809.754
Past-due items	663	-	81	-	-	2.362.209	-	1.384.958	-	-	-	3.747.911
Exposures in high-risk categories	361	-	7	-	-	22.159	-	188	2.741.987	-	-	2.764.702
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.134	-	-	-	-	-	-	2.069.435	-	-	-	2.070.569
Equity share investments	-	-	-	-	-	-	-	703.107	-	-	-	703.107
Other exposures	12.108.075	-	8	-	-	-	-	28.275.360	-	-	-	40.383.443
Total	345.642.501	-	16.572.834	71.304.824	18.632.037	42.602.379	221.494.128	348.703.954	2.741.987	-	1.581.631	1.069.276.275

(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line "Exposures secured by commercial property".

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3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	124.989.206	-	9.892	-	-	62.753.377	-	505.113	-	-	-	188.257.588
Exposures to regional and local government	27.549	-	34	-	-	455.033	-	4.531	-	-	-	487.147
Exposures to administrative bodies and non-commercial entities	39.577	-	199	-	-	-	-	1.549.693	-	-	-	1.589.469
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	43.103.799	-	18.032.484	-	-	18.185.446	-	1.305.658	-	-	2.869.914	83.497.301
Exposures to corporates	947.168	-	505.619	-	-	3.732.036	-	258.050.230	-	-	-	263.235.053
Retail exposures	1.049.738	-	711.761	-	-	146	146.525.565	-	-	-	828	148.288.038
Exposures secured by residential property	21.174	-	16.390	59.380.353	-	-	-	32.165	-	-	-	59.450.082
Exposures secured by commercial property	8.297	-	8.916	-	8.493.780	-	-	149.299	-	-	-	8.660.292
Past-due items	13	-	-	-	-	2.789.733	-	1.285.619	-	-	-	4.075.365
Exposures in high-risk categories	1.938	-	2.174	-	-	-	-	2	2.889.911	-	-	2.894.025
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	185.348	-	-	-	-	-	-	2.367.231	-	-	-	2.552.579
Equity share investments	-	-	-	-	-	-	-	163.902	-	-	-	163.902
Other exposures	13.598.929	-	9	-	-	-	-	19.735.465	-	-	-	33.334.403
Total	183.972.736	-	19.287.478	59.380.353	8.493.780	87.915.771	146.525.565	285.148.908	2.889.911	-	2.870.742	796.485.244

(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line "Exposures secured by commercial property".

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Group's credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Parent Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

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Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at The Parent Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Parent Bank's budget, strategy and expectations for upcoming years, developments in Turkey and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Parent Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Parent Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Parent Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Parent Bank must submit in case of a decline in credit rating

As the Parent Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

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3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

		Replacement	Potential Future exposure	EEPE (Effective Expected Positive Exposure) ⁽¹⁾	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	RWA
	Current Period						
	Valuation Method according to fair value - CCR (for derivatives)	4.223.311	1.831.453			6.054.764	2.413.718
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					41.415.886	2.774.809
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					8.427.178	2.840.299
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						8.028.826

⁽¹⁾ Effective expected positive exposure

		Replacement	Potential future exposure	EEPE (Effective Expected Positive Exposure) ⁽¹⁾	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	RWA
	Prior Period						
	Valuation Method according to fair value - CCR (for derivatives)	3.314.970	1.453.786			4.768.756	2.130.456
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					36.549.393	2.950.852
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.930.600	665.492
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						5.746.800

⁽¹⁾ Effective expected positive exposure

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3.17. Capital Requirement for Loan Valuation Adjustments

	Exposure at default post-CRM	RWA
Current Period		
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	6.054.764	2.238.857
4 Total subject to the CVA capital charge	6.054.764	2.238.857
Prior Period		
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	4.768.756	85.704
4 Total subject to the CVA capital charge	4.768.756	85.704

3.18. Standardised approach - CCR exposures by risk class and risk weights

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk ⁽¹⁾
Exposures to sovereigns and their central banks	3.663.671	-	-	-	-	-	-	-	3.663.671
Exposures to regional and local governments	1.819	-	-	-	-	-	-	-	1.819
Exposures to administrative bodies and non-commercial entities	7.319	-	-	-	-	-	-	-	7.319
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.669.526	-	9.088.397	9.374.982	-	119.392	-	1.581.560	51.833.857
Exposures to corporates	510.104	-	-	-	-	1.389.997	-	-	1.900.101
Retail exposures	11.066	-	-	-	1.740	-	-	71	12.877
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	590	-	590
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	35.863.505	-	9.088.397	9.374.982	1.740	1.509.389	590	1.581.631	57.420.234

⁽¹⁾ Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.⁽²⁾ Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit.

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Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk ⁽¹⁾
Exposures to sovereigns and their central banks	2.734.946	-	-	457.031	-	133.957	-	-	3.325.934
Exposures to regional and local governments	5.001	-	-	-	-	-	-	-	5.001
Exposures to administrative bodies and non-commercial entities	2.816	-	-	-	-	-	-	-	2.816
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	42.841.324	-	11.474.227	5.550.242	-	269	-	2.869.914	62.735.976
Exposures to corporates	13.412	-	-	-	-	398.784	-	-	412.196
Retail exposures	162.312	-	-	-	1.349	-	-	828	164.489
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	185.348	-	-	-	-	-	-	-	185.348
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	45.945.159	-	11.474.227	6.007.273	1.349	533.010	-	2.870.742	66.831.760

⁽¹⁾ Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.⁽²⁾ Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit.

3.19. Risk classes and counterparty credit risk explanations

None.

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Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	24.810.805	-
Cash-foreign currency	-	-	-	-	28.022.665	-
Domestic sovereign debts	-	-	-	-	136.170	-
Other sovereign debts	-	-	-	-	-	-
Government debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	52.969.640	-
Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	26.936.138	-
Cash-foreign currency	-	-	-	-	22.943.367	-
Domestic sovereign debts	-	-	-	-	70.190	-
Other sovereign debts	-	-	-	-	133.957	-
Government debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	50.083.652	-

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

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Risks Related with Other Parts of the Center

		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	1.581.631	31.633
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	544.106	10.882
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	1.037.525	20.751
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk

4.1. The Parent Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Parent Bank's market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency

For the purposes of market risk aversion in line with financial risk management, the Parent Bank has identified market risk management activities in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Parent Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Parent Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Parent Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

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4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Parent Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Group Presidency, one of internal systems units established independently from executive units of the Parent Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Parent Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Parent Bank's Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Parent Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Parent Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Parent Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.

Standard approach-Current Period	RWA	
	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	32.279.735	15.626.574
2 Equity risk (general and specific)	1.056.572	752.996
3 Foreign exchange risk	6.478.313	11.897.471
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	39.814.620	28.277.041

Standard method is being used by The Parent Bank to calculate the risk of the sector.

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5. Explanations on the Operational Risk

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation

Current Period	31.12.2017	31.12.2018	31.12.2019	Total/ Number of Positive GI years	Ratio (%)	Total
Gross Income	20.914.474	23.869.120	24.241.440	23.008.345	15	3.451.252
Amount Subject to Operational Risk (Total*12,5)						43.140.646

Prior Period	31.12.2016	31.12.2017	31.12.2018	Total/ Number of Positive GI years	Ratio (%)	Total
Gross Income	17.048.849	20.914.474	23.869.120	20.610.814	15	3.091.622
Amount Subject to Operational Risk (Total*12,5)						38.645.276

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of "Regulation on Risk Management, Stress Test Program and the Parent Bank's Internal Capital Adequacy Assessment Process ("ICAAP")".

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. The Parent Bank's perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on the Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank's internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

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Type of Currency -Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(19.609.423)	(17,63%)
2. TL	(400)	19.212.179	17,28%
3. EUR	200	2.430.904	2,19%
4. EUR	(200)	(2.346.330)	(2,11%)
5. USD	200	(3.826.830)	(3,44%)
6. USD	(200)	4.724.669	4,25%
Total (for negative shocks)		21.590.518	19,42%
Total (for positive shocks)		(21.005.349)	(18,89%)

Type of Currency -Prior Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(12.679.918)	(15,16%)
2. TL	(400)	12.351.574	14,77%
3. EUR	200	701.590	0,84%
4. EUR	(200)	(376.572)	(0,45%)
5. USD	200	(3.066.038)	(3,67%)
6. USD	(200)	3.997.006	4,78%
Total (for negative shocks)		15.972.008	19,10%
Total (for positive shocks)		(15.044.366)	(17,99%)

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. As of 31 December 2020, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB

IX. EXPLANATIONS ON HEDGING PROCEDURES

Along with the financial risk hedge accounting, the Parent Bank applies net investment hedging in order to hedge its investments abroad, which are included in the consolidated financial statements. The effective part of the fair value change of the hedging instrument in the net investment hedging transaction has been accounted for in the "Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss" under equity.

The efficiency test is performed using the "Dollar off-set method" to compare the changes in fair value of the hedging instrument and the item subject to financial risk. Efficiency tests are performed at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started and the end of each reporting period is compared with the value change in the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

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The Parent Bank implements a net investment hedging strategy in order to avoid the exchange rate risk arising from the net investment value of its subsidiary Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD. The deposit in Euro supplied by the bank from the customers has been defined as a "hedging instrument".

Hedging instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FX Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(644.292)	644.292	-

X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Operating Segments".

The Bank has operations in retail banking, corporate and entrepreneurial banking, specialized banking, investment banking and international banking areas.

Known as having the most extensive branch network in retail banking sector, the Parent Bank renders services, such as; deposits, consumer loans, loans originated from public funds whose risk does not belong to the Bank, pension payments, credit cards, automatic and regular payment, cheques and notes, money transfer order, foreign exchange transactions, ATM, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing banking products are improved and new banking products are launched in order to increase profitability and benefit from the services undertaken as being a state bank. By "Finart" IT system, which is working in a centralized manner, the Bank has the technical infrastructure required by modern banking to meet its clients' needs.

In the context of corporate and entrepreneurial banking, the Bank allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural working capital and investment loans from its own sources for crop and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Loan Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from public funds.

Treasury transactions and international banking activities are conducted by the Treasury Management Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also the Bank's liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally, the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers' trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies'. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks so as to diversify its funding base are among the responsibilities of the department.

Besides, the Parent Bank has commission revenue from life, non-life and private pension insurance and other finance institutions by rendering agency services through its branches.

As of 31 December 2020, explanations on segment reporting as shown on the following page are in line with "Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

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1. Table for Segment Reporting

	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
Current Period							
OPERATING INCOME/EXPENSE							
Interest Income	16.074.598	25.901.597	8.593.354	23.257.080	-	624.108	74.450.737
Interest Income from Loans	16.074.598	25.901.597	8.593.354	5.540.452	-	-	56.110.001
Interest Income from Banks	-	-	-	133.438	-	-	133.438
Interest Income from Securities	-	-	-	17.320.104	-	-	17.320.104
Other Interest Income	-	-	-	263.086	-	624.108	887.194
Interest Expense	14.143.315	8.344.640	-	10.927.193	-	3.557.392	36.972.540
Interest Expense on Deposits	14.143.315	8.344.640	-	1.887.011	-	-	24.374.966
Interest Expense on Funds Borrowed	-	-	-	1.325.340	-	-	1.325.340
Interest Expense on Money Market Transactions	-	-	-	5.791.733	-	-	5.791.733
Interest Expense on Securities Issued	-	-	-	1.923.109	-	-	1.923.109
Other Interest Expense	-	-	-	-	-	3.557.392	3.557.392
Net Interest Income/Expense	1.931.283	17.556.957	8.593.354	12.329.887	-	(2.933.284)	37.478.197
Net Fees and Commission Income/Expense	2.424.183	1.895.359	127.990	(1.153.164)	-	290.037	3.584.405
Fees and Commissions Received	2.424.183	1.918.495	127.990	3.876	-	971.221	5.445.765
Fees and Commissions Paid	-	23.136	-	1.157.040	-	681.184	1.861.360
Dividend Income	-	-	-	1.119.673	(1.112.359)	-	7.314
Trading Profit/Loss (Net)	-	-	-	(7.660.157)	-	23.563	(7.636.594)
Other Operating Income	55.809	355.388	29.260	525.716	(298.577)	5.251.649	5.919.245
Provision for Expected Loss (-)	3.215.565	6.924.254	1.552.502	-	-	501.680	12.194.001
Other Provision Expenses (-)	-	48.342	-	49	-	2.826.528	2.874.919
Personnel Expenses (-)	-	-	-	-	-	4.852.164	4.852.164
Other Operating Expense	3.374.073	164.646	77.763	114.392	-	4.612.433	8.343.307
Net Operating Profit/Loss	(2.178.363)	12.670.462	7.120.339	5.047.514	(1.410.936)	(10.160.840)	11.088.176
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	40.087	17.171	57.258
Tax Provision	-	-	-	-	-	(3.348.927)	(3.348.927)
Discontinued Operations Profit/ Loss Before Taxes	-	-	-	-	-	1.937.973	1.937.973
Discontinued Operations Tax Provision	-	-	-	-	-	(81.405)	(81.405)
Net Profit/Loss	(2.178.363)	12.670.462	7.120.339	5.047.514	(1.370.849)	(11.636.028)	9.653.075
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	15.354.116	-	-	15.354.116
Banks and Receivables from Money Market	-	-	-	10.027.095	-	-	10.027.095
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	187.238.807	1.517	-	187.240.324
Loans ⁽¹⁾	179.301.086	367.187.496	85.643.924	9.500.957	-	-	641.633.463
Financial Assets Measured at Amortised Cost (Net)	-	-	-	30.615.146	-	-	30.615.146
Derivative Financial Assets	-	-	-	5.061.778	-	-	5.061.778
Associates, Subsidiaries and Entities under Common Control	-	-	-	15.245.526	(13.760.183)	-	1.485.343
Other Assets	8.689	6.524.817	122.567	88.366.223	524.208	31.569.152	127.115.656
Total Segment Assets	179.309.775	373.712.313	85.766.491	361.409.648	(13.234.458)	31.569.152	1.018.532.921
SEGMENT LIABILITIES							
Deposits	465.068.519	151.576.278	-	34.215.803	-	43.977.640	694.838.240
Derivative Financial Liabilities Held for Trading	-	-	-	3.486.961	-	-	3.486.961
Funds Borrowed	-	-	-	37.168.551	-	-	37.168.551
Money Markets Borrowings	9.029	22.701.248	-	95.792.265	-	-	118.502.542
Securities Issued (Net)	-	-	-	18.373.615	-	-	18.373.615
Provisions	1.308	1.862.610	-	-	-	5.646.908	7.510.826
Other Liabilities	-	-	-	-	(1.667)	43.580.300	43.578.633
Shareholders' Equity	-	-	-	-	(13.232.792)	108.306.345	95.073.553
Total Segment Liabilities	465.078.856	176.140.136	-	189.037.195	(13.234.459)	201.511.193	1.018.532.921

⁽¹⁾ It also includes receivables from leasing transactions.

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	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
Prior Period							
OPERATING INCOME/EXPENSE							
Interest Income	14.772.768	27.418.265	8.386.213	18.563.542	-	577.994	69.718.782
Interest Income from Loans	14.772.768	27.418.265	8.386.213	5.497.898	-	-	56.075.144
Interest Income from Banks	-	-	-	355.434	-	-	355.434
Interest Income from Securities	-	-	-	12.221.439	-	-	12.221.439
Other Interest Income	-	-	-	488.771	-	577.994	1.066.765
Interest Expense	18.825.682	7.435.705	-	15.283.489	-	358.173	41.903.049
Interest Expense on Deposits	18.825.682	7.435.705	-	2.838.240	-	-	29.099.627
Interest Expense on Funds Borrowed	-	-	-	1.747.982	-	-	1.747.982
Interest Expense on Money Market Transactions	-	-	-	8.939.821	-	-	8.939.821
Interest Expense on Securities Issued	-	-	-	1.757.446	-	-	1.757.446
Other Interest Expense	-	-	-	-	-	358.173	358.173
Net Interest Income/Expense	(4.052.914)	19.982.560	8.386.213	3.280.053	-	219.821	27.815.733
Net Fees and Commission Income/Expense	3.285.163	2.195.210	126.736	(1.835.461)	-	(531.814)	3.239.834
Fees and Commissions Received	3.285.163	2.214.008	126.736	11.581	-	(209.240)	5.428.248
Fees and Commissions Paid	-	18.798	-	1.847.042	-	322.574	2.188.414
Dividend Income	-	-	-	1.078.317	(1.052.345)	-	25.972
Trading Profit/Loss (Net)	-	-	-	-	-	(7.152)	(7.754.939)
Other Operating Income	124.808	446.218	29.882	122.064	(71.422)	1.512.405	2.163.955
Provision for Expected Loss (-)	1.750.036	4.298.012	1.010.658	-	-	155.834	7.214.540
Other Provision Expense	38.464	4.162	-	14.999	-	217.862	275.487
Personnel Expense (-)	-	-	-	-	-	3.813.756	3.813.756
Other Operating Expense	2.199.792	87.992	64.779	9.803	-	4.240.230	6.602.596
Net Operating Profit/Loss	(4.631.235)	18.233.822	7.467.394	(5.127.616)	(1.123.767)	(7.234.422)	7.584.176
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	39.842	44.431	84.273
Tax Provision	-	-	-	-	-	(1.776.755)	(1.776.755)
Discontinued Operations Profit/ Loss Before Taxes	-	-	-	-	-	1.801.496	1.801.496
Discontinued Operations Tax Provision	-	-	-	-	-	(335.716)	(335.716)
Net Profit/Loss	(4.631.235)	18.233.822	7.467.394	(5.127.616)	(1.083.925)	(7.500.966)	7.357.474
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	2.077.124	-	-	2,077,124
Banks and Receivables from Money Markets	-	-	-	7,999,770	-	-	7,999,770
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	113,343,110	160	-	113,343,270
Loans ⁽¹⁾	120,921,280	255,916,730	70,408,159	23,219,181	-	-	470,465,350
Financial Assets Measured at Amortised Cost (Net)	-	-	-	18,168,766	-	-	18,168,766
Derivative Financial Assets	-	-	-	2,794,737	-	-	2,794,737
Associates, Subsidiaries and Entities under Common Control	-	-	-	7,990,970	(7,263,884)	-	727,086
Other Assets	18,767	5,070,698	150,770	48,015,157	(132,941)	25,022,671	78,145,122
Total Segment Assets	120,940,047	260,987,428	70,558,929	223,608,815	(7,396,665)	25,022,671	693,721,225
SEGMENT LIABILITIES							
Deposits	338,845,798	93,581,093	-	31,837,650	-	15,663,985	479,928,526
Derivative Financial Liabilities Held for Trading	-	-	-	1,652,201	-	-	1,652,201
Funds Borrowed	-	-	-	34,258,437	-	-	34,258,437
Money Market Borrowings	6,649	26,580,217	-	22,707,679	-	-	49,294,545
Securities Issued (Net)	-	-	-	15,593,121	-	-	15,593,121
Provisions	868	1,093,910	-	14,393	-	3,001,623	4,110,794
Other Liabilities	-	-	-	-	15,145	34,640,954	34,656,099
Shareholders' Equity	-	-	-	-	(7,427,955)	81,655,457	74,227,502
Total Segment Liabilities	338,853,315	121,255,220	-	106,063,481	(7,412,810)	134,962,019	693,721,225

⁽¹⁾ It also includes receivables from leasing transactions.

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XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	885.404.729	886.180.132
Due from Interbank Money Market	603.790	603.790
Banks	9.430.160	9.430.160
Available-for-sale Financial Assets	187.240.324	187.240.324
Held-to-maturity Investments	30.620.481	31.395.884
Loans	657.509.974	657.509.974
Financial Liabilities	864.091.605	864.091.605
Bank Deposits	39.448.179	39.448.179
Other Deposits	655.390.061	655.390.061
Funds Borrowed from Other Financial Institutions	37.168.551	37.168.551
Issued Marketable Securities	118.502.542	118.502.542
Miscellaneous Payables	13.582.272	13.582.272
Prior Period	Book Value	Fair Value
Financial Assets	620.478.429	620.308.994
Due from Interbank Money Market	621.769	621.769
Banks	7.382.885	7.382.885
Available-for-sale Financial Assets	113.343.270	113.343.270
Held-to-maturity Investments	18.171.615	18.002.180
Loans	480.958.890	480.958.890
Financial Liabilities	571.187.304	571.187.304
Bank Deposits	31.480.628	31.480.628
Other Deposits	448.447.898	448.447.898
Funds Borrowed from Other Financial Institutions	34.258.437	34.258.437
Issued Marketable Securities	49.294.545	49.294.545
Miscellaneous Payables	7.705.796	7.705.796

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

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2. Information on Fair Value Measurements Recognized in the Financial Statements

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	239.716	15.114.400	-	15.354.116
Government Debt Securities	92.249	13.699.516	-	13.791.765
Marketable Securities	109.543	434.012	-	543.555
Other Marketable Securities	37.924	980.872	-	1.018.796
Financial Assets at Fair Value Through Other	185.296.077	1.676.401	236.776	187.209.254
Government Debt Securities	180.817.801	-	-	180.817.801
Marketable Securities ⁽¹⁾	5.869	122	236.776	242.767
Other Marketable Securities	4.472.407	1.676.279	-	6.148.686
Derivative Financial Assets	-	5.061.778	-	5.061.778
Subsidiaries and Joint Ventures	-	-	931.088	931.088
Total Assets	185.535.793	21.852.579	1.167.864	208.556.236
Derivative Financial Liabilities	-	3.486.961	-	3.486.961
Total Liabilities	-	3.486.961	-	3.486.961

⁽¹⁾ Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 31.070 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	2.077.124	-	-	2.077.124
Government Debt Securities	1.906.204	-	-	1.906.204
Marketable Securities	23	-	-	23
Other Marketable Securities	170.897	-	-	170.897
Financial Assets at Fair Value Through Other	112.686.767	502.864	122.845	113.312.476
Government Debt Securities	109.602.957	-	-	109.602.957
Marketable Securities ⁽¹⁾	386.630	108	122.845	509.583
Other Marketable Securities	2.697.180	502.756	-	3.199.936
Derivative Financial Assets	-	2.794.737	-	2.794.737
Subsidiaries and Joint Ventures	-	-	442.258	442.258
Total Assets	114.763.891	3.297.601	565.103	118.626.595
Derivative Financial Liabilities	-	1.652.201	-	1.652.201
Total Liabilities	-	1.652.201	-	1.652.201

⁽¹⁾ Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 30.794 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.

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

	Current Period	Prior Period
Balances at Beginning at Period	565.103	245.952
Purchases	274.964	23.788
Disposals Through Sale/Redemptions	-	40.852
Valuation effect	327.797	336.215
Transfers	-	-
Balances at the End at Period	1.167.864	565.103

XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of The Group on behalf of Third Parties:

The Group acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Parent Bank or the Group

The Parent Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT")

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2.239.346	3.983.617	2.096.092	2.744.823
Central Bank of the Republic of Turkey	6.127.060	82.146.802	851.533	47.135.173
Other	-	449.400	-	2.984.645
Total	8.366.406	86.579.819	2.947.625	52.864.641

Explanation on reserve requirements

Banks that are established in Turkey or performing their operations by opening branches in Turkey are subject to Communiqué on Required Reserves of Central Bank of the Republic of Turkey's numbered 2013/15. Based on accounting standards and registration layout for banks and financing companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

Banks are required to maintain reserves with Central Bank of the Republic of Turkey for their TL and FC liabilities that are specified in the aforementioned Communiqué. Required reserves are calculated every two weeks and established for 14 day intervals.

Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-6% for TL deposits and other liabilities, 5%-22% for FX deposits and other FC liabilities.

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Information on the account of the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5.905.660	21.462.861	740.936	15.680.921
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	370	-	-
Other ⁽¹⁾	221.400	60.683.571	110.597	31.454.252
Total	6.127.060	82.146.802	851.533	47.135.173

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 12.011. Required reserve of branches abroad amounting to TL 265.879 is presented in this line. TL 9.120.863 of the current period's FC required reserve is the part of the TL required reserves that are held in FC (31 December 2019: Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.497.808 of the current period's FC required reserve is the part of the TL required reserves that are held in FC).

2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	987.872	-
Assets Blocked/Given as Collateral	13.708.749	-
Total	14.696.621	-

3. Positive Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	69.015	1.618	156.574	25.329
Swap Transactions	2.872.371	2.112.607	1.139.190	1.473.623
Futures Transactions	6.018	-	-	-
Options	-	-	-	21
Other	140	9	-	-
Total	2.947.544	2.114.234	1.295.764	1.498.973

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	3.213	2.625.254	3.318	196.788
Foreign	578.142	6.223.551	127.754	7.055.025
Foreign Head Office and Branches	-	-	-	-
Total	581.355	8.848.805	131.072	7.251.813

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4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.127.880	3.296.987	-	-
USA, Canada	472.364	2.459.220	-	-
OECD Countries ⁽¹⁾	229.374	67.046	-	-
Off-shore Banking Regions	-	-	-	-
Other	2.970.814	1.356.818	1.261	2.708
Total	6.800.432	7.180.071	1.261	2.708

⁽¹⁾ OECD countries except EU countries, USA and Canada.

5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	54.282.961	50.621.551
Assets Blocked/Given as Collateral	84.326.980	30.621.149
Total	138.609.941	81.242.700

6. Information on Financial Assets Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	189.012.067	114.912.189
Quoted at Stock Exchange	187.266.123	114.349.056
Unquoted at Stock Exchange	1.745.944	563.133
Share Certificates	302.479	564.533
Quoted at Stock Exchange	2.733	376.658
Unquoted at Stock Exchange	299.746	187.875
Provision for Impairment (-)	2.074.222	2.133.452
Total	187.240.324	113.343.270

7. Information Related to Loans

7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of the Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	642.578	-	485.525	-
Total	642.578	-	485.525	-

⁽¹⁾ Interest rediscount and interest accrual amounting TL 4.190, are not included (31 December 2019: Interest rediscount and interest accrual amounting TL 4.330 are not included).⁽²⁾ Since the balance of overdraft accounts related to employees amounting TL 21.494, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2019: Since the balance of overdraft accounts related to employees amounting TL 22.633, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

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7.2. Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans under restructuring	
	Standard Loans		Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	511.771.755	20.159.042	1.024.130	13.930.913
Commercial Loans	300.433.370	17.973.440	944.727	13.822.319
Export Loans	6.969.102	502.089	-	-
Import Loans	63.885	-	-	-
Loans Given to Financial Sector	7.383.937	-	-	-
Consumer Loans	166.429.646	1.371.308	79.208	104.309
Credit Cards	17.742.374	234.189	-	3.354
Other	12.749.441	78.016	195	931
Specialized Loans ^{(1) (2)}	79.035.186	1.188.468	764	1.216.456
Other Receivables	-	-	-	-
Interest Income Accruals	10.042.382	1.670.508	57.285	731.871
Total	600.849.323	23.018.018	1.082.179	15.879.240

⁽¹⁾ Funds are originated agricultural loans are shown in specialized lendings.⁽²⁾ Agricultural loans to support farmers are shown in specialized lendings.

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans under restructuring	
	Standard Loans		Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	363.097.301	17.835.400	976.581	6.155.147
Commercial Loans	220.344.285	8.342.700	920.911	6.001.175
Export Loans	6.065.257	381.127	-	-
Import Loans	598.091	2.837	-	-
Loans Given to Financial Sector	5.844.116	6.786.703	-	-
Consumer Loans	110.444.752	1.942.072	52.804	152.291
Credit Cards	11.116.087	287.413	-	1.681
Other	8.684.713	92.548	2.866	-
Specialized Loans ^{(1) (2)}	63.022.874	2.283.220	1.433	897.278
Other Receivables	-	-	-	-
Interest Income Accruals	8.922.676	2.715.192	70.129	450.229
Total	435.042.851	22.833.812	1.048.143	7.502.654

⁽¹⁾ Funds are originated agricultural loans are shown in specialized lendings.⁽²⁾ Agricultural loans to support farmers are shown in specialized lendings.

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Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Losses	2.888.030	-	1.484.228	-
Significant Increase in Credit Risk	-	6.223.597	-	3.475.535

7.3. Distribution of Cash Loans by Maturity Structure

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring ⁽¹⁾	
		Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	99.763.206	4.216.356	1.206.028
Medium and Long-term Loans and Other Receivables	491.043.735	17.131.154	14.966.235

⁽¹⁾ Accruals are not included.

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring ⁽¹⁾	
		Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	93.189.456	2.057.911	1.286.299
Medium and Long-term Loans and Other Receivables	332.930.719	18.060.709	6.744.140

⁽¹⁾ Accruals are not included.

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7.4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	695.314	163.835.316	164.530.630
Mortgage Loans ⁽²⁾	9.748	95.348.941	95.358.689
Automotive Loans	7.567	1.063.501	1.071.068
Consumer Loans ⁽²⁾	677.999	67.422.874	68.100.873
Other	-	-	-
Consumer Loans- Indexed to FC	273	352.145	352.418
Mortgage Loans	-	55.203	55.203
Automotive Loans	-	2.889	2.889
Consumer Loans	65	18.236	18.301
Other	208	275.817	276.025
Consumer Loans-FC	5.168	899.509	904.677
Mortgage Loans	298	161.298	161.596
Automotive Loans	104	13.049	13.153
Consumer Loans	1.915	77.306	79.221
Other	2.851	647.856	650.707
Consumer Credit Cards-TL	9.906.452	199.310	10.105.762
With Installment	3.324.760	184.008	3.508.768
Without Installment	6.581.692	15.302	6.596.994
Consumer Credit Cards-FC	57.384	22	57.406
With Installment	56.678	-	56.678
Without Installment	706	22	728
Personnel Loans-TL	14.553	405.788	420.341
Mortgage Loans	-	1.082	1.082
Automotive Loans	-	425	425
Consumer Loans	14.553	404.281	418.834
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	232	36.600	36.832
Mortgage Loans	-	10.446	10.446
Automotive Loans	-	-	-
Consumer Loans	5	1.538	1.543
Other	227	24.616	24.843
Personnel Credit Cards-TL	176.667	7.245	183.912
With Installment	63.409	6.890	70.299
Without Installment	113.258	355	113.613
Personnel Credit Cards-FC	1.493	-	1.493
With Installment	1.470	-	1.470
Without Installment	23	-	23
Credit Deposit Account-TL (Real Person)	1.739.573	-	1.739.573
Credit Deposit Account-FC (Real Person)	-	-	-
Total ⁽¹⁾	12.597.109	165.735.935	178.333.044

⁽¹⁾ TL 1.089.551 of interest income rediscount and accrual is not included.⁽²⁾ Funds originated consumer loans amounting to TL 3.914.794 are included.

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Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.129.293	108.555.639	109.684.932
Mortgage Loans ⁽²⁾	17.171	66.746.547	66.763.718
Automotive Loans	9.468	484.696	494.164
Consumer Loans ⁽²⁾	1.102.654	41.324.396	42.427.050
Other	-	-	-
Consumer Loans- Indexed to FC	-	187.594	187.594
Mortgage Loans	-	22.540	22.540
Automotive Loans	-	10	10
Consumer Loans	-	79.630	79.630
Other	-	85.414	85.414
Consumer Loans-FC	7.363	665.150	672.513
Mortgage Loans	181	79.052	79.233
Automotive Loans	-	1.057	1.057
Consumer Loans	1.904	296.775	298.679
Other	5.278	288.266	293.544
Consumer Credit Cards-TL	7.013.410	189.176	7.202.586
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Consumer Credit Cards-FC	41.943	-	41.943
With Installment	41.181	-	41.181
Without Installment	762	-	762
Personnel Loans-TL	21.572	278.144	299.716
Mortgage Loans	-	228	228
Automotive Loans	-	92	92
Consumer Loans	21.572	277.143	298.715
Other	-	681	681
Personnel Loans-Indexed to FC	-	11.530	11.530
Mortgage Loans	-	3.650	3.650
Automotive Loans	-	-	-
Consumer Loans	-	2.461	2.461
Other	-	5.419	5.419
Personnel Loans-FC	178	17.387	17.565
Mortgage Loans	-	4.260	4.260
Automotive Loans	-	-	-
Consumer Loans	175	5.554	5.729
Other	3	7.573	7.576
Personnel Credit Cards-TL	148.749	6.658	155.407
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	1.307	-	1.307
With Installment	1.256	-	1.256
Without Installment	51	-	51
Credit Deposit Account-TL (Real Person)	1.718.010	-	1.718.010
Credit Deposit Account-FC (Real Person)	59	-	59
Total ⁽¹⁾	10.081.884	109.911.278	119.993.162

⁽¹⁾ TL 929.464 of interest income accrual is not included.⁽²⁾ Funds originated consumer loans amounting to TL 3.908.975 of are included.

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7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans- TL	2.473.246	106.838.039	109.311.285
Mortgage Loans	1.352	1.475.010	1.476.362
Automotive Loans	155.613	2.166.836	2.322.449
Consumer Loans	2.316.281	103.196.193	105.512.474
Other	-	-	-
Commercial Installement Loans- FC Indexed	779.976	1.009.417	1.789.393
Mortgage Loans	779.976	1.006.474	1.786.450
Automotive Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans- FC	315.999	46.135.941	46.451.940
Mortgage Loans	38.228	147.081	185.309
Automotive Loans	-	37.882	37.882
Consumer Loans	161.831	45.305.788	45.467.619
Other	115.940	645.190	761.130
Corporate Credit Cards- TL	7.533.999	75.399	7.609.398
With Installment	3.278.089	75.279	3.353.368
Without Installment	4.255.910	120	4.256.030
Corporate Credit Cards- FC	21.946	-	21.946
With Installment	21.412	-	21.412
Without Installment	534	-	534
Overdraft Account-TL (Legal Entity)	940.273	-	940.273
Overdraft Account-FC (Legal Entity)	26.457	-	26.457
Total ⁽¹⁾	12.091.896	154.058.796	166.150.692

⁽¹⁾ Accruals and rediscount amounts related to loans are not included in the table above.

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Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans- TL	1.866.168	50.654.394	52.520.562
Mortgage Loans	39.864	1.007.014	1.046.878
Automotive Loans	100.385	1.364.032	1.464.417
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
Commercial Installment Loans- FC Indexed	428.933	889.942	1.318.875
Mortgage Loans	414.390	796.389	1.210.779
Automotive Loans	-	25.946	25.946
Consumer Loans	-	-	-
Other	14.543	67.607	82.150
Commercial Installment Loans- FC	227.442	31.157.845	31.385.287
Mortgage Loans	-	40.163	40.163
Automotive Loans	-	30.257	30.257
Consumer Loans	27.940	30.705.602	30.733.542
Other	199.502	381.823	581.325
Corporate Credit Cards- TL	3.959.096	32.154	3.991.250
With Installment	1.494.093	28.798	1.522.891
Without Installment	2.465.003	3.356	2.468.359
Corporate Credit Cards- FC	12.688	-	12.688
With Installment	12.121	-	12.121
Without Installment	567	-	567
Overdraft Account- TL (Legal Entity)	718.320	-	718.320
Overdraft Account- FC (Legal Entity)	-	-	-
Total ⁽¹⁾	7.212.647	82.734.335	89.946.982

⁽¹⁾ Accruals and rediscount amounts related to loans are not included in the table above.

7.6. Loans According to Types of Borrowers

	Current Period	Prior Period
Public	5.912.984	5.172.646
Private	622.413.730	449.096.588
Interest Income Accruals of Loans	12.502.046	12.158.226
Total	640.828.760	466.427.460

7.7. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	613.508.290	438.050.832
Foreign Loans	14.818.424	16.218.402
Interest Income Accruals of Loans	12.502.046	12.158.226
Total	640.828.760	466.427.460

7.8. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.138.436	317.906
Indirect loans granted to subsidiaries and associates	-	-
Total	1.138.436	317.906

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7.9. Credit-Impaired Losses (Stage III/Specific Provision)

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.234.735	1.037.244
Loans and other receivables with doubtful collectability	655.989	1.596.085
Uncollectible loans and other receivables	10.020.337	6.569.199
Total	11.911.061	9.202.528

7.10. Information on Non-Performing Loans (Net)

7.10.1. Information on Non-Performing Loans Restructured or Rescheduled and Other Receivables

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	245.295	124.385	1.015.246
Rescheduled Loans	245.295	124.385	1.015.246
Prior Period			
Gross amounts before the provisions	234.691	200.185	263.237
Rescheduled Loans	234.691	200.185	263.237

7.10.2. Information on The Movement of Total Non-Performing Loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	2.958.436	3.390.090	8.182.904
Additions (+)	3.271.821	947.886	1.288.232
Transfers from Other Categories of Non-Performing Loans (+)	-	3.354.225	5.274.918
Transfers to Other Categories of Non-Performing Loans (-)	3.354.225	5.274.918	-
Collections (-) ⁽¹⁾	267.597	1.075.393	1.914.119
Write-offs (-)	-	-	-
Sold Portfolio	-	-	101.046
Corporate and Commercial Loans	-	-	101.046
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	2.608.435	1.341.890	12.730.889
Provision (-)	1.234.735	655.989	10.020.337
Net Balance at Balance Sheet	1.373.700	685.901	2.710.552

⁽¹⁾ Includes transfers to the first and second group loans amounting to TL 589.226.⁽²⁾ Ziraat Katılım Bank A.Ş.'s non-performing loan amount, which is transferred from the financial statements of the receivable based on the transfer agreements.

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7.10.3. Information on Non-Performing Loans Granted as Foreign Currency Loans

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Balance at the End of the Period	1.421.370	134.815	384.361
Provision (-)	684.262	93.696	321.922
Net Balance on Balance Sheet	737.108	41.119	62.439
Prior Period			
Balance at the End of the Period	981.661	36.786	176.860
Provision (-)	351.548	27.662	118.767
Net Balance on Balance Sheet	630.113	9.124	58.093

7.10.4. Breakdown of Non-Performing Loans According to Their Gross and Net Values

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	1.373.700	685.901	2.710.552
Loans to Real Persons and Legal Entities (Gross)	2.608.435	1.341.890	12.582.423
Provisions (-)	1.234.735	655.989	9.871.871
Loans to Real Persons and Legal Entities (Net)	1.373.700	685.901	2.710.552
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.466
Provisions (-)	-	-	148.466
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.921.192	1.794.005	1.613.705
Loans to Real Persons and Legal Entities (Gross)	2.958.436	3.390.090	8.036.937
Provisions (-)	1.037.244	1.596.085	6.423.232
Loans to Real Persons and Legal Entities (Net)	1.921.192	1.794.005	1.613.705
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-

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7.10.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans Banks which Provide Expected Credit Loss According to TFRS 9

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	168.569	40.312	157.220
Interest Accruals and Valuation Differences	257.319	128.081	570.510
Provisions (-)	88.750	87.769	413.290
Prior Period (Net)	118.907	141.858	66.952
Interest Accruals and Rediscounts and Valuation Differences	176.670	304.558	247.365
Provisions (-)	57.763	162.700	180.413

7.11. Information on expected loss provisions set aside for loans

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of the Period	1.484.228	3.475.535	9.202.528	14.162.291
Additions during the Period	1.966.662	5.732.986	3.948.567	11.648.215
Disposals (-) ⁽¹⁾	(543.249)	(3.031.323)	(1.112.200)	(4.686.772)
Sales (-)	-	-	(101.046)	(101.046)
Write-offs (-)	-	-	-	-
Transfer to Stage1	157.552	(102.528)	(55.024)	-
Transfer to Stage 2	(159.634)	250.417	(90.783)	-
Transfer to Stage 3	(17.529)	(101.490)	119.019	-
Balances at End of Period	2.888.030	6.223.597	11.911.061	21.022.688

⁽¹⁾ It includes the provision cancellation of the loan amounting to USD 1.155 million collected while monitoring in the second phase. The amount related to the part of the said provision allocated in previous years has been accounted under the "Other Operating Income" item, and the amount related to the part allocated in the current year has been accounted under the "Provisions for Expected Loss" item.

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of the Period	996.215	2.264.734	6.190.930	9.451.879
Additions during the Period	772.512	1.374.211	4.475.467	6.622.190
Disposals (-)	(207.537)	(116.892)	(1.035.702)	(1.360.131)
Sales (-)	-	-	(445.643)	(445.643)
Write-offs (-)	-	-	(106.004)	(106.004)
Transfer to Stage1	33.885	(32.078)	(1.807)	-
Transfer to Stage 2	(99.118)	135.053	(35.935)	-
Transfer to Stage 3	(11.729)	(149.493)	161.222	-
Balances at End of Period	1.484.228	3.475.535	9.202.528	14.162.291

7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

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7.13. Explanations on Write-Off Policy

The Group writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

8. Information on Financial Assets Measured at Amortised Cost

8.1. Information on Comparative Net Values of Financial Assets Measured at Amortised Cost Subject to Repo Transactions and Given as a Collateral/Blocked

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FX	TL	FX
Government Bonds	3.315.575	1.802.748	1.989.088	2.104.824
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	3.315.575	1.802.748	1.989.088	2.104.824

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FX	TL	FX
Bills	-	-	-	-
Bonds and Similar Investment Securities	8.723.020	14.875.540	2.021.297	10.404.413
Other	-	-	-	-
Total	8.723.020	14.875.540	2.021.297	10.404.413

8.2. Information on Government Debt Securities at Amortised Cost

	Current Period	Prior Period
Government Debt	29.577.973	17.449.581
Treasury Bills	22.087	-
Other Public Sector Debt Securities	874.661	610.381
Total	30.474.721	18.059.962

8.3. Information on Investments Valued at Amortised Cost

	Current Period	Prior Period
Debt Securities	30.620.661	18.171.734
Quoted at Stock Exchange	29.571.518	17.485.773
Unquoted at Stock Exchange	1.049.143	685.961
Impairment (-)	180	119
Total	30.620.481	18.171.615

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8.4. The Movement of Financial Assets at Amortised Costs

	Current Period	Prior Period
Balance at the Beginning of the Period	18.171.615	10.282.545
Foreign Currency Differences on Monetary Assets	4.245.424	573.347
Purchases During the Year ⁽¹⁾	9.056.733	11.191.088
Disposals through Sales and Redemptions	(853.111)	(3.875.246)
Impairment Provision (-)	180	119
Balance at the End of the Period	30.620.481	18.171.615

⁽¹⁾ Accruals are shown in "Purchases During the Year".

9. Information on Associates Accounts (Net)

9.1. Information on Unconsolidated Associates

	Title	Address (City/Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Platform Ortak Kartlı Sistemler A.Ş.	Istanbul/Turkey	20,00	20,00
2	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Istanbul/Turkey	33,34	33,34
3	Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.	Manisa/Turkey	32,40	32,40

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	5.250	5.250	-	-	-	-	-	-
2	186.027	156.928	16.452	2.009	-	2.989	13.276	-
3	351.828	(620.618)	163.234	791	-	468.531	(323.710)	-

⁽¹⁾ There is no fair value due to the fact that associates are not traded in the stock exchange.⁽²⁾ Current period financial information has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2019.⁽³⁾ Total non current assets include tangible and intangible assets.

9.2. Information on Consolidated Associates

	Title	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/Turkey	15,43	15,43

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	5.576.326	1.152.814	147.064	169.879	86.938	96.575	166.427	-

⁽¹⁾ There is no fair value of Arap Türk Bankası A.Ş. due to the fact that associates are not traded in the stock exchange⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2019.

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9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	162.465	133.745
Movement During the Period	15.414	28.720
Additions	-	-
Bonus Share Certificates	-	-
Dividends from Current Year Income	14.902	25.680
Transfer (-)	-	-
Sales/Liquidation	-	-
Revaluation Increase	512	3.040
Revaluation/Impairment	-	-
Balance at the End of the Period	177.879	162.465
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

9.4. Sectoral Information on Financial Associates and the Related Carrying Amounts

	Current Period	Prior Period
Banks	177.879	162.465
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

9.5. Subsidiaries Quoted to the Stock Exchange

None (31 December 2019: None).

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

	Description	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	İstanbul/Turkey	100,00	100,00
2	Onko İlaç Sanayi ve Ticaret A.Ş.	Kocaeli/Turkey	85,00	85,00
3	Koçsel İlaç Sanayi ve Ticaret A.Ş.	Kocaeli/Turkey	85,00	85,00
4	Rinerji Rize Elektrik Üretim A.Ş.	Rize/Turkey	51,00	51,00

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	81.488	19.337	9.080	1.295	279	3.456	1.806	56.467
2	806.718	130.048	360.494	2.867	-	34.963	(35.095)	62.661
3	47.751	7.704	5.882	-	-	(3.796)	(1.998)	7.320
4	56.856	12.694	54.048	-	-	(8.991)	(10.348)	38.948

⁽¹⁾ There is no fair value due to the fact that subsidiaries are not traded in the stock exchange.⁽²⁾ Current period financial information has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2019.

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10.2. Information on Consolidated Subsidiaries

Financial subsidiaries are recorded at fair value in the unconsolidated financial statements within the scope of "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. Valuation differences determined for the mentioned partnerships are accounted for under equity.

	Description	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	İstanbul/Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
6	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7	Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) JSC	Moscow/Russia	99,91	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	99,58	99,58
10	Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	99,98	100,00
11	Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
12	JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
13	Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
1	727.008	428.909	4.445	63.943	-	314.841	91.235	1.098.904	-
2	151.523	140.561	3.868	11.638	-	68.873	41.704	153.045	-
3	60.186.996	3.734.273	339.221	3.582.776	608.569	638.562	516.735	3.277.972	-
4	5.436.092	5.085.872	4.682.142	4.687	-	403.381	118.361	5.085.872	-
5	1.007.392	1.005.686	1.110	27.597	-	136.886	117.742	1.005.686	-
6	14.775.383	2.350.096	27.997	326.851	5.423	69.669	89.092	1.700.069	-
7	5.270.596	537.548	47.243	121.773	-	(231.512)	3.922	278.717	-
8	948.196	346.281	13.071	67.874	546	37.340	29.424	268.876	-
9	2.130.672	576.055	191.688	131.579	508	53.165	37.454	435.713	-
10	1.294.956	310.231	92.675	68.322	3.551	4.501	5.780	228.372	-
11	650.178	152.426	10.116	25.827	1.561	2.198	1.580	116.537	-
12	287.585	128.137	15.459	12.256	3.980	3.204	6.935	113.798	-
13	789.229	232.013	16.156	59.441	-	34.448	41.128	138.316	-

⁽¹⁾ The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.⁽²⁾ Current period financial information has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2019.

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(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	7.335.025	7.394.408
Movements During the Period	6.566.853	(59.383)
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	2.499.959	106.806
Bonus Shares Obtained	-	2.065
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	4.738.323	325.990
Impairment Provision (-)	671.429	364.273
Transfer (-)	-	129.971
Balance at the End of the Period	13.901.878	7.335.025
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ Paid Capital Increases are classified under "Purchases" account.⁽²⁾ Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate.⁽³⁾ Non-financial subsidiaries are not included.

10.3. Sectoral Information on Subsidiaries and the Related Carrying Amounts

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Banks	6.558.371	5.178.895
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	7.343.507	2.156.130

Subsidiaries Quoted to the Stock Exchange

None (31 December 2019: None).

11. Information on Entities under Common Control (Joint Ventures)

Investments on entities under common control are monitored at fair value in the unconsolidated financial statements within the scope of "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. Fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	6.338.953	22.149	8.721	171.399	79.730

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2020.

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12. Information on Lease Receivables

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	101.563	97.448	71.065	70.080
1-5 Years	4.664.859	4.133.051	3.623.740	3.100.581
More than 5 Years	1.166.870	915.678	860.343	498.090
Total	5.933.292	5.146.177	4.555.148	3.668.751

13. Information on the Hedging Derivative Financial Assets

The Group has no hedging derivative financial assets.

14. Information on the Investment Property

The Group's investment properties are TL 477.790 (31 December 2019: None).

15. Disclosure on Fixed Assets Held for Sale and Related to Discontinued Operations

The Group does not have any discontinued operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Bank. Those immovables considered for sales are announced at the web site of the Bank.

The Group's immovables acquired amount to TL 5.334.912 (31 December 2019: TL 4.753.593) consisting of TL 8.689 (31 December 2019 TL: 18.767) due to consumer loans, TL 5.203.656 (31 December 2019: TL 4.584.056) on its commercial loans and TL 122.567 (31 December 2019: TL 150.770) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.207 (31 December 2019: TL 2.390)

For the purpose of transfer of shares belonging to the Bank representing 99,97% of the capital of Ziraat Sigorta A.Ş. and shares representing 99,97% of the capital of Ziraat Hayat ve Emeklilik A.Ş., TVF Financial Investments A.Ş. and seller As of April 22, 2020, a share transfer agreement was signed between the Bank, Ziraat Katılım Bank A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş. and the share transfers were completed as of the same date.

Accordingly, the amount to be paid to the Parent Bank for Ziraat Sigorta A.Ş. shares is determined as TL 18,63 (full TL) per share, and the total sales price is TL 931.220.550,00 (full TL). The sale price was paid in full by a special government domestic debt bill. Ziraat Hayat ve Emeklilik A.Ş. The price to be paid to the Bank for its shares is determined as TL 23,00 (full TL) per share and the total sales price is TL 1.839.448.000,00 (full TL). The sale price was paid in full by a special category government domestic debt security.

For the transfer of the all ownership of the Group's 100% share of Ziraat Sigorta A.Ş. and Ziraat Hayat ve Emeklilik A.Ş., total sales price is TL 2.771.500.000,00 (full TL). Income and expenses up to the said sale transaction have been subjected to elimination and followed in the consolidated statement of profit or loss, it is shown under "Income from Discontinued Operations" and "Expenses from Discontinued Operations" together with consolidated net sales profit.

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16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	7.431.539	838.292	1.449.848	154.582	312.609	-	10.186.870
Accumulated Depreciation (-)	971.237	118.561	991.585	49.935	263.207	-	2.394.525
Impairment (-)	3.429	-	618	-	-	-	4.047
Net Book Value	6.456.873	719.731	457.645	104.647	49.402	-	7.788.298
Current Period End							
Net Book Value at the Beginning of the Period	6.456.873	719.731	457.645	104.647	49.402	-	7.788.298
Change During the Period (Net)	3.573.269	107.420	70.294	36.296	(7.182)	-	3.780.097
- Cost	3.474.820	180.251	217.384	83.296	17.012	-	3.972.763
- Depreciation (Net) (-)	(97.173)	72.831	147.090	47.000	24.194	-	193.942
- Impairment (-)	(1.276)	-	-	-	-	-	(1.276)
Net Currency Translation from Foreign Subsidiaries	(82.612)	16.607	(3.337)	2.140	2.637	-	(64.565)
Cost at Period End	10.823.747	1.035.150	1.663.895	240.018	332.258	-	14.095.068
Accumulated Depreciation at Period End (-)	874.064	191.392	1.138.675	96.935	287.401	-	2.588.467
Impairment (-)	2.153	-	618	-	-	-	2.771
Closing Net Book Value	9.947.530	843.758	524.602	143.083	44.857	-	11.503.830

17. 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.

18. Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets

None.

19. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	9.173	7.100	2.073	24.262	8.331	15.931
Goodwill	-	-	-	30.723	-	30.723
Intangible Rights	1.803.278	591.218	1.212.060	1.327.638	439.144	888.494
Total	1.812.451	598.318	1.214.133	1.382.623	447.475	935.148

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

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Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

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.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the consolidated financial statements.

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the consolidated associates individual financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below;

	Current Period	Prior Period
Deferred Tax Assets	3.590.528	2.204.701
Deferred Tax Liabilities	(2.735.544)	(1.052.306)
Net Deferred Tax Assets/(Liabilities)	854.984	1.152.395
Net Deferred Tax Income/(Expense)	205.147	1.291.258

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	Current Period	Prior Period
Deferred Tax Asset	3.590.528	2.204.701
Stage 1 and 2 TFRS 9 Expected Loss Provisions	1.982.864	1.169.393
Reserve for Employee Benefits	313.811	352.865
Other	1.293.853	682.443
Deferred Tax Liabilities	2.735.544	1.052.306
Financial Assets Valuation Differences	1.912.767	582.525
Real Estate Valuation Difference	509.930	395.527
Other	312.847	74.254
Net Deferred Tax Asset	854.984	1.152.395

As of 31 December 2020, deferred tax income amounting to TL 205.147 was classified on profit or loss table and deferred tax income amounting TL 225.511 was classified under shareholders' equity. (As of 31 December 2019, deferred tax income amounting to TL 1.291.258 was classified on profit or loss table and deferred tax income amounting TL 1.769.752 was classified under shareholders' equity).

21. Information on expected loss provisions for financial assets

	Current Period	Prior Period
Cash and Balances at Central Bank	6.322	1.784
Banks and Receivables from Money Markets	6.855	4.884
Financial Assets Measured at Amortized Cost	5.335	2.849
Other assets	74.615	36.563
Total	93.127	46.080

22. Information on Other Assets

As of 31 December 2020, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. Information on Deposits/Funds Collected

1.1 Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	48.014.520	-	7.562.276	91.260.511	20.510.140	2.843.804	5.568.085	209.210	175.968.546
Foreign Currency Deposits	90.996.954	-	23.352.900	103.448.833	17.035.980	13.237.413	40.367.364	10.170	288.449.614
Residents in Turkey	75.717.042	-	22.370.527	90.250.701	10.546.198	5.530.704	14.516.185	8.374	218.939.731
Residents Abroad	15.279.912	-	982.373	13.198.132	6.489.782	7.706.709	25.851.179	1.796	69.509.883
Public Sector Deposits	9.785.775	-	18.323.885	11.465.709	689.739	203.345	74.892	-	40.543.345
Commercial Deposits	17.896.366	-	22.287.509	32.520.742	548.261	3.587.070	2.241.276	-	79.081.224
Other Institutions Deposits	3.488.854	-	2.866.572	16.121.648	791.308	562.211	460.252	-	24.290.845
Precious Metals Deposit	37.776.374	-	726.639	7.339.550	539.658	369.773	304.493	-	47.056.487
Interbank Deposits	6.096.456	-	19.987.356	5.698.564	2.232.920	3.545.368	1.887.515	-	39.448.179
The CBRT	2.224	-	-	-	-	-	-	-	2.224
Domestic Banks	495.511	-	18.589.118	51.984	-	622	1.801.705	-	20.938.940
Foreign Banks	5.492.499	-	1.398.238	5.646.580	2.232.920	3.544.746	85.810	-	18.400.793
Participation Banks	106.222	-	-	-	-	-	-	-	106.222
Other	-	-	-	-	-	-	-	-	-
Total	214.055.299	-	95.107.137	267.855.557	42.348.006	24.348.984	50.903.877	219.380	694.838.240

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	35.946.421	-	4.864.170	72.544.510	24.755.635	2.637.794	8.479.585	209.613	149.437.728
Foreign Currency Deposits	52.063.043	-	18.175.259	66.037.955	11.708.393	9.517.472	33.335.193	6.056	190.843.371
Residents in Turkey	41.780.061	-	16.810.247	54.930.745	7.372.052	4.039.827	10.453.621	4.746	135.391.299
Residents Abroad	10.282.982	-	1.365.012	11.107.210	4.336.341	5.477.645	22.881.572	1.310	55.452.072
Public Sector Deposits	10.526.687	-	5.339.736	6.184.135	730.143	1.839.551	63.037	-	24.683.289
Commercial Deposits	12.812.698	-	14.340.380	18.228.963	968.606	3.254.094	2.072.099	-	51.676.840
Other Institutions Deposits	2.262.330	-	2.228.721	6.252.734	3.733.631	459.868	384.466	-	15.321.750
Precious Metals Deposit	13.371.268	-	150.419	2.424.888	237.388	148.961	151.996	-	16.484.920
Interbank Deposits	3.205.124	-	18.063.433	5.064.292	3.851.471	764.408	531.900	-	31.480.628
The CBRT	2.389	-	-	-	-	-	-	-	2.389
Domestic Banks	304.149	-	17.620.986	250.734	120.458	2.130	-	-	18.298.457
Foreign Banks	2.255.836	-	442.447	4.168.269	3.459.312	762.278	531.900	-	11.620.042
Participation Banks	642.750	-	-	645.289	271.701	-	-	-	1.559.740
Other	-	-	-	-	-	-	-	-	-
Total	130.187.571	-	63.162.118	176.737.477	45.985.267	18.622.148	45.018.276	215.669	479.928.526

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1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits				
Saving Deposits ⁽¹⁾	114.341.657	101.143.825	60.801.597	47.737.037
Foreign Currency Saving Deposits ⁽¹⁾	93.780.765	62.267.214	136.623.674	80.692.915
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authority Insurance ⁽²⁾	2.089.213	1.381.203	638.133	263.633
Off-Shore Banking Regions' under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾ Related deposit balances do not include foreign branches.⁽²⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 562.575 and TL 30.001 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2019: TL 227.092 and TL 16.176).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 511 (31 December 2019: TL 536) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the Banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 1.508.273 (31 December 2019: TL 1.553.917) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

1.3. Information on Saving Deposits/Real Persons' Private Current and Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of the Bank Whose Head Office is Abroad, And Reasons if it is Covered in Where the Head Office is Located

The Parent Bank's head office is located in Turkey.

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	5.865	39.051
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	33.185	21.718
Deposits Obtained through Illegal Acts Defined in the 282 nd 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	-	-

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2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	46.748	549	128.438	7.475
Swap Transactions	1.417.814	2.021.850	408.117	1.108.163
Futures Transactions	-	-	-	-
Options	-	-	-	8
Other	-	-	-	-
Total	1.464.562	2.022.399	536.555	1.115.646

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	1.165.521	5.113.189	1.294.374	4.437.534
From Foreign Banks, Institutions and Funds	228.249	30.661.592	373.530	28.152.999
Total	1.393.770	35.774.781	1.667.904	32.590.533

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.164.557	2.939.194	1.291.741	1.598.501
Medium and Long-Term	229.213	32.835.587	376.163	30.992.032
Total	1.393.770	35.774.781	1.667.904	32.590.533

3.3. Further Information is Disclosed for the Areas of Group's Liability Concentrations, Main Liability Concentration Areas Fund Supplier Customers, Sector Groups or other Risk Concentration Criteria

68,22% of the Group's total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

4. Information on Money Market Borrowings

	Short-Term		Short-Term	
	TL	FC	TL	FC
From Domestic Transactions	94.932.803	-	28.821.018	-
Financial Institutions and Organizations	93.973.463	-	28.198.716	-
Other Institutions and Organizations	950.313	-	615.654	-
Real Person	9.027	-	6.648	-
From Overseas Operations	-	23.569.739	-	20.473.527
Financial Institutions and Organizations	-	23.569.739	-	20.473.527
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	94.932.803	23.569.739	28.821.018	20.473.527

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5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	-	2.267.540	279.678
Asset-Backed Securities	4.017.250	-	2.482.999	-
Treasury Bonds	1.010.353	13.346.012	1.010.690	9.552.214
Total	5.027.603	13.346.012	5.761.229	9.831.892

6. If Other Liabilities Exceed 10% of the Balance Sheet Total, Name and Amount of Sub-Accounts Constituting at Least 20% of These Liabilities

Other liabilities do not exceed 10% of the balance sheet total.

7. Information on Finance Lease Liabilities (Net)

Information on finance lease liabilities represented in the table below

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	110.268	61.690	17.198	16.809
Between 1-4 Years	736.107	413.059	343.003	325.022
More than 4 Years	816.332	526.614	498.191	430.844
Total	1.662.707	1.001.363	858.392	772.675

8. Information on the hedging derivative financial liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1 Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables

There is no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2019: None).

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination benefit and Unused Vacation Rights

The Group accounts for its vacation and termination benefit obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2020, unpaid vacation liability amounted to TL 290.280 and employment termination amounted to TL 1.256.959 are presented under the "Employee Benefits Provision" in the financial statements (31 December 2019: unpaid vacation liability amounted to TL 275.049, and employment termination amounted to TL 1.052.901 are presented under the "Employee Benefits Provision" in the financial statements).

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2020 and 31 December 2019.

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

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According to related Actuary Report, the Fund's surplus is TL 7.663.184 as of 31 December 2020 (31 December 2019: TL 5.925.666).

	Current Period	Prior Period
Non-Medical Assets	4.310.644	3.295.264
Actual and Technical Overrun	7.663.184	5.925.666

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

The CSO 1980 Female/Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	Current Period	Prior Period
Bank placements	87.668	1.209.299
Property and equipment	381.205	380.707
Marketable securities	3.831.575	1.645.168
Other	10.196	60.090
Total	4.310.644	3.295.264

9.3. Information on Other Provisions

These financial statements include a free provision amounting to TL 3.505.000 which consist of TL 910.000 provided in prior year and TL 2.630.000 recognized and TL 35.000 reversed in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 40.750 and other provision of TL 157 exist for cash transfers made by Group officials. Expected credit loss amounting to TL 1.927.597 has been provided for the off-balance sheet items (31 December 2019: these financial statements include a free provision amounting to TL 982.000 which consist of TL 910.000 provided in prior year and TL 50.000 recognized in the current period and TL 122.000 reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 and other provision of TL 217 exist for cash transfers made by Group officials. Expected credit loss amounting to TL 1.134.125 has been provided for the off-balance sheet items).

Regarding the Group's lawsuit files, a total amount of TL 92.766 provision has been provided in financial statements for the lawsuits against the Group which are not finalized yet. (31 December 2019: Based on the information provided by the legal department, TL 59.638 provision has been provided in financial statements for the lawsuits against the Group which are not finalized yet.)

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 December 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 978.761 (As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.034.189).

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10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	978.761	1.034.189
Taxation on Marketable Securities	286.356	358.954
Property Tax	1.862	3.356
Banking Insurance Transaction Tax (BITT)	261.298	262.241
Foreign Exchange Transaction Tax	20.902	7.643
Value Added Tax Payable	21.524	15.377
Other	157.295	142.774
Total	1.727.998	1.824.534

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums - Employee	63	56
Social Security Premiums - Employer	93	76
Bank Social Aid Pension Fund Premium - Employee	17.743	15.201
Bank Social Aid Pension Fund Premium - Employer	26.008	22.271
Pension Fund Membership Fees and Provisions - Employee	2	1
Pension Fund Membership Fees and Provisions - Employer	4	1
Unemployment Insurance - Employee	1.384	1.180
Unemployment Insurance - Employer	2.768	2.360
Other	-	-
Total	48.065	41.146

10.2. Information on Deferred Tax Liabilities, if Any

The Group has TL 7.128 deferred tax liability (31 December 2019: TL 39.172).

11. Information on liabilities related to non-current assets "held for sale" and "held from discontinued operations"

The Group does not have any liabilities related to non-current assets held for sale and held from discontinued operations (31 Aralık 2019: TL 3.061.224).

12. Information on Subordinated Loan

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	13.816.234	-	10.103.295
Subordinated loans	-	768.037	-	537.338
Subordinated debt instruments	-	13.048.197	-	9.565.957
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	13.816.234	-	10.103.295

⁽³⁾ Subordinated loans are explained in detail in the Note "information about debt instruments included in total capital calculation" in Section Four.

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13. Information on Shareholders' Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	13.100.000	6.100.000
Preferred stock	-	-

13.2. Amount of Paid-In-Capital, Explanations as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling

The Parent Bank does not have a registered capital system.

13.3. Capital Increases and Sources in The Current Period and Other Information Based on Increased Capital Shares

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Ordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
21 May 2020	7.000.000	7.000.000	-	-

13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period

There is no share capital amount included in capital.

13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year And the Subsequent Interim Period

The Parent Bank has no capital commitments.

13.6. Effects on the Group's Equity of The Anticipation Based on the Financial Figures For Prior Periods Regarding the Group's Income, Profitability and Liquidity, and Uncertainties at These Indicators

In the current period, The Parent Bank follows its operations in line with the previous periods. The Parent Bank's balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to The Parent Bank's performance and contributes to the profitability structure to be sustainable.

13.7. Summary Information on Privileges Given to Shares Representing the Capital

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	356.498	(24.632)	88	(2.046)
Valuation Difference	3.563.047	956.442	3.613.096	(1.160.750)
Foreign Currency Differences	2.262.057	187	2.008.638	14
Total	6.181.602	931.997	5.621.822	(1.162.782)

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III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	14.252.453	13.705.480
Subsidiaries and Associates Capital Contribution Commitments	3.150	7.500
Loan Granting Commitments	14.730.515	11.875.717
Commitments for Cheques Payments	5.098.875	3.852.943
Commitments for Credit Card Expenditure Limits	44.677.624	24.245.305
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	68.632	36.161
Tax and Fund Liabilities from Export Commitments	16.428	11.509
Other Irrevocable Commitments	21.014.255	14.103.945
Total	99.861.932	67.838.560

1.2. Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance Sheet Items Including the Below Mentioned

The Group has provided provision amounting to TL 1.927.597 for possible losses arising from the off-balance sheet items in the current period. (31 December 2019: TL 1.134.125).

1.2.1 Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter of Credits

	Current Period	Prior Period
Letters of Guarantee	124.706.662	101.167.423
Letters of Credit	24.663.278	20.393.036
Bank Acceptances	7.210.528	8.221.510
Endorsements	1.520.463	969.507
Other Guarantees	1.939.522	939.474
Other Collateral	13.550	5.210
Total	160.054.003	131.696.160

1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions

	Current Period	Prior Period
Letters of Certain Guarantees	72.970.790	72.268.479
Letters of Advance Guarantees	19.941.194	15.942.982
Letters of Temporary Guarantees	4.240.556	3.228.559
Letters of Guarantees Given to Customs Offices	1.714.398	1.631.521
Other Letters of Guarantees	25.839.724	8.095.882
Total	124.706.662	101.167.423

1.3. Explanations on Non - Cash Loans

1.3.1. Total Non-Cash Loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	21.758.344	4.038.263
With Original Maturity of One Year or Less	11.012.186	244.688
With Original Maturity of More than One Year	10.746.158	3.793.575
Other Non-Cash Loans	138.295.659	127.657.897
Total	160.054.003	131.696.160

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1.3.2 Information on Sectorial Risk Concentrations of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	507.654	1,01	438.330	0,40
Farming and Raising Livestock	321.356	0,64	196.998	0,18
Forestry	164.574	0,33	8.593	0,01
Fishing	21.724	0,04	232.739	0,21
Manufacturing	11.728.431	23,31	50.841.549	46,33
Mining and Quarrying	395.638	0,79	1.197.427	1,09
Production	7.787.279	15,48	44.059.268	40,15
Electric, Gas and Water	3.545.514	7,05	5.584.854	5,09
Construction	16.672.415	33,13	33.281.107	30,33
Services	20.867.045	41,47	23.955.254	21,83
Wholesale and Retail Trade	10.468.229	20,80	8.124.883	7,40
Hotel, Food and Beverage Services	459.514	0,91	1.247.769	1,14
Transportation and Telecommunication	2.645.879	5,26	5.943.787	5,42
Financial Institutions	5.039.936	10,02	6.382.920	5,82
Real Estate and Leasing Services	1.881.737	3,74	1.791.930	1,63
Self-employment Services	-	-	14.821	0,01
Education Services	180.068	0,36	236.028	0,22
Health and Social Services	191.682	0,38	213.116	0,19
Other	542.645	1,08	1.219.573	1,11
Total	50.318.190	100,00	109.735.813	100,00

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	379.728	0,86	90.671	0,10
Farming and Raising Livestock	261.728	0,59	74.989	0,09
Forestry	110.387	0,25	-	-
Fishing	7.613	0,02	15.682	0,02
Manufacturing	9.795.557	22,18	40.728.500	46,53
Mining and Quarrying	422.531	0,96	399.387	0,46
Production	5.849.608	13,25	36.140.931	41,29
Electric, Gas and Water	3.523.418	7,98	4.188.182	4,78
Construction	13.937.992	31,56	23.655.531	27,02
Services	19.358.132	43,83	21.792.993	24,90
Wholesale and Retail Trade	8.540.121	19,34	7.240.722	8,27
Hotel, Food and Beverage Services	299.869	0,68	1.030.054	1,18
Transportation and Telecommunication	1.920.359	4,35	4.485.570	5,12
Financial Institutions	6.486.112	14,69	7.283.797	8,32
Real Estate and Leasing Services	1.711.352	3,88	1.462.091	1,67
Self-employment Services	-	-	-	-
Education Services	175.811	0,40	160.624	0,18
Health and Social Services	224.508	0,51	130.135	0,15
Other	692.283	1,57	1.264.773	1,44
Total	44.163.692	100,00	87.532.468	100,00

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1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	49.022.985	105.385.915	1.092.794	3.861.945
Letters of Guarantee	47.696.629	71.558.193	1.092.794	3.670.382
Bank Acceptances	122.254	7.084.468	-	3.806
Letters of Credit	997.868	23.479.556	-	184.154
Endorsements	99.000	1.417.860	-	3.603
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	107.234	1.845.838	-	-
Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	43.187.161	85.228.406	736.294	1.804.495
Letters of Guarantee	42.916.548	55.068.571	736.294	1.707.468
Bank Acceptances	9.724	8.168.054	-	43.732
Letters of Credit	255.679	20.082.800	-	53.295
Endorsements	-	969.507	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	5.210	939.474	-	-

2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	309.272.806	208.427.026
Forward Transactions	5.018.987	8.185.376
Swap Transactions	302.953.741	200.211.116
Futures Transactions	1.300.078	-
Option Transactions	-	30.534
Interest Related Derivative Transactions (II)	54.425.306	44.356.644
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	54.425.306	44.356.644
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A.Total Trading Derivative Transactions (I+II+III)	363.698.112	252.783.670
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Purposes Derivative Transactions	-	-
Total Derivative Transactions (A+B)	363.698.112	252.783.670

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The Group has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	(928.501)	1.392.896	104.104	-	269.733	838.232
- Inflow	113.856.312	31.752.995	8.159.164	1.972	1.285.076	155.055.519
- Outflow	(114.784.813)	(30.360.099)	(8.055.060)	(1.972)	(1.015.343)	(154.217.287)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	180.000	180.000	230.000	1.329.506	25.293.147	27.212.653
- Outflow	(180.000)	(180.000)	(230.000)	(1.329.506)	(25.293.147)	(27.212.653)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	114.036.312	31.932.995	8.389.164	1.331.478	26.578.223	182.268.172
Total Outflow	(114.964.813)	(30.540.099)	(8.285.060)	(1.331.478)	(26.308.490)	(181.429.940)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	96.759	72	(88.026)	670.220	18.819	697.844
- Inflow	70.164.588	25.482.460	6.821.765	1.357.757	735.865	104.562.435
- Outflow	(70.067.829)	(25.482.388)	(6.909.791)	(687.537)	(717.046)	(103.864.591)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	40.000	-	387.353	597.136	21.153.833	22.178.322
- Outflow	(40.000)	-	(387.353)	(597.136)	(21.153.833)	(22.178.322)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	70.204.588	25.482.460	7.209.118	1.954.893	21.889.698	126.740.757
Total Outflow	(70.107.829)	(25.482.388)	(7.297.144)	(1.284.673)	(21.870.879)	(126.042.913)

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3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Group and otherwise, provision is provided based on the estimations.

The Group's liability resulting from the cheques given to its customers amounts TL 5.098.875 (31 December 2019: TL 3.852.943).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on Services in the Name of Others

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	47.263.559	8.846.442	47.120.167	8.954.977
Short Term Loans	9.595.908	794.095	14.600.368	938.635
Medium and Long Term Loans	36.455.889	8.044.912	31.372.831	8.007.002
Interest on Loans Under Follow-Up	1.211.762	7.435	1.146.968	9.340
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

⁽¹⁾ Includes fees and commissions income on cash loans.

1.2. Information on interest income on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	91.929	-
From Domestic Banks	25.249	22.240	145.219	14.098
From Foreign Banks	29.151	56.798	35.952	68.236
From Headquarters and Branches Abroad	-	-	-	-
Total	54.400	79.038	273.100	82.334

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1.3. Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	179.595	1.520	26.986	5.404
Fair Value Through Other Comprehensive Income	11.564.004	3.278.853	9.087.193	1.750.061
Financial Assets Measured at Amortized Cost	1.376.172	919.960	779.495	572.300
Total	13.119.771	4.200.333	9.893.674	2.327.765

1.4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	118.872	2.595

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	252.996	1.072.344	346.054	1.347.214
Central Bank of the Republic of Turkey	2.428	-	-	-
Domestic Banks	99.668	249.866	193.418	263.851
Foreign Banks	150.900	822.478	152.636	1.083.363
From Abroad Headquarters and Branches	-	-	-	-
Other Institutions	-	-	36.726	17.988
Total	252.996	1.072.344	382.780	1.365.202

⁽¹⁾ Includes fees and commissions expenses on cash loans.

2.2. Information on Interest Expenses Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	24.527	1.748

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	671.377	1.251.732	867.553	889.893

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2.4. Maturity structure of the interest expense on deposits

Current Period	Time Deposit							Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year			
TL									
Bank Deposit	4	1.830.715	1.403	-	213	-	-	1.832.335	
Saving Deposit	-	635.805	7.750.711	2.798.171	250.707	997.549	20.833	12.453.776	
Public Sector Deposit	370	1.556.295	561.725	60.430	121.588	6.452	-	2.306.860	
Commercial Deposit	107	1.741.470	2.267.735	58.790	471.424	91.849	-	4.631.375	
Other Deposit	-	224.845	851.230	137.773	78.577	24.028	-	1.316.453	
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	
Total	481	5.989.130	11.432.804	3.055.164	922.509	1.119.878	20.833	22.540.799	
FC									
Foreign Currency Deposit	1.983	154.788	999.474	83.870	103.831	382.225	7	1.726.178	
Bank Deposit	11	36.116	20.897	6.753	8.865	7.859	-	80.501	
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	4.709	17.692	1.824	1.796	1.467	-	27.488	
Total	1.994	195.613	1.038.063	92.447	114.492	391.551	7	1.834.167	
Grand Total	2.475	6.184.743	12.470.867	3.147.611	1.037.001	1.511.429	20.840	24.374.966	

Prior Period	Time Deposit							Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year			
TL									
Bank Deposit	2.197	2.624.159	19.650	4.501	460	472	-	2.651.439	
Saving Deposit	2.267	486.087	11.608.371	2.844.517	502.875	1.069.181	15.788	16.529.086	
Public Sector Deposit	447	657.399	696.629	134.889	325.190	20.357	-	1.834.911	
Commercial Deposit	696	1.116.282	1.806.122	160.757	708.932	57.739	-	3.850.528	
Other Deposit	7	181.008	679.938	532.356	188.129	88.721	-	1.670.159	
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	
Total	5.614	5.064.935	14.810.710	3.677.020	1.725.586	1.236.470	15.788	26.536.123	
FC									
Foreign Currency Deposit	2.298	320.882	1.238.164	140.764	158.016	493.441	6	2.353.571	
Bank Deposit	153	150.729	10.597	17.586	4.842	8.776	-	192.683	
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	6.098	8.850	1.030	568	704	-	17.250	
Total	2.451	477.709	1.257.611	159.380	163.426	502.921	6	2.563.504	
Grand Total	8.065	5.542.644	16.068.321	3.836.400	1.889.012	1.739.391	15.794	29.099.627	

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	27	-
Financial Assets at Fair Value Through Other Comprehensive Income	6.727	17.522
Other ⁽¹⁾	560	8.450
Total	7.314	25.972

⁽¹⁾ Shows the Group's dividend income from subsidiaries, associates and entities under common control.

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4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	204.700.835	99.859.715
Trading Gains on Securities	4.217.803	233.359
Gains on Derivative Financial Transactions	5.693.391	3.178.427
Foreign Exchange Gains	194.789.641	96.447.929
Loss (-)	212.337.429	107.614.654
Trading Losses on Securities	61.399	6.392
Losses on Derivative Financial Transactions	10.830.440	11.748.791
Foreign Exchange Losses	201.445.590	95.859.471

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 4.602.348 and income from sales of assets amounting to TL 279.210 (31 December 2019: significant portion of other operating income consists of reversal from prior period provisions amounting to TL 1.477.633, and income from sales of assets amounting to TL 123.539).

6. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	12.194.001	7.214.540
12 Month Expected Credit Loss (Stage 1)	1.690.665	801.062
Significant Increase in Credit Risk (Stage 2)	5.886.484	1.387.718
Non-Performing Loans (Stage 3)	4.616.852	5.025.760
Marketable Securities Impairment Provision	49	876
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	49	876
Associates, Subsidiaries and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other ⁽¹⁾	2.874.870	274.611
Total	15.068.920	7.490.027

⁽¹⁾ Includes free provision expense amounting to TL 2.630.000 in the current period (31 December 2019:None) (Note II.9.3 of Section Five).

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7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Provision for Employee Termination Benefits	285.243	188.906
Bank Social Aid Fund Deficit Provision	16	-
Impairment Expenses of Tangible Assets	-	137
Depreciation Expenses of Tangible Assets	518.860	462.194
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	156.251	112.959
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	4.169.018	2.998.934
Leasing Expenses on TFRS 16 Exceptions	82.699	116.339
Maintenance Expenses	158.628	131.899
Advertisement Expenses	279.065	284.997
Other Expenses	3.648.626	2.465.699
Loss on Sales of Assets	4.434	29.789
Other ⁽¹⁾	3.209.485	2.809.677
Total	8.343.307	6.602.596

⁽¹⁾ TL 1.417.753 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 1.017.684 consists of taxes, duties and charges expense (31 December 2019: TL 987.625 of other items consists of Saving Deposit Insurance Fund accrual expense, TL 906.212 consists of taxes, duties and charges expense)

8. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations

The Group's compositions of the profit/loss before tax from the continuing operations are following :

	Current Period	Prior Period
Net Interest Income	37.478.197	27.815.733
Net Fees and Commissions Income	3.584.405	3.239.834
Other Operating Income	5.919.245	2.163.955
Dividend Income	7.314	25.972
Trading Profit/Loss (Net)	(7.636.594)	(7.754.939)
Personnel Expenses (-)	4.852.164	3.813.756
Expected Credit Loss (-)	12.194.001	7.214.540
Other Provision Expenses (-)	2.874.919	275.487
Other Operating Expenses (-)	8.343.307	6.602.596
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	57.258	84.273
Current Period Profit/Loss from Continued Operations	11.145.434	7.668.449

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The Group's compositions of the profit/loss before tax from the discontinued operations are following:

	Current Period	Prior Period
Income from Discontinued Operations	2.473.439	4.692.070
Expenses for Discontinued Operations (-)	535.466	2.890.574
Profit/Loss Before Tax from Discontinued Operations	1.937.973	1.801.496

9. Information on Tax Provision of Continued and Discontinued Operations

As of 31 December 2020, TL 3.348.927 of the Group's total tax provision expense consists of TL 3.554.074 of current tax expense and TL 205.147 of deferred tax expense (As of 31 December 2019, TL 1.776.755 of the Group's total tax provision expense consists of amounting to TL 3.068.013 current tax expense while remaining balances amounting to TL 1.291.258 consists of deferred tax income).

As of 31 December 2020, TL 81.405 of the Group's tax provision expense from discontinued operations consists of TL 78.057 of current tax expense from discontinued operations and TL 3.348 of deferred tax expense from discontinued operations (As of 31 December 2019, TL 340.887 of the Group's tax provision expense for held for sale and discontinued operations amounting to TL 335.716 is from current tax expense for held-for-sale and discontinued operations, and TL 5.171 for held-for-sale and discontinued operations is deferred. consists of tax revenue).

10. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations

The Group's net profit after tax amounts to TL 7.796.507 (31 December 2019: TL 5.891.694) and net profit from discontinued operations is TL 1.856.568 (31 December 2019: 1.465.780).

11. Explanation on Net Profit/Loss

11.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Parent Bank in the Current Period

The Parent Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, income are obtained by commissions taken from non-cash loans, other banking operations with insurance agencies.

11.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period

12. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The "Other" statement under the "Fees and Commission Income" in the Profit or Loss Statement mainly consists of commission and fees received from credit card transactions and banking transactions.

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

1. Explanations on the Issuance of Shares:

The decision to increase the capital to 13.100.000 TL was approved at the Extraordinary General Assembly meeting of the Bank held on 15 May 2020, the capital increase and the related amendment made in the related article of the Articles of Association was registered on 21 May 2020, and It was announced in the Trade Registry Gazette No. the recognition of the paid capital increase was made on 21 May 2020, based on the permission obtained from the BRSA.

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2. Explanations on Profit Distribution:

With the decision taken at the Parent Bank's Ordinary General Assembly Meeting held on 12 June 2020; Pursuant to Article 33 of the Articles of Association of the Bank on the Determination, Allocation and Distribution of Net Profit for the Period; Set aside legal reserves at the rate of 5% (245.479 TL) over the remaining TL 4.909.584 after deducting the deferred tax income amounting to TL 1.277.304 in accordance with the Circular No. 2004/3 of the BRSA from the net profit for the period of 6.186.888 TL, remaining 4.664.104 TL from TL 222.285, which is monitored in previous years' profits as per TAS 16, which is due to the real estate valuation differences, with the tax provision of 48.903 TL calculated in accordance with the Tax Law within the scope of the 5/1-e paragraph of the Corporate Tax Law No. 5520. 5% (5.064 TL) of legal reserves over the remaining TL 101.280 after deducting TL 72.102, which is 50% of the real estate sales income exemption base, transferring the remaining TL 96.216 to extraordinary reserves, which is 50% of the real estate sales earnings exemption base, and 72.102 TL, which should be monitored in a special fund account, was decided to be transferred to other reserves.

The Parent Bank plans to distribute its profit in 2020 in accordance with its articles of association. However, as of the date of preparation of the financial reports, no decision has been taken regarding profit distribution.

3. Profit Reserves:

As of the balance sheet date, the profit reserves were TL 58.720.828, legal reserves were TL 5.145.171, extraordinary reserves were TL 52.425.681 and other profit reserves were TL 1.149.976 (As of December 31, 2019, profit reserves were TL 52.325.076, and legal reserves were 5,089,581 TL. TL, extraordinary reserves were 46.531.906 TL and other profit reserves were 703.589 TL).

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the "Other" items and "The Effect of the Change in Foreign Currency on Cash and Cash Equivalent" item in the Cash Flow Statement

Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL 21.675.973 is composed mainly from interest received from loans and securities amounting to TL 69.359.999 and interest paid to deposit and money market operations which is amounting to TL 33.250.585 Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, TL 464.042 as of 31 December 2020 and amounts to TL 2.024.161 as of 31 December 2019

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	7.825.560	5.159.473
Central Bank of the Republic of Turkey and Other Banks	23.603.766	22.885.886
Money Market Operations	621.769	250.087
Total Cash and Cash Equivalents	32.051.095	28.295.446
Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	6.672.363	7.825.560
Central Bank of the Republic of Turkey and Other Banks	35.726.081	23.603.766
Money Market Operations	603.790	621.769
Total Cash and Cash Equivalents	43.002.234	32.051.095

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VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE PARENT BANK BELONGS TO

1. Information on the Volume of Transactions Relating to the Bank's Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period

1.1 Information Regarding Loans Belonging to the Risk Group of the Bank

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	317.906	87.558	-	-	-	-
Ending Balance	1.138.436	27.516	-	-	-	-
Interest and Commissions Income ⁽¹⁾	118.872	798	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	-	45.815	-	-	-	-
Ending Balance	317.906	87.558	-	-	-	-
Interest and Commissions Income ⁽¹⁾	2.595	-	-	-	-	-

1.2. Information on Deposits of the Parent Bank's Risk Group

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	111.739	27.657	-	-	-	-
Ending Balance	283.286	111.739	-	-	-	-
Interest Expense on Deposits ⁽¹⁾	24.527	1.748	-	-	-	-

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Group's Risk Group

None (31 December 2019: None).

1.4. Information Regarding Benefits Provided to the Group's Key Management

Fees paid to the Group's key management amount to TL 47.234 (31 December 2019: TL 34.761).

VIII. EXPLANATIONS AND NOTES RELATED TO POST-BALANCE SHEET MATTERS

Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.'s 39.3% shares were taken over from T. Vakıflar Bankası TAO, and the share of the Bank increased from 32.4% to 71.7%. The transfer transaction was registered on 12 January 2021 and announced in the Trade Registry Gazette dated 15 January 2021 and numbered 102462.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

1. Information on the Parent Bank's Domestic and Foreign Branches and Foreign Representatives of the Bank

	Number	Number of Employees	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branch ⁽¹⁾	1.728	24.585			
Foreign Representative Office ⁽²⁾	1	-	1- Iran		
Foreign Branch ⁽²⁾	1	4	1- England	10.743.849	512.399
	4	3	2- Bulgaria	1.380.759	128.025
	2	4	3- Iraq	1.041.526	367.165
	3	4	4- Greece	1.066.034	297.267
	1	3	5- Saudi Arabia	560.747	110.150
	4	-	6- Kosovo	734.619	90.081
	8	32	7- T.R. of Northern Cyprus	4.003.494	285.730
	1	3	8- Bahrain	24.881.615	36.717
Off-Shore Banking Region Branches	-	-	-	-	-

⁽¹⁾ Includes the employees of the domestic branches, including the employees of head office and regional management.⁽²⁾ Excluding the local employees of the foreign branches.

2. Information on The Parent Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of the Bank:

In 2020, 1 new branch was opened in the country and 7 branches were closed.

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE PARENT BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investors Service: December 2020

Outlook	Negative
Long term Foreign Currency Deposit	B2
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B2
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B2
Long term Issuer Rating Domestic Currency	B2
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

TÜRKİYE CUMHURİYETİ ZIRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Fitch Ratings: September 2020

Foreign Currency Long Term	B+
Outlook	Negative
Foreign Currency Short Term	B
Domestic Currency Long Term	BB-
Outlook	Negative
Domestic Currency Short Term	B
National Long Term Rating	AA
Outlook	Stable
Support Rating	4
Support Rating Floor	B
Viability Rating	b+

JCR Eurasia: December 2020

Long Term International FC	BB +
Outlook	Negative
Long Term International LC	BB +
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term International FC	B
Outlook	Negative
Short Term International LC	B
Outlook	Negative
Short Term National LC	A-1+ (Trk)
Sponsor Support	1
Stand Alone	A

II. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements prepared as of 31 December 2020 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and presented preceding the consolidated financial statements of independent auditors' report dated 19 February 2021.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

GRI INDEX



GRI DISCLOSURE: For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

ZIRAAT BANKASI-GRI INDEX-CORE

GRI STATEMENT: “The service was performed on the Turkish language version of the report.”

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
	Organizational Profile	
	102-1	Ziraat Bankası A.Ş.
	102-2	10
	102-3	Headquarters Hacıbayram Mahallesi, Atatürk Bulvarı, No: 8, 06050 Altındağ-Ankara-Turkey
	102-4	Turkey
	102-5	10 https://www.ziraatbank.com.tr/en/investor-relations/corporate-governance/articles-of-association
	102-6	10
	102-7	12-15, 30-31
	102-8	66-68
	102-9	103
GRI 102: General Disclosures 2016	102-10	There were no significant changes during the reporting period.
	102-11	112-114
	102-12	App. 1 - 421
	102-13	App. 1 - 421
	Strategy	
	102-14	92-93, 96-97
	102-15	108-109
	Governance	
	102-18	90-97, 100-102
	102-21	28-29, 35
	102-22	100-102
	102-23	The Chairman of the Board of Directors has no executive duty.
	102-24	Regarding the minimum qualities to be sought in appointments to Board Member, Ziraat Bank acts in accordance with the provisions of Banking legislation, Turkish Commerce Code and the regulations of Capital Markets Board.

GRI INDEX

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
	Stakeholder Engagement	
	102-40	35
	102-41	90%
	102-42	35-37
	102-43	35-37
	102-44	35-37
	Reporting Practice	
	102-45	1, 271
	102-46	28-29
	102-47	28-29
	102-48	There is no restated information.
	102-49	There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.
	102-50	01.01.2020-31.12.2020
	102-51	2019
	102-52	Annual
GRI 102: General Disclosures 2016		Ms. R. Ebru TAN International Finance Institutions and Sustainability Manager Department of Financial Institutions and Investor Relations Tel: +90 212 304 30 80 retan@ziraatbank.com.tr
	102-53	Mr. Serkan ÖZKAN Financial Tables and Budget Analysis Manager Department of Financial Coordination and Reporting Tel: +90 312 584 59 32 serkanozkan@ziraatbank.com.tr
	102-54	This report is prepared in accordance with GRI Standards-Core option.
	102-55	GRI Index Page 415-421
	102-56	The report has not received external audit.
GRI 200: Economic Standard Series		
	Economic Performance	
	103-1	36-37
GRI 103: Management Approach 2016	103-2	22-23 24-27
	103-3	22-23 24-27
GRI 201: Economic Performance 2016	201-1	12-13, 115
	201-3	154-155,302-303
	201-4	There is no financial assistance received from government during the reporting period.

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
	Market Presence	
	103-1	36-37
GRI 103: Management Approach 2016	103-2	22-23 24-27
	103-3	22-23 24-27
GRI 202: Market Presence 2016	202-1	In Ziraat Bank, the standard entry level wage of all employees is above the local minimum wage.
	202-2	All members of Ziraat Bank senior management are Turkish Republic citizens.
	Indirect Economic Impacts	
	103-1	36-37
GRI 103: Management Approach 2016	103-2	22-23 24-27
	103-3	22-23 24-27
GRI 203: Indirect Economic Impacts 2016	203-1	32-37
	203-2	32-37
	Anti-Competitive Behavior	
	103-1	36-37
GRI 103: Management Approach 2016	103-2	22-23 24-27
	103-3	22-23 24-27
GRI 206: Anti-Competitive Behavior 2016	206-1	https://www.ziraatbank.com.tr/en/investor-relations/corporate-governance/disclosure-policy
GRI 300: Environmental Standard Series		
	Energy	
	103-1	36-37
GRI 103: Management Approach 2016	103-2	22-23 24-27 84-87
	103-3	22-23 24-27 78-81
GRI 302: Energy 2016	302-1	14, 78
	302-3	14, 78

GRI INDEX

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
	Water and Effluents	
GRI 103: Management Approach 2018	103-1	36-37
		22-23
	103-2	24-27
		78-81
	103-3	22-23
	24-27	
	78-81	
	303-3	14
		78-81
	Emissions	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		78-81
	103-3	22-23
	24-27	
	78-81	
GRI 305: Emissions 2016	305-1	14- 78
	305-2	14- 78
	305-3	14- 78
	Effluents and Waste	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		84-87
	103-3	22-23
		24-27
		78-81
GRI 306: Effluents and Waste 2016	306-2	78-81
	Environmental Compliance	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		78-81
	103-3	22-23
		24-27
		78-81
GRI 307: Environmental Compliance 2016	307-1	There are no significant fines or sanctions in the reporting period.

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
	GRI 400: Social Standard Series	
	Employment	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 401: Employment 2016	401-1	15, 65-66
	401-2	All Ziraat Bank employees are working on full-time basis.
	Occupational Health and Safety	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 403: Occupational Health and Safety 2016	403-4	15, 68
	Training and Education	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 404: Training and Education 2016	404-1	15
		47-48
		69-71
	404-2	15
		47-48
		69-71
	Diversity and Equal Opportunity	
GRI 103: Management Approach 2016	103-1	36-37
		22-23
	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 405: Diversity and Equal Opportunity 2016	405-2	There is no gender-based wage discrimination in Ziraat Bank.

GRI INDEX

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
	Non-Discrimination	
	103-1	36-37
		22-23
GRI 103: Management Approach 2016	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 406: Non-Discrimination 2016	406-1	There are no incidents of discrimination during the reporting period.
	Freedom of Association and Collective Bargaining	
	103-1	36-37
		22-23
GRI 103: Management Approach 2016	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 407: Freedom Of Association and Collective Bargaining 2016	407-1	During the reporting period, there are no incidents of violation of employees' rights to exercise freedom of association or collective bargaining or it is under significant risk.
	Child Labor	
	103-1	36-37
		22-23
GRI 103: Management Approach 2016	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 408: Child Labor 2016	408-1	Ziraat Bank does not employ child labor in any way.
	Forced or Compulsory Labor	
	103-1	36-37
		22-23
GRI 103: Management Approach 2016	103-2	24-27
		65-71
	103-3	22-23
		24-27
		65-71
GRI 409: Forced or Compulsory Labor 2016	409-1	There are no activities and operations at Ziraat Bank with significant risk for incidents of forced or compulsory labor in 2020.

GRI Standard Number	Disclosures	Page Number/Direct Reference/URL
	Customer Privacy	
	103-1	36-37
		22-23
GRI 103: Management Approach 2016	103-2	24-27
		https://www.ziraatbank.com.tr/en/investor-relations/corporate-governance/disclosure-policy
	103-3	22-23
		24-27
		https://www.ziraatbank.com.tr/en/investor-relations/corporate-governance/disclosure-policy
GRI 418: Customer Privacy 2016	418-1	There are no complaints concerning breaches of customer privacy and losses of customer data.

Appendix 1. SOME INITIATIVES THAT ZIRAAT BANK IS A MEMBER OR SUPPORTS

TÜRKİYE BANKALAR BİRLİĞİ (TBB) www.tbb.org.tr

DIŞ EKONOMİK İLİŞKİLER KURULU (DEİK) www.deik.org.tr

MİLLETLERARASI TİCARET ODASI TÜRKİYE MİLLİ KOMİTESİ (ICC) <http://icc.tobb.org.tr/Index.php>

KREDİ KAYIT BÜROSU (KKB) www.kkb.com.tr

TBB RİSK MERKEZİ www.riskmerkezl.org

İKTİSADİ ARAŞTIRMALAR VAKFI www.iav.org.tr

BANKALARARASI KART MERKEZİ (BKM) www.bkm.com.tr

YATIRIMCI TAZMİN MERKEZİ <http://www.ytm.gov.tr/>

TÜRKİYE SERMAYE PİYASALARI BİRLİĞİ www.tspb.org.tr

ÇAĞRI MERKEZLERİ DERNEĞİ www.cagrimerkezleridernegi.org

BORSA İSTANBULTÜRKİYE <https://borsaistanbul.com/tr/>

DIRECTORY

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Fax: (90 312) 584 49 63
www.ziraatbank.com.tr

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T.C. Ziraat Bankası A.Ş. London Branch, 45-47 Cornhill,
London, EC3V 3PF,
London-ENGLAND
Tel: (00 44 20) 7600 4985
Fax: (00 40 20) 7600 4987
E-mail: info@ziraatbank.co.uk
www.ziraatbank.co.uk

Bulgaria Directorate

Todor Alexandrov Blvd. Tzar Samuil Str. No: 87 1000 Sofia-
BULGARIA
Tel: (359 2) 980 00 87 - 980 66 61
Fax: (359 2) 980 21 13
E-mail: bulgaristanyonetiligi@ziraatbank.bg
www.ziraatbank.bg

Sofia Branch

Todor Alexandrov Blvd. Tzar Samuil Str. No: 87 1000 Sofia-
BULGARIA
Tel: (359 2) 980 00 87 - 980 66 61
Fax: (359 2) 980 21 13
E-mail: info@ziraatbank.bg

Filibe Branch

4 Tsabribrod 4000 Filibe-BULGARIA
Tel: (359 32) 511 921-24
Fax: (359 32) 511 925
E-mail: plovdiv@ziraatbank.bg

Kırcaali Branch

2A Bulair Str. 6600 Kırcaali-BULGARIA
Tel: (359 361) 546 50-58
Fax: (359 361) 546 59
E-mail: kircaali@ziraatbank.bg

Varna Branch

24 Slivnitza Str. Varna-BULGARIA
Tel: (359 52) 912 500-502-503-504
Fax: (359 52) 912 505
E-mail: varna@ziraatbank.bg

Baghdad Branch

301st District, 1st Street, No 24, Weziriyah Baghdad-IRAQ
Tel: (964 790) 418 13 90
E-mail: baghdad@ziraatbank.com
www.ziraatbank.iq

Erbil Branch

Royal Mall, 60 Meter Street, Shoresh, Erbil-IRAQ
Tel: (00 964) 6626 499 68 - 750 754 0 888
E-mail: erbil@ziraatbank.com
www.ziraatbank.iq

Jeddah Branch

Al Rawdah Dist. 1 Al Rawdah Str. P.O. Box.54759 Jeddah
21524 SAUDI ARABIA
Tel: (966 2) 665 54 33
Fax: (966 2) 664 35 16
E-mail: jeddah@ziraatbank.com
www.ziraatbank.sa

Athens Branch

Ermou 2,5th Floor , Syntagma 10563 Athens-GREECE
Tel: (30 210) 322 30 38
Fax: (30 210) 322 17 96
E-mail: athens@ziraatbank.com
www.ziraatbank.com.gr

Komotini Branch

Platia Irinis 17& Papaflesa 1 T.K. 69100 Komotini-GREECE
Tel: (30 253) 108 59 30
Fax: (30 253) 108 59 27
E-mail: komotini@ziraatbank.com

Xanthi Branch

M. Karaoli 68 67100 Xanthi-GREECE
Tel: (30 254) 106 94 20
Fax: (30 254) 106 66 41
E-mail: xanthi@ziraatbank.com

Kosovo Directorate

Rruga Ukshin Hoti No 13, 1st and 2nd Floor, 10000, Pristina
KOSOVO
Tel: (00 381) 38 222 000
E-mail: pristine@ziraatbank.com
www.ziraatbank-kosova.com

Pristina Branch

Rruga Ukshin Hoti No 13, Ground Floor, 10000,
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www.ziraatbank-kosova.com

Prizren Branch

RR Remzi Ademi, Nr 62, 20000 Prizren-KOSOVO
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E-mail: prizren@ziraatbank.com
www.ziraatbank-kosova.com

Peja Branch

Rr Mbretresha Teute, Nr 117/A, 30000, Peja-KOSOVO
Tel: (00 381) 38 222 000
E-mail: peja@ziraatbank.com
www.ziraatbank-kosova.com

Ferizaj Branch

Rruga Vellezerit Gervalla, Ferizaj-KOSOVO
Tel: (00 381) 38 222 000
E-mail: ferizaj@ziraatbank.com
www.ziraatbank-kosova.com

Bahrain Branch

Bahrain Financial Harbour, Harbour Towers - East, Financial
Centre, Unit No: 509, 5th floor, King Faisal Highway,
Municipality No: 504, Building 1398, Road 4626, Block 346,
P.O. Box: 60677 Manama-BAHRAIN
Tel: (00 973) 176 507 18
E-mail: bahreyn@ziraatbank.com

TRNC BRANCHES

TRNC Directorate

Şehit Mustafa Ahmet Ruso Caddesi No:11 Küçükaymaklı
Lefkoşa-TRNC
Tel: (0 392) 228 21 87 - 227 97 84
Fax: (0 392) 228 86 09
E-mail: 1844kkctyoneticiligi@ziraatbank.com.tr
www.ziraatbank-kkct.com

Lefkoşa/TRNC Branch

Şehit Mustafa Ahmet Ruso Caddesi No:11 Küçükaymaklı
Lefkoşa-TRNC
Tel: (0 392) 227 56 83 - 227 28 25 - 227 97 84
Fax: (0 392) 227 92 02
E-mail: lefkosa@ziraatbank.com.tr

Gönyeli/TRNC Branch

Günaydın Sokak No: 1 Gönyeli Lefkoşa-TRNC
Tel: (0 392) 224 05 16 - 224 05 22 - (0 392) 224 05 22 Fax:
(0 392) 224 07 24
E-mail: gonyeli2102@ziraatbank.com.tr

Girne/TRNC Branch

Atatürk Cad. Phelecia Court Sitesi Kordonboyu No: 37 Girne-
TRNC
Tel: (0 392) 815 33 58 - 815 22 10
Fax: (0 392) 815 25 84
E-mail: girne@ziraatbank.com.tr

Gazimağusa/TRNC Branch

Karakol Mah. İsmet İnönü Bulvarı No:41 99450 Gazimağusa-TRNC
Tel: (00 90 392) 365 56 91 - 365 56 92
Fax: (00 90 392) 365 56 99
E-mail: gazimagusa@ziraatbank.com.tr

Güzelyurt/TRNC Branch

Piyalepaşa Ecevit Caddesi No: 78 99700 Güzelyurt-TRNC
Tel: (00 90 392) 714 21 48 - 714 26 29
Fax: (00 90 392) 714 27 63
E-mail: guzelyurt@ziraatbank.com.tr

Karaoğlanoğlu/TRNC Branch

Zeytinlik Karaoğlanoğlu Cd. Paşaoğlu İş Merkezi No: 79 C
99320 Girne-TRNC
Tel: (00 90 392) 822 36 32 - 822 36 34
Fax: (00 90 392) 822 36 33
E-mail: karaoglanoglu2104@ziraatbank.com.tr

İskele/TRNC Branch

Makenzi Caddesi İpar İş Merkezi No:5- 6 Bahçeli İskele-TRNC
Tel: (00 90 392) 330 02 78 - 330 02 79
Fax: (00 90 392) 330 02 76
E-mail: iskele2182@ziraatbank.com.tr

Taşkinköy/TRNC Branch

Şehit Yüzbaşı Tekin Yurdabak Caddesi No:1/8 Taşkinköy/
Lefkoşa-TRNC
Tel: (0 392) 225 73 44- 45
Fax: (0 392) 377 76 13
E-mail: taskinkoy1670@ziraatbank.com.tr

REPRESENTATIVE OFFICES

Tehran Representative Office

Unit: 72, 9th Floor, Aytek Building, No: 13
Golshehr Boulevard, Africa Boulevard Tehran, 1915677433,
İRAN
Tel: (00 98 21) 22 05 18 11- 22 05 19 91
Fax: (00 98 21) 22 65 64 28
E-mail: info@ziraatbanktehran.com

INTERNATIONAL SUBSIDIARIES

ZIRAAT BANK INTERNATIONAL A.G.

Am Hauptbahnhof 16, 60329 Frankfurt am Main-GERMANY
Tel: (49 69) 29 80 50
Fax: (49 69) 28 01 22
E-mail: merkez@ziraatbank.de
www.ziraatbank.de

ZIRAATBANK BH DD

Ul. Zmaja od Bosne 47C, 71000 Saraybosna-BOSNA AND
HERSEGOVINA
Tel: (387 33) 564 100
Fax: (387 33) 564 101
E-mail: informacije@ziraatbank.ba
www.ziraatbank.ba

DIRECTORY

ZİRAAT BANK MONTENEGRO AD

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www.ziraatbank.me

JSC ZİRAAT BANK GEORGIA

Sanapiro Street No: 6 P.O. Box: 0105 Tbilisi-GEORGIA
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www.kzibank.kz

ZİRAAT BANK AZERBAIJAN ASC

Yasamal İlçesi, Hasan Bey Zerdabi 191 AZ1122 Baku-
AZERBAIJAN
Tel: (994 12) 505 56 16
E-mail: info@ziraatbank.az
www.ziraatbank.az

TURKMEN TURKISH JOINT STOCK COMMERCIAL BANK

Mahdumguly Avenue 111/2 74400 Ashkabat TURKMENİSTAN
Tel: (993 12) 93 82 42
Fax: (993 12) 93 83 47 - 93 53 55
E-mail: info@turkmenturkbank.com
www.turkmenturkbank.com.tm

DOMESTIC SUBSIDIARIES

ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

Levent Mah. Gonca Sokağı No: 22 (Emlak Pasajı) Kat: 1
34330 Levent/İstanbul TURKEY
Tel: (0 212) 339 80 80
Fax: (0 212) 269 09 60
E-mail: info@ziraatyatirim.com.tr
www.ziraatyatirim.com.tr

ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Mecidiyeköy Mahallesi Büyükdere Caddesi No: 83 Kat: 2-6
34381 Şişli/İstanbul TURKEY
Tel: (0 212) 924 72 00
Fax: (0 212) 290 34 91
E-mail: bilgi@ziraatportfoy.com.tr
www.ziraatportfoy.com.tr

ZİRAAT TEKNOLOJİ A.Ş.

Yıldız Teknik Üniversitesi Davutpaşa Kampüsü Teknoloji
Geliştirme Bölgesi C2 Blok
34220 Esenler/İstanbul TURKEY
Tel: (0 212) 484 60 00
Fax: (0 212) 483 73 78
E-mail: haberlesme@ziraatteknoji.com
www.ziraatteknoji.com

ZİRAAT KATILIM BANKASI A.Ş.

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