

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2020 WITH AUDITOR'S REPORT**

**(CONVENIENCE TRANSLATION OF UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION
THREE)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)
INDEPENDENT AUDITOR'S REPORT**

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.

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<p><i>Expected credit losses for loans</i></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>

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<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>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> <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>

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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.



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



**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 UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2020**

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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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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”))

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

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 TURETKEN	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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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"))

GENERAL INFORMATION ABOUT THE BANK(Continued)

**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.

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, Gönnyeli, Taşkınıköy, Karaoğluoğlu 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 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. 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.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Current Period 31 December 2020			Prior Period 31 December 2019		
ASSETS			TL	FC	Total	TL	FC	Total
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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)			Current Period			Prior Period		
LIABILITIES		Note (Section Five II)	31 December 2020			31 December 2019		
			TL	FC	Total	TL	FC	Total
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.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2020			Prior Period 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
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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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"))

IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 1 January-31 December 2020	Prior Period 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		-	-
XVI.	CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVII.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVIII.	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 REPIOD PROFIT/LOSS FROM DISCONTINUED		-	-
OPERATIONS (XXII±XXIII)			-	-
XXV.	NET PROFIT/(LOSS) (XVIII+XXIII)	(11)	7.825.019	6.186.888
	Earnings/(Loss) per share (in TL full)		0,752	1,014

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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"))

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period	Prior Period
		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

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TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
		Paid-in Capital	Share Premiums	Share Cancellation Reserves	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
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.

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TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
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)

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TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

VII. STATEMENT OF CASH FLOWS	Note (Section Five VI)	Current Period 1 January- 31 December 2020	Prior Period 1 January- 31 December 2019
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)	(411.229)	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)	28.162.539	23.389.729
VII. Cash and Cash Equivalents at End of the Period	(1)	34.847.422	28.162.539

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TÜRKİYE CUMHURİYETİ ZİRAAT 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"))

VIII. STATEMENT OF PROFIT DISTRIBUTION ^(*)		Current Period 31 December 2020	Prior Period 31 December 2019
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 (%)	-	-

(*) 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.

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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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 repricing 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

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.

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 unlikelihood 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Credit-Impaired Losses (Stage 3) (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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”.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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%

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (Continued)

Employment Termination and Vacation Benefits (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (Continued)

**Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund
(TZHEMSAN) (Continued)**

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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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.

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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

1. Information Related To The Components Of Shareholders' Equity (Continued)

	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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OF THE BANK (Continued)**

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

1. Information Related To The Components Of Shareholders' Equity (Continued)

	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 Tier I 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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

1. Information Related To The Components Of Shareholders' Equity (Continued)

	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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

1. Information Related To The Components Of Shareholders' Equity (Continued)

	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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I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

1. Information Related To The Components Of Shareholders' Equity (Continued)

	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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I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (Continued)

**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.

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued)

1. Information on Credit Risk (Continued)

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”.

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 ve %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 ve %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 ve %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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

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.

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

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

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
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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

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

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

3. Risk Profile by Sectors or Counterparties

Prior Period	Risk Classes																			
	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	TL	FC	Total
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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued)

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

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.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued)

4. Analysis of maturity-bearing exposures according to remaining maturities (Continued)

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.

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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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II. EXPLANATIONS ON CREDIT RISK (Continued)

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	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

(*) 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	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.

(*) 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..

6. Information in terms of major sectors and type of counterparties

Current 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	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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II. EXPLANATIONS ON CREDIT RISK (Continued)

6. Information in terms of major sectors and type of counterparties (Continued):

Prior 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	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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II. EXPLANATIONS ON CREDIT RISK (Continued)

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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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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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III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

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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III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Bank (Continued)

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 (*)	Profit/Loss Statement	Equity (*)
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) (**)	(305.041)	(643.655)	(1.007.827)	(1.333.538)

(*) 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.

(**) 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 (*)	Profit/Loss Statement	Equity (*)
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) (**)	305.041	643.655	1.007.827	1.333.538

(*) 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.

(**) 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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

**1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet
Items (Continued)**

(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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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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)

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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**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.

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.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE
RATIO (Continued)**

1. Liquidity Risk (Continued)

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

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.

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**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE
RATIO (Continued)**

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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**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE
RATIO (Continued)**

2. Liquidity Coverage Ratio (Continued)

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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**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE
RATIO (Continued)**

3. Explanations on Liquidity Coverage Ratio (Continued)

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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**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE
RATIO (Continued)**

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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**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE
RATIO (Continued)**

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

1. Eplanations on Risk Management and Risk Weighted Amount (Continued)

1.1. Bank's Risk Management Approach (Continued)

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.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

1. Eplanations on Risk Management and Risk Weighted Amount (Continued)

1.1. Bank's Risk Management Approach (Continued)

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

1. Eplanations on Risk Management and Risk Weighted Amount (Continued)

1.1 Bank's Risk Management Approach (Continued)

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 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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

1. Eplanations on Risk Management and Risk Weighted Amount (Continued)

1.1. Bank's Risk Management Approach (Continued)

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.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

1. Eplanations on Risk Management and Risk Weighted Amount (Continued)

1.1. Bank's Risk Management Approach (Continued)

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.

Oiverview 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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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
Intangible 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	-	-	-

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Connections Between Financial Statements and the Risk Amounts (Continued)

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
Intangible 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	-	-	-

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Connections Between Financial Statements and the Risk Amounts (Continued)

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.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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).

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

**3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits
(Continued)**

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.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

**3.4. Relationship between credit risk management, risk control, legal compliance and internal
audit functions (Continued)**

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

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.8. Additional Explanations On Credit Quality Of Assets (Continued)

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.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.8. Additional Explanations On Credit Quality Of Assets (Continued)

	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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.8. Additional Explanations On Credit Quality Of Assets (Continued)

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 portio 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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

**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
Risk Classes						
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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

**3.12. Standard Approach - Loan risk Exposure and the Effects of Loan Risk Reduction Technique
(Continued)**

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
Risk Classes						
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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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% ^(*)	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

^(*) Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights (Continued)

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.”

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Bank's credit risk calculations.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.15. Counter Party Credit Risk Explanations (Continued)

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.

3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

	Current Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	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

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods (Continued)

	Prior Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	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

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

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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 ⁽¹⁾
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

⁽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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.18. Standardised approach - CCR exposures by risk class and risk weight (Continued)

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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.19. Risk classes and counterparty credit risk explanation (Continued)

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.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk (Continued)

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 (Continued)

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.

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk (Continued)

4.3. Structure and scope of risk reporting and/or measurement systems (Continued)

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.

<i>Standard approach-Current Period</i>		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

Standart method is being used by the Bank to calculate the risk of the sector.

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

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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 complexity 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.

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.

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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

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.

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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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period – 31 December 2019	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
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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**XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND
LIABILITIES (Continued)**

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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
OF THE BANK (Continued)**

**XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND
LIABILITIES (Continued)**

**2. Information on Fair Value Measurements Recognized in the Financial Statement
(Continued)**

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.

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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.

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).

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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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.

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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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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(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

**7.2. Information on the First and Second Group Loans and Other Receivables Including
Restructured or Rescheduled Loans**

Current Period		Loans Under Close Monitoring		
		Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring
Cash Loans				Loans with revised contract terms Refinancing
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		Loans Under Close Monitoring		
		Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring
Cash Loans				Loans with revised contract terms Refinancing
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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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

**7.2. Information on the First and Second Group Loans and Other Receivables Including
Restructured or Rescheduled Loans (Continued)**

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 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

Current Period ⁽¹⁾	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
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.

Prior Period ⁽¹⁾	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured or Rescheduled
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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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

**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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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

**7.4. Information on Consumer Loans, Personal Credit Cards and Personnel Loans and
Personnel Credit Card (Continued)**

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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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

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.

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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

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

7.9. Credit-Impaired Losses (Stage III / Spesific 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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7.10. Information on Non-performing Loans (net) (Continued)

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.

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7.10. Information on Non-performing Loans (net)

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)	-	-	-

**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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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 (-) ^(*)	(524.724)	(3.002.813)	(1.101.175)	(4.628.712)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	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

^(*) 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 Stage 1	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.

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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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”.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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 Karlı 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 (%)	-	-

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).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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 Azerbaijan 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

	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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.1. Information on Subsidiaries (Continued)

	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.

10.2. 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).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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.

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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

19. Explanations on Intangible Assets (Continued)

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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

20. Information on Deferred Tax Asset (Continued))

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

	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.

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(Continued)**

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

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on Deposits /Funds Collected (Continued)

**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⁾	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.

**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	-	-

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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.

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

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)

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on Provisions (Continued)

9.2. Liabilities on Employee Benefits Provision (Continued)

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

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III. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on Provisions (Continued)

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).

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

10. Explanations on Tax Liability (Continued)

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”.

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

(*) Subordinated loans are explained in detail in the Note “Information on debt instruments included in the calculation of equity” in Section Four.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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.

13.7. Summary Information on Privileges Given to Shares Representing the Capital

The Bank has no preferred shares.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

13. Information on Shareholders' Equity (Continued)

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

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS
(Continued)**

1. Explanations on Off-Balance Sheet Commitments (Continued)

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

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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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS
(Continued)**

1. Explanations on Off-Balance Sheet Commitments (Continued)

1.3.2. Information on Sectoral Risk Concentrations Of Non-Cash Loans (Continued)

	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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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS
(Continued)**

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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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS
(Continued)**

2. Explanations on Derivative Transactions (Continued)

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.

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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.

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

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**IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
(Continued)**

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

2.4. Maturity Structure of the Interest Expense on Deposits

Current Period		Time Deposit						
Account Name	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	Total
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

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**IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
(Continued)**

2. Information on Interest Expense (Continued)

2.4. Maturity Structure of the Interest Expense on Deposits (Continued)

Prior Period	Time Deposit							Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	
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

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

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**IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
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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 (*)	2.648.348	110.999
Total	13.339.348	6.425.161

(*) 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).

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).

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**IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS
(Continued)**

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:

	Curent 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).

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.

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**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).

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.

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VI. EXPLANATIONS ON CASH FLOW STATEMENTS (Continued)

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 (Continued):

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
Current Period						
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	-	-	-	-

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
Prior Period						
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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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO
(Continued)**

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**

	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

Keskinoglu Tavukculuk ve Damizlik Isl. San. Tic. A.S.’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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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**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.

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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

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.

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
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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.

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