QNB FİNANSBANK ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S AUDIT REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2020

(Convenience translation of consolidated financial statements and independent auditor's audit report originally issued in Turkish, See Note I. of Section three)

Güney Bağımsız Denetim ve SMMM A. Ş.
Maslak Mah. Eski Büyükdere Cad.
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To the General Assembly of QNB Finansbank Anonim Şirketi

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of QNB Finansbank A.Ş ("the Bank") and it's consolidated subsidiaries (together will be referred as "the Group"), which comprise the statement of consolidated financial position as at December 31, 2020, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of QNB Finansbank A.Ş. as at December 31, 2020 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Key Audit Matter	How the matter is addressed in our audit
Recognition of impairment on financial assets within the scope of TFRS 9 "Financial Instruments" Standard and related significant disclosures	
As presented in Section 3 disclosure VIII and Section 5 disclosure I.6, as the Group recognizes expected credit losses of financial assets in accordance with TFRS 9. We considered the impairment of financial assets as a key audit matter since: - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements - There are complex and comprehensive requirements of TFRS 9 - The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the Group management include compliance risk to the regulations and other practices. - Structured processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss calculation are complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex	Our audit procedures included among others include: - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices. - Reviewing and testing of structured processes which are used to calculate expected credit losses by involving our Information technology and Process audit specialists. - Evaluating the reasonableness of management's key judgements, estimates and data sources used in expected credit loss calculations including responses to COVID and also considering the standard requirements, sectorial, local and global practices. - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group's Business model - Assessing the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and group's past performance. Evaluating the alignment of those forward looking parameters to Group's internal processes where applicable. - Evaluating the impact of the Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses together with forward-looking estimates and significant assumptions. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation - Testing the mathematical accuracy of expected credit loss calculation on sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets - Evaluating the accuracy and the necessity of post-model adjustments - Auditing of TFRS 9 disclosures

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Responsibilities of Management and Directors for the Consolidated Financial Statements

Hedge Accounting	
As explained in Section 5 Note I.12 and II.8, the Group enters into hedging transactions and applies hedge accounting in order to manage the interest rate and foreign currency rate risks. The Group uses derivative financial instruments and other hedging relationships to hedge its financial risks such as loans and receivables, financial assets measured at fair value through other comprehensive income, lease receivables, deposits, securities issued and borrowings. Hedge accounting is considered to be 'key audit matter' due to the potential risks on eligibility of hedge relationship in accordance with TAS 39 'Financial Instruments: Recognition and Measurement', effectiveness of the tests, fair value calculation of financial instruments, documentation and termination of hedge relationship including the effect of termination on the carrying amount of assets.	In addition to general audit procedures our audit procedures include the re-calculation of fair values of derivative financial instruments, assessment of the financial risk components, documentation of all hedging relationships, examination of the effectiveness tests, the review of hedge accounting records, evaluating the appropriateness of the carrying amount of the asset in accordance with the relevant standards in case of a termination.
Valuation of Derivative Financial Instruments	
Foreign currency forward transactions, currency and interest rate swap transactions, money options, money futures transactions and all other derivative financial instruments are recorded at fair value on the balance sheet and their fair values are subject to continuous revaluation. Details of the related amounts are explained in Section 5 Note I.2.b and Note II.2. The fair value of derivative financial instruments is determined by selecting the most appropriate market data and applying valuation techniques for certain products. Due to the assumptions, estimates and subjectivity used in these applications, derivative financial instruments are considered as a key audit matter by us.	In addition to our auditing procedures, include reviewing the fair valuation policies as determined by the Group Management, checking the fair value calculations of the derivative financial instruments chosen by the sample as valuation experts, evaluating the assumptions and estimates used, operational evaluation and testing.

Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Parent Bank's bookkeeping activities and consolidated financial statements for the period January 1 – December 31, 2020 are not in compliance with the laws and provisions of the Bank's articles of association in relation to financial reporting.
2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Hatice Dilek Çilingir Köstem.

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

Hatice Dilek Çilingir Köstem, SMMM
Partner

January 28, 2021
Istanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2020

The Parent Bank's;

Address of the Head Office	: Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
Phone number	: (0212) 318 50 00
Facsimile number	: (0212) 318 56 48
Web page	: www.qnbfinansbank.com
E-mail address	: investor.relations@qnbfinansbank.com

The consolidated financial report for the year ended December 31, 2020, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE PARENT BANK
- INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDIT REPORT

Within the context of this financial report for the year ended, the consolidated subsidiaries, entities under common control and structured entities are as follows. There are no associates included in the consolidation.

Subsidiaries

1. QNB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. Hemenal Finansman Anonim Şirketi
6. QNB Finans Varlık Kiralama Şirketi A.Ş

Entities Under Common Control (Joint Ventures)

1. Cigna Sağlık, Hayat ve Emeklilik Anonim Şirketi

Structured Entities

1. Bosphorus Financial Services Limited
2. QNBeyond Ventures B.V.
3. Finance Capital Finance Limited

The consolidated financial statements and related disclosures and footnotes for the year ended December 31, 2020, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

Mehmet Ömer Akif Aras
Chairman of
the Board of Directors

Ali Teoman Kerman
Member of the Board of
Directors and Chairman of the
Audit Committee

Ramzi T.A. Mari
Member of the Board of
Directors and of the
Audit Committee

Noor Mohd J. A. Al-Naimi
Member of the Board of
Directors and of the
Audit Committee

Durmuş Ali Kuzu
Member of the Board of
Directors and of the
Audit Committee

Temel Güzeloğlu
General Manager
and Member of the
Board of Directors

Adnan Menderes Yayla
Executive Vice President
Responsible of Financial Control
and Planning

Ercan Sakarya
Director of Financial, Statutory
Reporting and
Treasury Control

Information related to the responsible personnel to whom the questions about the financial statements can be communicated:

Name - Surname/Title	: Elif Akan / Financial Reporting Manager
Phone Number	: (0 212) 318 57 80
Facsimile Number	: (0 212) 318 55 78

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SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanatory Note on the Establishment Date, Nature of Activities and History of the Parent Bank

QNB Finansbank Anonim Şirketi (The Parent Bank and/or the Bank) was incorporated in Istanbul on September 23, 1987. The Parent Bank's shares have been listed on the Borsa Istanbul ("BIST") formerly known as Istanbul Stock Exchange ("ISE") since the first public offering on 1990.

II. Information About the Parent Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have the Power to Control the Management and Audit Directly or Indirectly, Changes Regarding These Subjects During the Year, If Any, and Information About the Controlling Group of the Parent Bank

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Parent Bank in previous periods, and Qatar National Bank Q.P.S.C. ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Parent Bank, at the rate of 99.81% to QNB at a price of EUR 2,750 million as of December 21, 2015. On April 7, 2016, BRSA permitted to transfer shares at ratios of 82.23%, 7.90%, 9.68% owned by National Bank of Greece S.A., NBGI Holdings B.V. and NBG Finance (Dollar) PLC respectively in the capital of the Bank to Qatar National Bank S.A.Q. in the framework of paragraph 1 of article 18 of Banking Law and dropping direct share of National Bank of Greece S.A. to 0% through the aforementioned share transfer. Necessary permissions related to share transfer have been completed on May 4, 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (QNB Finans Yatırım Menkul Değerler A.Ş., QNB Finans Portföy Yönetimi A.Ş., QNB Finans Finansal Kiralama A.Ş. and Cigna Sağlık, Hayat ve Emeklilik A.Ş.) before the related official bodies on May 12, 2016 and share transfer of the Bank has been completed on June 15, 2016.

The Parent Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies the new logo and the company name of the Parent Bank has started to be used as "QNB FİNANSBANK" as of October 20, 2016 and the company name started to be used with the registration of the Genel Assembly Resolution dated November 24, 2016 on November 30, 2016. According to the decision dated January 17, 2018 which was taken by the General Assembly; The Parent Bank's trade name is changed from "FİNANS BANK A.Ş" to "QNB FİNANSBANK A.Ş" as of January 19, 2018.

99.88% of shares of Parent Bank are controlled by Qatar National Bank as of December 31, 2020 and remaining 0.12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

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

III. Information about the Chairman and Members of Board of Directors, Members of Audit Committee, Managing Director and Executive Vice Presidents; Any Changes, and the Information about the Parent Bank Shares They Hold and Their Responsibilities

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	Phd
Sinan Şahinbaş	Deputy Chairman	April 16, 2010	Masters
Ali Teoman Kerman	Board Member and Head of Audit Committee	April 16, 2013	Masters
Ramzi T. A.Mari	Board Member and Member of the Audit Committee	June 16, 2016	Masters
Fatma Abdulla S.S. Al- Suwaidi	Board Member	June 16, 2016	Masters
Durmuş Ali Kuzu	Board Member and Member of the Audit Committee	August 25, 2016	Phd
Temel Güzeloğlu	Board Member and General Manager	April 16, 2010	Masters
Yousef Mahmoud H. N. Al-Neama	Board Member	May 28, 2019	Graduate
Assistant Prof. Osman Reha Yolalan	Board Member	June 16, 2016	Phd
Adel Ali M. A. Al-Malki	Board Member	May 28, 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Member of the Audit Committee	June 22, 2017	Graduate
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	Phd
Erkin Aydın	Executive Vice President	May 16, 2011	Masters
Ömür Tan	Executive Vice President	October 28, 2011	Masters
Halim Ersun Bilgici	Executive Vice President	March 15, 2013	Masters
Enis Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14,2016	Masters
Cumhur Türkmen	Executive Vice President	June 11,2018	Graduate
Cenk Akıncılar	Executive Vice President	January 21,2019	Graduate
Burçin Dündar Tüzün	Executive Vice President	December 1,2019	Graduate
Zeynep Kulalar	Executive Vice President	December 1,2019	Graduate
Derya Düner	Executive Vice President	January 1,2020	Graduate
Ali Yılmaz	Executive Vice President	January 1,2020	Masters
Ahmet Erzengin	Head of Department of Internal Systems	September 12,2012	Graduate
Ersin Emir	Head of Internal Audit	February 18,2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16,2011	Masters

The top level management listed above possesses immaterial number of shares of the Parent Bank.

IV. Information About the Persons and Institutions That Have Qualified Shares on the Parent Bank

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank Q.P.S.C. ("QNB")	3,345,892	99.88%	3,345,892	-
Other	4,108	0.12%	4,108	-

V. Explanations on the Parent Bank's Services and Activities

The Parent Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of December 31, 2020, the Parent Bank operates through 473 domestic (December 31, 2019 - 523), 1 foreign (December 31, 2019 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2019 - 1) branches. As of December 31, 2020, the Group has 11,555 employees (December 31, 2019 – 12,538 employees).

VI. Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted from Equity or not Subject to any of These Three Methods

Parent Bank's joint venture Cigna Sağlık, Hayat ve Emeklilik Anonim Şirketi is consolidated using equity method as per the Regulation on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards.

Ibtech A.Ş and E-finans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. included in investments in associates and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. included in joint ventures are not consolidated to accompanying financial statements as per the Regulation on Preparation of Consolidated Financial Statements of Banks since they are nonfinancial investments. Bankalararası Kart Merkezi included in subsidiaries is carried at cost and not consolidated since the Parent Bank does not have material control and presence over it.

All other subsidiaries are fully consolidated.

Bosphorus Financial Services Limited and İstanbul Bond Company S.A., which are not subsidiaries of the Bank, but over which the Bank has 100% controlling power due to the reason that these companies are "Structured Entity", have been included in the scope of consolidation.

VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Shareholders' Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

I. CONSOLIDATED BALANCE SHEET – ASSETS

				Audited 31.12.2020			Audited 31.12.2019	
		Section 5 Part I	TL	FC	TOTAL	TL	FC	TOTAL
I.	**FINANCIAL ASSETS (Net)**		**16,143,002**	**38,560,665**	**54,703,667**	**16,549,802**	**27,187,638**	**43,737,440**
1.1	**Cash and Cash Equivalents**		**3,190,476**	**26,470,545**	**29,661,021**	**4,749,207**	**18,322,590**	**23,071,797**
1.1.1	Cash and Balances with The Central Bank	(1)	2,505,744	24,900,717	27,406,461	1,127,558	17,622,984	18,750,542
1.1.2	Banks	(3)	38,518	1,477,238	1,515,756	403,520	699,615	1,103,135
1.1.3	Receivables From Money Market	(4)	659,782	92,610	752,392	3,225,937	-	3,225,937
1.1.4	Expected Credit Losses (-)		13,568	20	13,588	7,808	9	7,817
1.2	**Financial Assets Measured at Fair Value through Profit/Loss**	**(2)**	**290,302**	**333,073**	**623,375**	**276,304**	**103,932**	**380,236**
1.2.1	Public Sector Debt Securities		204,200	87,413	291,613	209,766	16,398	226,164
1.2.2	Equity Securities		86,102	-	86,102	24,564	-	24,564
1.2.3	Other Financial Assets		-	245,660	245,660	41,974	87,534	129,508
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income**	**(5)**	**5,802,565**	**9,387,549**	**15,190,114**	**4,787,538**	**7,558,560**	**12,346,098**
1.3.1	Public Sector Debt Securities		5,793,173	9,380,242	15,173,415	4,777,207	7,352,489	12,129,696
1.3.2	Equity Securities		9,392	7,307	16,699	7,674	182,123	189,797
1.3.3	Other Financial Assets		-	-	-	2,657	23,948	26,605
1.4	**Derivative Financial Assets**	**(12)**	**6,859,659**	**2,369,498**	**9,229,157**	**6,736,753**	**1,202,556**	**7,939,309**
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		5,716,649	2,111,822	7,828,471	5,422,158	1,157,309	6,579,467
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1,143,010	257,676	1,400,686	1,314,595	45,247	1,359,842
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST(Net)**		**105,753,485**	**59,312,306**	**165,065,791**	**85,772,166**	**47,059,324**	**132,831,490**
2.1	**Loans**	**(6)**	**102,987,227**	**45,115,006**	**148,102,233**	**83,674,566**	**35,353,734**	**119,028,300**
2.2	**Lease Receivables**	**(11)**	**2,251,723**	**4,921,075**	**7,172,798**	**751,652**	**4,036,505**	**4,788,157**
2.3	**Factoring Receivables**	**(7)**	**1,872,281**	**338,166**	**2,210,447**	**1,330,012**	**221,571**	**1,551,583**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(8)**	**9,559,633**	**9,183,723**	**18,743,356**	**8,588,791**	**7,592,511**	**16,181,302**
2.4.1	Government Debt Securities		9,559,633	8,621,942	18,181,575	8,588,791	7,028,183	15,616,974
2.4.2	Other Financial Assets		-	561,781	561,781	-	564,328	564,328
2.5	**Expected Credit Losses (-)**		**10,917,379**	**245,664**	**11,163,043**	**8,572,855**	**144,997**	**8,717,852**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(17)**	**-**	**-**	**-**	**-**	**-**	**-**
3.1	Held for sale		-	-	-	-	-	-
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS**		**237,920**	**-**	**237,920**	**217,648**	**-**	**217,648**
4.1	**Investment in Associates (Net)**	**(9)**	**14,027**	**-**	**14,027**	**5,982**	**-**	**5,982**
4.1.1	Equity Method Associates		-	-	-	-	-	-
4.1.2	Unconsolidated		14,027	-	14,027	5,982	-	5,982
4.2	**Investment in Subsidiaries (Net)**		**38,038**	**-**	**38,038**	**38,038**	**-**	**38,038**
4.2.1	Unconsolidated Financial Investments		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments		38,038	-	38,038	38,038	-	38,038
4.3	**Equity Under Common Control (Joint Ventures) (Net)**	**(10)**	**185,855**	**-**	**185,855**	**173,628**	**-**	**173,628**
4.3.1	Equity method associates		183,055	-	183,055	170,828	-	170,828
4.3.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
V.	**TANGIBLE ASSETS (Net)**	**(13)**	**3,489,129**	**56**	**3,489,185**	**3,386,959**	**276**	**3,387,235**
VI.	**INTANGIBLE ASSETS (Net)**	**(14)**	**520,715**	**-**	**520,715**	**453,366**	**-**	**453,366**
6.1	Goodwill		-	-	-	-	-	-
6.2	Others		520,715	-	520,715	453,366	-	453,366
VII.	**INVESTMENT PROPERTIES (Net)**	**(15)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**29,628**	**-**	**29,628**	**6,248**	**-**	**6,248**
IX.	**DEFERRED TAX ASSET**	**(16)**	**1,034,082**	**-**	**1,034,082**	**445,244**	**-**	**445,244**
X.	**OTHER ASSETS (Net)**	**(18)**	**4,589,905**	**5,348,828**	**9,938,733**	**3,091,466**	**3,356,049**	**6,447,515**
	TOTAL ASSETS		**131,797,866**	**103,221,855**	**235,019,721**	**109,922,899**	**77,603,287**	**187,526,186**

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET – LIABILITIES (STATEMENT OF FINANCIAL POSITION)
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

			Audited 31.12.2020			Audited 31.12.2019		
		Section 5 Part II	TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	**(1)**	**48,284,133**	**81,990,723**	**130,274,856**	**46,775,898**	**58,724,355**	**105,500,253**
II.	**FUNDS BORROWED**	**(3)**	**2,855,756**	**23,041,134**	**25,896,890**	**2,042,956**	**17,376,361**	**19,419,317**
III.	**MONEY MARKET BORROWINGS**	**(4)**	**4,881,720**	**10,112,950**	**14,994,670**	**351,897**	**8,797,038**	**9,148,935**
IV.	**SECURITIES ISSUED (NET)**	**(5)**	**2,772,537**	**11,951,421**	**14,723,958**	**5,070,667**	**9,280,880**	**14,351,547**
4.1	Bills		2,561,286	829,044	3,390,330	4,459,553	116,648	4,576,201
4.2	Asset Backed Securities		-	-	-	442,887	-	442,887
4.3	Bonds		211,251	11,122,377	11,333,628	168,227	9,164,232	9,332,459
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**4,766,374**	**3,390,090**	**8,156,464**	**3,448,115**	**1,687,378**	**5,135,493**
7.1	Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	4,747,273	2,502,528	7,249,801	2,960,728	1,293,589	4,254,317
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	19,101	887,562	906,663	487,387	393,789	881,176
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**(7)**	**428,999**	**3,076**	**432,075**	**421,406**	**15,879**	**437,285**
X.	**PROVISIONS**	**(9)**	**1,134,132**	-	**1,134,132**	**921,907**	-	**921,907**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		631,149	-	631,149	560,445	-	560,445
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		502,983	-	502,983	361,462	-	361,462
XI.	**CURRENT TAX LIABILITY**	**(10)**	**1,077,742**	-	**1,077,742**	**213,410**	-	**213,410**
XII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(11)**	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(12)**	-	**6,704,294**	**6,704,294**	-	**5,432,553**	**5,432,553**
14.1	Subordinated Loans		-	6,704,294	6,704,294	-	5,432,553	5,432,553
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**7,007,486**	**5,375,926**	**12,383,412**	**5,573,013**	**4,627,165**	**10,200,178**
XVI.	**SHAREHOLDERS' EQUITY**		**20,440,813**	**(1,199,585)**	**19,241,228**	**17,398,475**	**(633,167)**	**16,765,308**
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		(111,564)	-	(111,564)	(76,340)	101,267	24,927
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		120,560	(1,199,585)	(1,079,025)	(101,108)	(734,434)	(835,542)
16.5	Profit Reserves		14,217,872	-	14,217,872	11,353,778	-	11,353,778
16.5.1	Legal Reserves		736,513	-	736,513	721,459	-	721,459
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		13,481,359	-	13,481,359	10,632,319	-	10,632,319
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		2,855,050	-	2,855,050	2,864,094	-	2,864,094
16.6.1	Prior Periods' Profit/Loss		101,267	-	101,267	-	-	-
16.6.2	Current Period's Net Profit/Loss		2,753,783	-	2,753,783	2,864,094	-	2,864,094
16.7	Minority Interest		8,181	-	8,181	7,337	-	7,337
	TOTAL LIABILITIES		**93,649,692**	**141,370,029**	**235,019,721**	**82,217,744**	**105,308,442**	**187,526,186**

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

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

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

			Audited 31.12.2020			Audited 31.12.2019		
		Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
A.	**OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**175,404,906**	**281,234,421**	**456,639,327**	**143,685,259**	**223,417,578**	**367,102,837**
I.	**GUARANTEES**	**(1), (2), (3), (4)**	**11,604,589**	**21,520,352**	**33,124,941**	**10,257,777**	**18,245,467**	**28,503,244**
1.1.	Letters of guarantee		11,304,977	11,362,429	22,667,406	10,167,212	9,846,193	20,013,405
1.1.1.	Guarantees subject to State Tender Law		474,847	84,162	559,009	419,645	66,525	486,170
1.1.2.	Guarantees given for foreign trade operations		6,665,357	11,278,267	17,943,624	5,338,469	9,779,668	15,118,137
1.1.3.	Other letters of guarantee		4,164,773	-	4,164,773	4,409,098	-	4,409,098
1.2.	Bank loans		198,490	6,640,108	6,838,598	22,742	5,799,601	5,822,343
1.2.1.	Import letter of acceptance		198,490	6,640,108	6,838,598	22,742	5,799,601	5,822,343
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		101,122	3,517,815	3,618,937	67,823	2,599,673	2,667,496
1.3.1.	Documentary letters of credit		101,122	3,315,757	3,416,879	67,823	2,000,767	2,068,590
1.3.2.	Other letters of credit		-	202,058	202,058	-	598,906	598,906
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**104,983,869**	**7,321,485**	**112,305,354**	**82,504,459**	**6,301,824**	**88,806,283**
2.1.	Irrevocable commitments	(1)	58,424,722	6,640,330	65,065,052	47,699,180	5,245,759	52,944,939
2.1.1.	Forward asset purchase commitments		1,358,290	3,478,001	4,836,291	1,326,013	4,004,529	5,330,542
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		18,075,052	734	18,075,786	14,309,356	594	14,309,950
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		2,423,033	-	2,423,033	2,377,515	-	2,377,515
2.1.8.	Tax and fund liabilities from export commitments		27,046	-	27,046	29,197	-	29,197
2.1.9.	Commitments for credit card expenditure limits		35,495,520	-	35,495,520	28,781,240	-	28,781,240
2.1.10.	Commitments for promotions related with credit cards and banking activities		83,078	-	83,078	71,447	-	71,447
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		962,703	3,161,595	4,124,298	804,412	1,240,636	2,045,048
2.2.	Revocable commitments		46,559,147	681,155	47,240,302	34,805,279	1,056,065	35,861,344
2.2.1.	Revocable loan granting commitments		46,090,007	-	46,090,007	34,741,148	748,047	35,489,195
2.2.2.	Other revocable commitments		469,140	681,155	1,150,295	64,131	308,018	372,149
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5), (6)**	**58,816,448**	**252,392,584**	**311,209,032**	**50,923,023**	**198,870,287**	**249,793,310**
3.1	Derivative financial instruments for hedging purposes		9,249,782	64,290,416	73,540,198	16,995,877	63,215,920	80,211,797
3.1.1	Fair value hedge		5,114,463	23,064,765	28,179,228	6,993,716	23,111,386	30,105,102
3.1.2	Cash flow hedge		4,135,319	41,225,651	45,360,970	10,002,161	40,104,534	50,106,695
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		49,566,666	188,102,168	237,668,834	33,927,146	135,654,367	169,581,513
3.2.1	Forward foreign currency buy/sell transactions		2,110,184	8,853,435	10,963,619	2,837,474	5,228,896	8,066,370
3.2.1.1	Forward foreign currency transactions-buy		1,676,174	3,847,001	5,523,175	2,234,775	1,792,339	4,027,114
3.2.1.2	Forward foreign currency transactions-sell		434,010	5,006,434	5,440,444	602,699	3,436,557	4,039,256
3.2.2	Swap transactions related to foreign currency and interest rates		45,325,821	175,291,457	220,617,278	25,285,071	121,572,364	146,857,435
3.2.2.1	Foreign currency swap-buy		3,298,846	66,005,831	69,304,677	7,167,491	36,906,553	44,074,044
3.2.2.2	Foreign currency swap-sell		30,615,375	40,882,956	71,498,331	18,017,580	25,893,831	43,911,411
3.2.2.3	Interest rate swaps-buy		5,705,800	34,201,335	39,907,135	50,000	29,385,990	29,435,990
3.2.2.4	Interest rate swaps-sell		5,705,800	34,201,335	39,907,135	50,000	29,385,990	29,435,990
3.2.3	Foreign currency, interest rate and securities options		1,021,265	1,947,660	2,968,925	5,705,403	7,537,454	13,242,857
3.2.3.1	Foreign currency options-buy		491,416	1,047,539	1,538,955	1,385,083	5,219,625	6,604,708
3.2.3.2	Foreign currency options-sell		529,849	900,121	1,429,970	4,320,320	2,317,829	6,638,149
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		1,109,396	1,055,351	2,164,747	99,198	97,912	197,110
3.2.4.1	Foreign currency futures-buy		172	1,055,204	1,055,376	99,198	-	99,198
3.2.4.2	Foreign currency futures-sell		1,109,224	147	1,109,371	-	97,912	97,912
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		-	954,265	954,265	-	1,217,741	1,217,741
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**1,239,470,065**	**271,678,813**	**1,511,148,878**	**923,222,865**	**199,370,349**	**1,122,593,214**
IV.	**ITEMS HELD IN CUSTODY**		**314,812,461**	**15,999,495**	**330,811,956**	**187,995,356**	**10,355,208**	**198,350,564**
4.1.	Assets under management		4,313,984	25,795	4,339,779	4,535,551	7,095	4,542,646
4.2.	Investment securities held in custody		255,806,221	8,043,418	263,849,639	141,145,402	4,607,369	145,752,771
4.3.	Checks received for collection		7,616,483	1,484,681	9,101,164	5,587,773	1,187,437	6,775,210
4.4.	Commercial notes received for collection		2,096,904	686,232	2,783,136	1,748,473	419,279	2,167,752
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		44,978,869	5,759,369	50,738,238	34,978,157	4,134,028	39,112,185
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**540,029,634**	**160,647,061**	**700,676,695**	**441,122,637**	**119,044,468**	**560,167,105**
5.1.	Marketable securities		4,117,442	9,531,425	13,648,867	3,572,768	8,761,567	12,334,335
5.2.	Guarantee notes		380,407	590,933	971,340	398,506	82,436	480,942
5.3.	Commodity		490,115	-	490,115	476,476	-	476,476
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		106,976,494	82,931,319	189,907,813	102,041,042	61,972,389	164,013,431
5.6.	Other pledged items		428,065,176	67,593,384	495,658,560	334,633,845	48,228,076	382,861,921
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**384,627,970**	**95,032,257**	**479,660,227**	**294,104,872**	**69,970,673**	**364,075,545**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**1,414,874,971**	**552,913,234**	**1,967,788,205**	**1,066,908,124**	**422,787,927**	**1,489,696,051**

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Section 5 Part IV	Audited 01.01 – 31.12.2020	Audited 01.01 – 31.12.2019
I.	**INTEREST INCOME**	**(1)**	**17,715,908**	**19,151,624**
1.1	Interest income on loans		13,712,583	15,209,881
1.2	Interest income on reserve deposits		47,326	190,664
1.3	Interest income on banks		99,777	258,594
1.4	Interest income on money market transactions		198,918	243,478
1.5	Interest income on securities portfolio		2,817,952	2,427,046
1.5.1	Financial assets measured at FVTPL		28,916	20,091
1.5.2	Financial assets measured at FVOCI		1,118,543	1,088,038
1.5.3	Financial assets measured at amortized cost		1,670,493	1,318,917
1.6	Financial lease income		595,737	531,030
1.7	Other interest income		243,615	290,931
II.	**INTEREST EXPENSE (-)**	**(2)**	**7,440,458**	**11,311,525**
2.1	Interest on deposits		4,207,905	7,816,808
2.2	Interest on funds borrowed		1,416,198	1,494,179
2.3	Interest on money market transactions		498,781	427,454
2.4	Interest on securities issued		1,091,416	1,491,444
2.5	Interest on leases		53,928	64,596
2.6	Other interest expenses		172,230	17,044
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**10,275,450**	**7,840,099**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**2,601,042**	**2,823,540**
4.1	Fees and commissions received		3,172,963	3,508,712
4.1.1	Non-cash loans		196,578	159,282
4.1.2	Others		2,976,385	3,349,430
4.2	Fees and commissions paid (-)		571,921	685,172
4.2.1	Non-cash loans		2422	2,128
4.2.2	Others		569,499	683,044
V.	**DIVIDEND INCOME**	**(3)**	**5,257**	**2,934**
VI.	**NET TRADING INCOME/LOSS (Net)**	**(4)**	**(2,558,740)**	**(1,340,686)**
6.1	Trading account gain/losses		333,094	65,103
6.2	Gain/losses from derivative transactions		(3,210,586)	(1,258,332)
6.3	Foreign exchange gain/losses		318,752	(147,457)
VII.	**OTHER OPERATING INCOME**	**(5)**	**82,214**	**146,658**
VIII.	**TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII+VIII)**		**10,405,223**	**9,472,545**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**2,529,981**	**1,918,759**
X.	**OTHER PROVISION EXPENSES (-)**		**142,299**	**74,919**
XI.	**PERSONEL EXPENSES**		**2,029,196**	**1,827,064**
XII.	**OTHER OPERATING EXPENSES**	**(7)**	**2,421,309**	**2,251,890**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**3,282,438**	**3,399,913**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		**98,258**	**89,429**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XII+…+XV)**	**(8)**	**3,380,696**	**3,489,342**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**(9)**	**(626,069)**	**(624,702)**
18.1	Carrent tax charge		(1,175,488)	(231,430)
18.2	Deferred tax charge (+)		568,044	180,306
18.3	Deferred tax credit (-)		(18,625)	(573,578)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)**	**(10)**	**2,754,627**	**2,864,640**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	**-**
20.1	Income from assets held for sale		-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3	Others		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3	Others		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX+XX)**		-	**-**
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**		-	**-**
23.1	Current tax charge		-	-
23.2	Deferred tax charge (+)		-	-
23.3	Deferred tax credit (-)		-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXI±XXII)**		-	**-**
XXV.	**NET PROFIT/LOSS (XVIII+XXIII)**	**(11)**	**2,754,627**	**2,864,640**
25.1	Group's profit/loss		2,753,783	2,864,094
25.2	Minority interest		844	546
	Earnings Per Share		0.08220	0.0855

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

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

		Audited 01.01 -31.12.2020	Audited 01.01 -31.12.2019
I.	**CURRENT PERIOD PROFIT/LOSS**	**2,754,627**	**2,864,640**
II.	**OTHER COMPREHENSIVE INCOME**	**(278,707)**	**(702,775)**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**(35,224)**	**33,589**
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(42,130)	(29,985)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-	60,293
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	6,906	3,281
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**(243,483)**	**(736,364)**
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(245,822)	280,269
2.2.3	Gains/losses from Cash Flow Hedges	(30,174)	(1,233,787)
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	32,513	217,154
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**2,475,920**	**2,161,865**

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED PERIOD THEN ENDED DECEMBER 31, 2020

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

							Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Audited	**Section 5 Part V**	**Paid-in Capital**	**Share Premium**	**Share Cancellation Profits**	**Other Capital Reserves**	**Revaluation surplus on tangible and intangible assets**	**Defined Benefit Plans' Actuarial Gains/Losses**	**Others (*)**	**Translation Differences**	**Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI**	**Others(**)**	**Profit Reserves**	**Prior Periods' Profit/Loss**	**Current Period's Net Profit/Loss**	**Shareholders' Equity Before Minority Interest**	**Minority Interest**	**Total Shareholders' Equity**
	Prior Period- 01.01 – 31.12.2019																	
I.	**Balances at Beginning of Period**		**3,350,000**	**714**	**-**	**-**	**-**	**(52,953)**	**44,291**	**-**	**(496,342)**	**397,164**	**8,781,070**	**-**	**2,572,708**	**14,596,652**	**6,791**	**14,603,443**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(52,953)**	**44,291**	**-**	**(496,342)**	**397,164**	**8,781,070**	**-**	**2,572,708**	**14,596,652**	**6,791**	**14,603,443**
IV.	**Total Comprehensive Income**		-	-	-	-	-	**(23,387)**	**56,976**	-	**226,655**	**(963,019)**	-	-	**2,864,094**	**2,161,319**	**546**	**2,161,865**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**2,572,708**	-	**(2,572,708)**	-	-	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	2,572,708	-	(2,572,708)	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(76,340)**	**101,267**	**-**	**(269,687)**	**(565,855)**	**11,353,778**	**-**	**2,864,094**	**16,757,971**	**7,337**	**16,765,308**

							Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Audited	**Section 5 Part V**	**Paid-in Capital**	**Share Premium**	**Share Cancellation Profits**	**Other Capital Reserves**	**Revaluation surplus on tangible and intangible assets**	**Defined Benefit Plans' Actuarial Gains/Losses**	**Others (*)**	**Translation Differences**	**Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI**	**Others(**)**	**Profit Reserves**	**Prior Periods' Profit/Loss**	**Current Period's Net Profit/Loss**	**Shareholders' Equity Before Minority Interest**	**Minority Interest**	**Total Shareholders' Equity**
	Current Period- 01.01 – 31.12.2020																	
I.	**Balances at Beginning of Period**		**3,350,000**	**714**	**-**	**-**	**-**	**(76,340)**	**101,267**	**-**	**(269,687)**	**(565,855)**	**11,353,778**	**-**	**2,864,094**	**16,757,971**	**7,337**	**16,765,308**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	**(101,267)**	-	-	-	-	**101,267**	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	(101,267)	-	-	-	-	101,267	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(76,340)**	**-**	**-**	**(269,687)**	**(565,855)**	**11,353,778**	**101,267**	**2,864,094**	**16,757,971**	**7,337**	**16,765,308**
IV.	**Total Comprehensive Income**		-	-	-	-	-	**(35,224)**	-	-	**(206,205)**	**(37,278)**	-	-	**2,753,783**	**2,475,076**	**844**	**2,475,920**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**2,864,094**	-	**(2,864,094)**	-	-	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	2,864,094	-	(2,864,094)	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(111,564)**	**-**	**-**	**(475,892)**	**(603,133)**	**14,217,872**	**101,267**	**2,753,783**	**19,233,047**	**8,181**	**19,241,228**

(*) Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss

(**) Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss

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

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

VI. CONSOLIDATED CASH FLOW STATEMENT

		Section 5 Part VI	Audited 01.01 – 31.12.2020	Audited 01.01 – 31.12.2019
A,	**CASH FLOWS FROM / (TO) BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities (+)**		**11,616,021**	**10,184,799**
1.1.1	Interest received		16,125,355	18,081,879
1.1.2	Interest paid		(6,961,676)	(12,860,323)
1.1.3	Dividend received		5,257	2,934
1.1.4	Fees and commissions received		3,191,815	3,514,697
1.1.5	Other income		82,214	146,658
1.1.6	Collections from previously written off loans		1,581,512	1,503,939
1.1.7	Payments to personnel and service suppliers		(2,045,956)	(1,236,844)
1.1.8	Taxes paid		44,487	(768,255)
1.1.9	Other		(406,987)	1,800,114
1.2	**Changes in Assets and Liabilities**		**(8,659,897)**	**(1,894,003)**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit/loss		(243,915)	(222,751)
1.2.2	Net (increase) decrease in due from banks		(5,543,606)	2,867,541
1.2.3	Net (increase) decrease in loans		(19,678,277)	(14,048,513)
1.2.4	Net (increase) decrease in other assets		(3,508,168)	(1,718,085)
1.2.5	Net increase (decrease) in bank deposits		(864,560)	1,787,924
1.2.6	Net increase (decrease) in other deposits		12,514,739	12,329,077
1.2.7	Net (increase) decrease in financial liabilities measured at fair value through profit and loss		-	-
1.2.8	Net increase (decrease) in funds borrowed		1,254,850	(3,338,332)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		7,409,040	449,136
I.	**Net Cash Provided from Banking Operations (+/-)**		**2,956,124**	**8,290,796**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided from / (Used In) Investing Activities (+/-)**		**(1,471,636)**	**(4,986,347)**
2.1	Purchase of entities under common control, associates and subsidiaries		-	-
2.2	Sale of entities under common control, associates and subsidiaries		-	-
2.3	Fixed assets purchases		(644,336)	(246,657)
2.4	Fixed assets sales		139,188	26,747
2.5	Purchase of financial assets measured at fair value through other comprehensive income		(11,982,290)	(6,477,428)
2.6	Sale of financial assets measured at fair value through other comprehensive income		11,307,390	3,797,849
2.7	Purchase of Financial Assets Measured at Amortized Cost		(2,333,458)	(3,406,328)
2.8	Sale of Financial Assets Measured at Amortized Cost		2,260,925	1,496,516
2.9	Other		(219,055)	(177,046)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from / (Used In) Financing Activities**		**198,848**	**1,969,590**
3.1	Cash obtained from funds borrowed and securities issued		15,206,569	4,459,394
3.2	Cash used for repayment of funds borrowed and securities issued		(14,948,681)	(2,293,410)
3.3	Capital increase		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		(59,040)	-
3.6	Other		-	(196,394)
IV.	**Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents (+/-)**		**(615,145)**	**356,419**
V.	**Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)**		**1,068,191**	**5,630,458**
VI.	**Cash and Cash Equivalents at the Beginning Of The Period (+)**		**14,814,910**	**9,184,452**
VII.	**Cash and Cash Equivalents at End of the Period (V+VI)**		**15,883,101**	**14,814,910**

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

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

VII. CONSOLIDATED PROFIT APPROPRIATION STATEMENT (*)

		Audited Current Period 31.12.2020(**)	Audited Prior Period 31.12.2019
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	2,999,429	3,179,760
1.2	TAXES AND DUTIES PAYABLE	512,420	557,603
1.2.1	CORPORATE TAX (INCOME TAX)	1,055,958	163,465
1.2.2	INCOME WITHHOLDING TAX	-	-
1.2.3	OTHER TAXES AND DUTIES	(543,538)	394,138
A.	**NET INCOME FOR THE YEAR (1,1-1,2)**	**2,487,009**	**2,622,157**
1.3	PRIOR YEAR LOSSES(-)	(101,267)	-
1.4	FIRST LEGAL RESERVES(-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1,3+1,4+1,5)]**	**2,588,276**	**2,622,157**
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 OWENERS 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 OWENERS OF PREFERRED SHARES	-	-
1.9.4	TO PROFIT SHARING BONDS	-	-
1.9.5	TO HOLDERS OF PROFIT AND (LOSS) SHARING CERTIFICATES	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES(-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION OF RESERVES**		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS(-)	-	-
2.3.1	TO OWNERS OF ORDINARY SHARES	-	-
2.3.2	TO OWNERS OF PRIVILEGED SHARES	-	-
2.3.3	TO OWENERS OF PREFERRED SHARES	-	-
2.3.4	TO PROFIT SHARING BONDS	-	-
2.3.5	TO HOLDERS OF PROFIT AND (LOSS) SHARING CERTIFICATES	-	-
2.4	DIVIDENDS TO PERSONNEL(-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS(-)	-	-
III.	**EARNINGS PER SHARE**		
3.1	TO OWNERS OF ORDINARY SHARES	0,0742	0,0783
3.2	TO OWNERS OF ORDINARY SHARES(%)	7.42%	7.83%
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 Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

(**) Decision regarding the profit distribution for the 2020 will be taken at the General Meeting.

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

1. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The Bank prepared the accompanying consolidated financial statements regarding to the Banking Law No.5411 "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA") and in case where a specific regulation is not made by BRSA, the format and detail of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements". Consolidated financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency, is indicated by the full amount.

Explanation for convenience translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS. Consolidated financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency, is indicated by the full amount.

2. Accounting policies and valuation principles used in the preparation of the consolidated financial statements

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined and applied, in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"),and are consistent with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2019 except for the application of TFRS 16.

The accounting policies and valuation principles related with current and prior period are explained in Notes II to XXVII below.

Consolidated financial statements are prepared in TL accordance with the historical cost basis except for financial instruments measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, derivative financial assets and liabilities. In addition, carrying value of assets subject to fair value hedge but are carried at historical cost is adjusted to reflect fair value changes related to risks being hedged.

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

The ongoing COVID-19 pandemic, which has recently emerged in China, has spread to various countries in the world, causing potentially fatal respiratory infections, negatively affects both regional and global economic conditions, as well as it causes disruptions in operations, especially countries that are exposed to the epidemic. As a result of the spread of COVID-19 around the world, several measures have been taken in our country as well as in the world in order to prevent the spread of the virus and measures are 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.

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of December 31, 2020, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates. Also, COVID-19 effects of the following articles III "Information on Associates and Subsidiaries and Entities Under Common Control" and XV "Explanations on Leasing Transactions" disclosed in footnotes too.

2.1. Changes in Accounting policies and disclosures

In its accompanying unconsolidated financial statements, the Group announced the Phase 1 amendments to TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicative Interest Rate Reform published by the Public Oversight Authority ("POA") in the Official Gazette dated 14 December 2019 and numbered 30978. It has been implemented since January 1, 2020. According to this; the Group's portfolio that will be affected by this reform consists of loans, other financial assets measured at amortized cost and derivative financial instruments together with other borrowings received, and as of 31 December 2020, the portfolio size is approximately TL 107 billion. Within the scope of the reform, a committee is formed within the Group to coordinate issues such as contract management, information technology, infrastructure development and product design regarding the transition process. It is foreseen that the necessary studies will be completed in 2021. These changes did not have a significant impact on the financial status or performance of the Group.

II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions

1. Strategy for the use of financial instruments

The major funding sources of the Parent Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear a fixed interest rate and have an average maturity of 1-3 months in line with the sector. Domestic bond issues are realized within the maturity of 3 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad mostly bear floating rates and are reprised at an average period of 3-6 months. The Parent Bank diverts its placements to assets with high return and sufficient collaterals. The Parent Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and a higher return on long-term placements is aimed.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (fixed TL interest rate and floating FC interest rate). Thus, the Parent Bank generates TL denominated resources for funding long term loans with fixed interest rates.

The Parent Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking risk tolerance as a cap. The maximum VAR amounts are determined by interest and currency risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

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

The strategies for hedging exchange rate risk resulting from the Group's foreign currency debt securities which are categorized as financial assets at fair value through other comprehensive income explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

Hedging strategies for foreign exchange risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

2. Foreign currency transactions

2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed,
As of December 31, 2020 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement. The Parent Bank's foreign currency exchange rates for the related period ends are as follows:

	December 31, 2020	December 31, 2019
US Dollar	TL 7.3405	TL 5.9402
Euro	TL 9.0079	TL 6.6506

2.2 Total exchange rate differences that are included in net profit or loss for the year

The foreign currency position of the Parent Bank and the profit / loss from the foreign exchange transactions realized are included in the income statement of foreign exchange gains / losses and income/losses from derivative financial instruments in the income statement. While gain / loss from spot foreign exchange transactions are included in the profit / loss item of foreign exchange gain / loss on balance sheet, profit / loss from derivative transactions (forward, option etc.) for the purpose of hedging related transactions are included in income / loss statement of derivative financial instruments. Therefore, in order to determine the net profit / loss effects of foreign exchange transactions, two balances should be assessed together. As of December 31, 2020, derivative financial transaction loss amounting to TL 3,210,586 (December 31, 2019 - TL 1,258,332 derivative financial transaction loss) and excluding net interest expense amounting to TL 3,172,200 (December 31, 2019 – TL 1,719,400 net interest expense) arising from derivative transactions from the total foreign exchange loss amounting to TL 318,752 (December 31, 2019 - TL 147,457 net exchange loss), net foreign exchange operations gain is TL 280,366 (December 31, 2019 - TL 313,611 net foreign exchange gain).

2.3. Foreign associates

None.

III. Information on Associates, Subsidiaries and Entities Under Common Control

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 "Turkish Financial Reporting Standard in regards to Consolidated Financial Statements" and BRSA's "Regulation on Preparation of Consolidated Financial Statements of Banks" published on the Official Gazette numbered 26340 and dated November 8, 2006.

The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

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

		Consolidation Method	Place of Establishment	Subject of Operations	Effective Share of the Group (%)	
					December 31, 2020	December 31, 2019
1.	QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full consolidation	Turkey	Securities Intermediary Services	100.00	100.00
2.	QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full consolidation	Turkey	Portfolio Management	100.00	100.00
3.	Hemenal Finansman A.Ş. (Tüketici Finansman)	Full consolidation	Turkey	Consumer Financing	100.00	100.00
4.	QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full consolidation	Turkey	Financial Leasing	99.40	99.40
5.	QNB Finans Faktoring A.Ş. (Finans Faktoring)	Full consolidation	Turkey	Factoring Services	100.00	100.00
6.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Full consolidation	Turkey	Asset Lease	100.00	100.00
7.	Cigna Sağlık, Hayat ve Emeklilik A.Ş	Equity Method	Turkey	Private Pension and Insurance	49.00	49.00

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board ("CMB") regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, in accordance with Turkish Accounting Standards ("TMS") and Turkish Financial Reporting Standards ("TFRS") and related additions and interpretations published by Public Accounting and Auditing Oversight Authority ("KGK").

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of December 31, 2020.

1. Subsidiaries

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

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

Subsidiaries are consolidated using the full consolidation method based on the size of their asset equity, and result of operations. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank and are put out of consolidation's scope as soon as control is removed. Accounting policies applied by subsidiaries that are included in consolidated financial statements are not different from the Parent Bank's accounting policies.

According to full consolidation method, 100% of subsidiaries' asset, liability, income, expense and off balance sheet items are consolidated with the Parent Bank's asset, liability, income, expense and off balance sheet items. Book value of the Group's investment in each subsidiary is netted off with Group's equity shares. Unrealized gains and losses and balances that arise due to transactions between subsidiaries within consolidation scope, have been net off. Non-controlling interests are shown separately from earnings per share on consolidated balance sheet and income statement.

2. Associates and entities under common control

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank's capital. Subject joint venture is included in consolidated financial statements by using equity method.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiary's or joint venture's accordingly recalculated value.

IV. Explanations on Derivative Financial Assets and Liabilities

The Group enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Group also carries out currency and interest options and credit default swap and futures agreements.
Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from customer deposits and the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long term fixed interest rate loans with TL but also hedges itself against interest rate risk.
The Parent Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "TFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit/Loss "," Derivative Financial Liabilities at Fair Value Through Profit & Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts of derivative transactions presented on the balance sheet, represent the fair value differences based on the valuation. Fair values of foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data.

Fair values of option contracts are calculated with option pricing models.

Futures transactions are accounted for at settlement as of the balance sheet date.

The Parent Bank does not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Parent Bank's credit derivatives portfolio included in the off-balance sheet accounts composes of credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the income statement on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Gains/Losses" account.

In cash flow hedge accounting:

The Parent Bank applies cash flow hedge accounting using interest swap transactions to hedge its TL and FC customer deposits with short term cyclical basis and subordinated loans and loans with floating rate financial receivables which have floating interest payment. The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss" whereas the amount concerning ineffective parts is associated with the income statement.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, applies cash flow hedge accounting through interest rate swaps to hedge itself against changes floating rate foreign currency borrowings and floating rates TL securities.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

In fair value hedge accounting:

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 using swaps to hedge a portion of its long term, fixed rate mortgage and project finance loans against possible fair value change due to market interest rate fluctuations.

The Parent Bank applies fair value hedge accounting using FX swaps to hedge long term, fixed rate, foreign currency Eurobonds in financial assets measured at fair value through other comprehensive portfolio against interest rate fluctuations.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon payment in financial assets measured at fair value through other comprehensive income portfolio using swap transactions as hedging instruments.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swap transactions as hedging instruments.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent bank, applies fair value hedge accounting to hedge itself against changes in interest rates related to fixed rate TL securities issued.

The Parent Bank applies fair value hedge accounting through interest rate swaps to hedge itself against changes in the interest rates related to foreign currency borrowings.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent bank, applies fair value hedge accounting through interest rate swaps to hedge itself against changes in interest rates related to TL borrowings.

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank issues securities, uses loan and financial through swaps, in order to hedge itself against changes in interest and exchange rates regarding lease receivables

Fair value hedge accounting effects are accounted under "Derivative Financial Transactions Profit / Loss from Derivative Financial Transactions" in the statement of profit or loss. QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts efficiency tests on every balance sheet date for transactions where fair value hedge accounting is applied.

QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts cash flow hedge accounting transactions effectiveness tests on every balance sheet date, the active segments are as defined in TAS 39 accounted in line with under Equity, "Reclassification of Accumulated Other Comprehensive Income and Expense in Profit or Loss" in financial statements and the amount related to the inactive part is associated with income statement.

At each balance sheet date the Parent Bank and QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, apply effectiveness tests for fair value hedge accounting.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market. Fair value exchange difference adjustment amounting to TL 1,945,441 which is shown in tangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

V. Explanations on Interest Income and Expenses

Interest income is recorded according to the effective interest rate method (Rate equal to net present value of future cash flows of financial assets or liabilities) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for 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. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

When applying the effective interest method, The Parent Bank amortized any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements. If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Parent Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income From Loans" for such calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

The Parent Bank shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Parent Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Parent Bank tested all financial assets whether their “contractual cash-flows solely represent payments of principal and interest” and assessed the asset classification within the business model.

Assessment of business model

As per TFRS 9, the Parent Bank’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Parent Bank’s business models are divided into three categories.

Business model aimed to hold assets in order to collect contractual cash flows:

This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Receivables from the Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

Business model aimed to collect contractual cash flows and sell financial assets:

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial Assets Measured at Fair Value through Other Comprehensive Income are assessed in this business model.

Other business models:

Financial assets are measured at fair value through profit or loss when they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss are assessed in this business model.

Measurement categories of financial assets and liabilities

Financial assets are classified in three main categories as listed below in accordance with TFRS 9:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost

Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/losses in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Parent Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Group' business model. In accordance with TFRS 9, the Parent Bank has classified cash flows are solely payments of principal and interest at certain dates under financial assets at fair value through profit and loss related to private purpose loans as of December 2018.

Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and are accounted under the "Other comprehensive income/expense items to be recycled to profit/loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities 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.

Parent Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as financial assets at fair value through other comprehensive income are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, and some portion of the TL government bonds are designated as fair value hedged items, hedged against interest rate fluctuations, starting from July 2011. Those securities are disclosed under financial assets at FV through OCI in order to be in line with balance sheet presentation. The fair value differences of Eurobond and TL government bond hedged items are accounted for under "Trading Account Gains/ Losses" in the income statement.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. After fair value accounting is ceased value differences, previously reflected the income statement are amortized through the equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are immediately recognized in the income statement.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

The Parent Bank as explained in part IV, "Explanations on Derivative Financial Assets and Liabilities", enters into fx swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Parent Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period's income statement.

When the fair value hedge accounting could not be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans.

VIII. Explanations on Expected Credit Losses

The Group recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" effective from January 1, 2018. At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group considers the changes in the default risk of financial instrument, when making the assessment.

Within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decision numbered 9312 dated December 8, 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days according to assembly's resolution dated on March 17, 2020. This measure will be effective until December 31, 2020. In this manner, in the assessment of whether the debtor defaulted on the loan where the payment is overdue for more than 90 days, consideration is given to whether the debtor's condition is temporary due to COVID-19 pandemic and payment irregularities are related to temporary liquidity constraints. In this context,

- The 90 days default period for loans to be classified as non-performing loans (NPL) is now 180 days
- In restructured installment receivables, the practice of shifting installments without a contract breakdown, within the defined terms has started for customers who do not want to be late in their instalments.
- In the process of completing the Pro-rata banks protocols, the time to be given to time-consuming operations was extended by a joint agreement
- Terminatively, this leads the Banks continue to set aside provisions for such receivables in accordance with their own risk models used in the calculation of expected credit losses under TFRS 9.

As of December 31, 2020, the Group, in line with the accounting policies stated in the financial statements of December 31, 2019, has not made any changes about the classification and measurement of financial assets and calculation of expected losses. In the classification of loans and receivables with a delay of more than 30 days, and in the calculation of the provisions, the Stage 2 rules were applied, and the loans and receivables with delay days exceeding 90 days and less than 180 days were classified according to the Stage 2, but the provisions were calculated in accordance to the Stage 3 rules.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. These financial assets are divided into three categories depending on increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of December 31, 2020, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained above.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation approach is quite similar with approach mentioned above, but probability of default and loss amount in default ratios estimated for the lifetime of instruments.

Stage 3:

Financial assets considered as impaired at the reporting date are classified as stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and Parent Bank accounts lifetime expected credit losses. In determining the impairment, the Parent Bank takes into consideration the following criteria:

- Delay of over 90 days and impairment of credit worthiness
- Collateral and / or equity of debtor is inadequate cover the payment of receivables on the maturity.
- If it is convinced that will be delayed by more than 90 days for recovery of receivables due to macroeconomic, sector-specific or customer-specific reasons

Calculation of expected credit losses

The Parent Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PDs and LGDs used in the ECL calculation are point in time ("PIT")-based for key portfolios and consider both current conditions and expected cyclical changes.

While the expected credit loss is estimated, three scenarios (base scenario, bad scenario, New Economic Plan) are evaluated. Each of these scenarios was associated with the different PD and LGD.

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash flows from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

Probability of default ("PD")

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from through the cycle (TTC) PDs and scenario forecasts.

It is used internal rating systems for both retail and commercial portfolios to measure risk level. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; the behavioral data of the customer and the product in the Bank, the demographic information of the customer, and the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss given default ("LGD")

The LGD represents an estimate of the economic loss at the time of a potential default occurring during the life of a financial instrument. The LGD is calculated taking into account expected future cash flows from collateral and other credit enhancements by considering time value of money.

LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections. The Bank bases its estimates on models for collateralized portfolios and on previous experience for unsecured parties, except for corporate loans that are assigned by the Basel Committee individually or as designated by the Basel Committee.

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. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios. While the expected credit loss is estimated, three scenarios (base scenario, bad scenario, New Economic Plan) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

Consideration of the macroeconomic factors

Loss given default and probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the calculation of the expected loss are as follows:

- Five year credit risk of Turkey
- Real GDP growth
- Unemployment rate
- European Region inflation rate
- Five year government bond interest rate of Turkey

Stages were determined through the models created using internal information for the Parent Bank, the simplified method has been applied for other financial institutions.

Stages were determined through the models created using internal information for the Parent Bank and QNB Finans Finansal Kiralama A.Ş., the simplified method has been applied for other financial institutions.

As of December 31, 2020, the Group has reflected the possible effects of the COVID-19 outbreak to the estimates and judgments used in the calculation of expected credit losses by using the data that is received with the maximum effort with the best estimation method. Compared to December 31, 2019, the weight of the worst-case scenario was increased by 20 points, and the weight of the base case scenario was reduced by 20 points. Within the light of the aforementioned data, the Group revised its macroeconomic expectations and weights in the expected credit loss calculation and the calculation which is made by taking into consideration the changes in PD and LGD is reflected in the financial statements as of December 31, 2020. As of December 31, 2020, there is not any parameter updates made as the actual situation is reflected. The model effects are tardily reflected to the financial statements due to the nature of the events that cause change and the effects of the events occur at different times. Therefore, the Bank has booked additional provisions for the sector and customers who are considered to have a high impact by performing individual assessments to eliminate the timing difference.

This approach, which is preferred in reserve calculations for the third quarter of 2020, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

As of December 31, 2020, the normal risk cost of the loan portfolio purged from the COVID-19 effect was at 99 basis point, yet, in order to reflect the uncertainty originated from the COVID-19 to the financial asset portfolio of the Parent Bank, the total risk cost has reached to 221 basis points in corporate into the effects arising from the aforementioned estimation changes, increase in the Stage 2 reserve ratios and additional exchange rate.

Calculating the expected loss period

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Parent Bank has calculated thresholds at which point the relative change is a significant deterioration. In the quantitative evaluation of the significant increase in credit risk, the Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables below the absolute threshold value of default are not included in the relative threshold value comparison.

The Parent Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment:

- Loans overdue more than 30 days as of the reporting date
- Loans classified as watch-list of the Bank
- When there is a change in the payment plan due to restructuring

IX. Explanations on Netting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Group has a legally enforceable right to offset the recognized amounts, and the intention of collecting or paying the net amount of related assets and liabilities or to realize the asset and settle the liability simultaneously

X. Derecognition of Financial Instruments

a) Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered as ‘new’ financial asset. When the Parent Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Parent Bank retains control of the asset, the Parent Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Parent Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

b) Derecognition of financial assets without any change in contractual terms

The Parent Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

c) Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished when the obligation specified in the contract is discharged or cancelled or expires.

d) Reclassification of financial instruments

Based on TFRS 9, it shall be reclassified all affected financial assets at amortised cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it is changed the business model for managing financial assets.

e) Restructuring and refinancing of financial instruments

The Parent Bank may be changed the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan can not be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or group encounter currently or will encounter in the future.

Changes in the original terms of a credit risk can be made in the current contract or through a new contract. Corporate and commercial companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time)
- At least 1 year should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing

In order for the restructured non-performing corporate and commercial loans to be classified to the watchlist category, the following conditions must be met:

- Recovery in debt service,
- At least 1 year should pass over the date of restructuring,
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing,
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification.

During the follow-up period of at least one year following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again. The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

In personal loans, loans can be restructured in order to give liquidity power to the debtor and to ensure the collection of the receivables of the Bank in case of temporary liquidity problems due to the failure of the payment obligation to the Parent Bank. The Bank removing customers from the restructuring scope in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation)

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

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the Group’s management’s future intentions, either at market prices or using discounting method with internal rate of return.

Funds lent against securities purchased under agreements to resell (“Reverse repos”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued over the life of repurchase agreements using the “Effective interest method”.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 18,700,773 December 31, 2019– TL 11,992,093).

As of December 31, 2020 the Parent Bank has no securities that are subject to lending transactions (December 31, 2019 – None).

Securities purchased with a commitment to resell (reverse repurchase agreements) has shown under “Cash and Cash Equivalents” on the line of “Money Market Placements” in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with IFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the Group’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of September 30, 2020, the Group has assets held for sale and discontinued operations explained in footnote I.17. of Section Five
A discontinued operation is a part of the Parent Banks’ business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Parent Bank has no discontinuing operations.

The Parent Bank classifies tangible assets which are acquired due to non-performing receivables as other assets.

XIII. Explanations on Goodwill and Other Intangible Assets

The Group’s intangible assets consist of software, intangible rights and goodwill.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis. Softwares have been classified as other intangible fixed assets. The useful life of softwares is determined as 3-5 years.

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

XIV. Explanations on Tangible Assets

Tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of tangible assets. The annual amortization rates used are as follows:

Properties	2%
Movables purchased and acquired under finance lease contracts	7 % – 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of the leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease duration is certain; or 5 years where the lease period is not certain in accordance with “Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes” dated January 10, 2011.

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than a year as of the balance sheet date.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in “Other Operating Expenses” in the related period income statement when the fair value is below the net book value in accordance with “Turkish Accounting Standard on Impairment of Assets” (TAS 36).
Gains or losses resulting from disposals of the tangible assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise, they are expensed.

There are no changes in the accounting estimates in regards to amortization duration, which could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There are no purchase commitments related to the fixed assets.

XV. Explanations on Leasing Transactions

Fixed assets acquired under finance lease contracts are presented under “Tangible Fixed Assets” on the asset side and under “Financial Lease Payables” on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

At the commencement date of a lease, the Group (lessee) measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognizes an asset representing the right to use the underlying asset and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

TFRS 16 Leases

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Group has started to apply "TFRS 16 Leases" Standard starting from January 1, 2019. Set out below are the accounting policies of the Group upon application of TFRS 16:

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right use includes the presence of:

- The initial measurement of the lease,
- The amount obtained by deducting all lease payments received from all lease payments made on or on the date of actual lease; and
- All initial direct costs incurred by the Group

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group depreciates the asset until the end of the life of the underlying asset on which the lease actually began. Right-of-use assets are subject to impairment.

Lease Liabilities

The Group measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- Fixed payments,
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
- Amounts expected to be paid by the Group under the residual value commitments
- The use price of this option and, if the Group is reasonably confident that it will use the purchase option;
- Fines for termination of the lease if the lease term indicates that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Group revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Group's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation; and
- Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-Term Leases And Leases Of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

On 5 June 2020, the POA made amendments to TFRS 16 "Leases" standard by publishing "Concessions Regarding COVID-19" on Lease Payments - "TFRS 16 Leases". With this change, tenants were granted an exemption from not being able to evaluate whether the privileges, which are recognized due to COVID-19 in the lease payments, have been made in the lease. The amendment does not have a significant impact on the financial situation or performance of the Bank.

Due to the Group's implementation of TFRS 16, assets classified under tangible assets as of December 31, 2020 amounted to TL 446,802 (December 31, 2019 – TL 462,294), lease liability amounted to TL 432,075 (December 31, 2019 – TL 437,285), financing expense amounted to TL 52,777 (December 31, 2019 – TL 62,168) and depreciation expense amounted to TL 229,554 (December 31, 2019 – TL 219,526).

XVI. Explanations on Factoring Receivables

Factoring receivables are measured at amortized cost using the effective interest rate method after deducting unearned interest income and when specific provisions for impairment are recognized.

XVII. Explanations on Provisions and Contingent Liabilities

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Group. Whenever the amount of such obligations cannot be measured, they are regarded as contingent. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can reliably be measured, a provision is provided.

XVIII. Explanations on Obligations of the Group for Employees Benefits

Provision for employee severance benefits of the Group has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to IAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income.

The Group does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

Provision for the employees' unused vacations has been booked in accordance with IAS 19 and reflected to the financial statements.

There are no foundations, pension trusts or similar associations of which the Group employees are members.

XIX. Explanations on Taxation

1. Corporate tax

In accordance with the Corporate Tax Law No. 5520 published in the Official Gazette No: 26205 dated June 21, 2006, statutory income is subject to corporate tax at 20%. However, according to temporary article 10 added to the Corporate Income Tax Law, the rate of 20% shall be applied as 22% for the corporate earnings of the taxation periods of the companies in 2018, 2019 and 2020 (accounting periods starting within the relevant year for companies appointed for the special accounting period). Advance corporate taxes paid are followed under "Current Tax Liability" or "Current Tax Asset" account and are deducted from the corporate taxes of the current year.

50% of gain from the sale of real estate which are held more than two years in the assets of the Parent Bank and 75% of gain on disposal of subsidiary shares which are held for more than two years in the assets of the Parent Bank are exemption from tax according to Corporate Tax Law in condition with adding these gains into equity or allocating into a specific fund account in the Parent Bank's liabilities for five years.

Companies calculate their advance tax at the rate of 20% (22% for taxation periods of 2018, 2019 and 2020) on their quarterly financial profits, declare until the 14th day of the second month following that period and pay until the evening of the seventeenth day. The advance tax paid belongs that year and is offset from the corporation tax that will be calculated on the tax declaration of the companies to be given in the following year. If the advance tax paid amount remains after offsetting, this amount could be either returned as cash or offset.

According to the Corporate Tax Law, financial losses in the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years by the tax office. On the other hand, if document subjects to stamp duty and the statute of limitations of tax and penalty is used after the expiry of the time limit, the taxable income of document is regenerated.

The provision for corporate and income taxes for the period is recognized as "Current Tax Charge" in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

2. Deferred taxes

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In calculating deferred tax, legalized tax rates effective as of balance sheet date are used as per tax legislations.

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit.

Deferred tax calculation has started to be measured over Stage 1 and Stage 2 for expected credit loss provisions.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from January 1, 2018, 22% tax rate is used in the deferred tax calculation of December 31, 2020, 20% tax rate is used for the calculation of deferred tax (December 31, 2020 – 22%).

3. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on November 18, 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing.

Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique's 7.1 Annual Documentation section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XX. Additional Explanations on Borrowings

The Parent Bank and consolidated Group companies generate funds from domestically and internationally resident people and institutions by using debt instruments such as syndication, securitization, collateralized debt and bond issuance. Aforementioned transactions are initially recorded at transaction cost plus acquisition cost, reflective of their fair value, and are subsequently measured at amortized cost by using effective interest rate method.

XXI. Explanations on Share Issues

The Parent Bank's paid in capital has not been changed for the current period (There have been no changes to the Parent Bank's paid capital in the previous period).

XXII. Explanations on Confirmed Bills of Exchange and Acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

XXIII. Explanations on Government Incentives

As of December 31, 2020, the Group does not have any governmental incentives or support (As of December 31, 2019 – None).

XXIV. Explanation on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time, demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. Other than those mentioned above, the Group also serves in trading financial instruments, treasury operations, and performs insurance, factoring, and domestic and abroad finance lease operations.

The calculations based on the income statement for retail banking (consumer banking and plastic cards), corporate and commercial banking that have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Parent Bank’s senior management and which are updated periodically. In this pricing method, general market conditions and the Parent Bank’s internal policies are considered.

The Corporate Marketing Unit provides services to firms that are institutional, big size, that have annual revenues of TL 300,000 and higher and multi-national firms operating in Turkey. The firms that have annual revenues between TL 60,000 - TL 300,000 are considered as “Commercial Enterprise”. The Parent Bank gives importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; The Parent Bank also offers sectoral solution packages to these small and medium-size firms.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, SME and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

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

Current Period (January 1 – December 31, 2020)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	3,328,958	2,789,265	4,157,227	10,275,450
Net Fees and Commissions Income	1,720,225	687,318	193,499	2,601,042
Other Operating Income and Net Trading Gain/Loss	46,878	16,161	(2,539,565)	(2,476,526)
Dividend Income	-	-	5,257	5,257
Operating Income	**5,096,061**	**3,492,744**	**1,816,418**	**10,405,223**
Expected Loss Provisions (-)	761,235	1,761,390	7,356	2,529,981
Other Loss Provisions (-)	-	-	142,299	142,299
Personnel Expense (-)	436,022	629,330	963,844	2,029,196
Other Operating Expenses (-)	1,831,148	1,105,038	(514,877)	2,421,309
Gain / Loss on joint venture accounted for at equity method	-	-	98,258	98,258
Profit Before Taxes	**2,067,656**	**(3,014)**	**1,316,054**	**3,380,696**
Tax Provison (-)	**-**	**-**	**(626,069)**	**(626,069)**
Net Profit/Loss	**-**	**-**	**-**	**2,754,627**
Total Assets	**47,855,623**	**98,466,811**	**71,220,907**	**235,019,721**
Segment Assets	47,855,623	98,466,811	71,220,907	217,543,341
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	237,920
Undistributed Assets	-	-	-	17,238,460
Total Liabilities	**88,937,401**	**36,754,071**	**66,903,198**	**235,019,721**
Segment Liabilities	88,937,401	36,754,071	66,903,198	192,594,670
Undistributed Liabilities	-	-	-	23,183,823
Equity	-	-	-	19,241,228
Other Segment Accounts	**955,982**	**704,979**	**(58,858)**	**1,602,103**
Capital Expenditures	615,635	453,994	(37,992)	1,031,637
Depreciation and Amortization	340,347	250,985	(20,866)	570,466

Prior Period (January 1 – December 31, 2019)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	2,547,694	2,765,721	2,526,684	7,840,099
Net Fees and Commissions Income	2,023,007	716,756	83,777	2,823,540
Other Operating Income and Net Trading Gain/Loss	115,515	9,950	(1,319,493)	(1,194,028)
Dividend Income	-	-	2,934	2,934
Operating Income	**4,686,216**	**3,492,427**	**1,293,902**	**9,472,545**
Expected Loss Provisions (-)	397,012	1,584,209	(62,462)	1,918,759
Other Loss Provisions (-)	-	-	74,919	74,919
Personnel Expense (-)	411,636	590,539	824,889	1,827,064
Other Operating Expenses (-)	1,795,558	962,109	(505,777)	2,251,890
Gain / Loss on joint venture accounted for at equity method	-	-	89,429	89,429
Profit Before Taxes	**2,082,010**	**355,570**	**1,051,762**	**3,489,342**
Tax Pro vison (-)	**-**	**-**	**-**	**624,702**
Net Profit/Loss	**-**	**-**	**-**	**2,864,640**
Total Assets	**39,764,608**	**76,885,580**	**58,274,195**	**187,526,186**
Segment Assets	39,764,608	76,885,580	58,274,195	174,924,383
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	217,648
Undistributed Assets	-	-	-	12,384,155
Total Liabilities	**68,846,852**	**31,246,986**	**53,749,223**	**187,526,186**
Segment Liabilities	68,846,852	31,246,986	53,749,223	153,843,061
Undistributed Liabilities	-	-	-	16,917,817
Equity	-	-	-	16,765,308
Other Segment Accounts	**1,354,291**	**715,224**	**(436,994)**	**1,632,521**
Capital Expenditures	921,353	486,590	(295,369)	1,112,574
Depreciation and Amortization	432,938	228,634	(141,625)	519,947

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

XXV. Explanations on Profit Reserves and Profit Distribution

The Ordinary General Assembly Meeting of the Parent Bank was held on March 26, 2020. It was decided net income from 2019 operations to be distributed as follows,

2019 Profit Distribution Table:

Current Year Profit	**2,622,157**
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	670,000
C – Extraordinary Reserves	1,952,157

XXVI. Earnings Per Share

Earnings per share listed on income statement is calculated by dividing net profit to weighted average amount of shares issued within respective year.

	Current Period	**Prior Period**
Group’s Net Profit for the Period	2,753,783	2,864,094
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings per Share	**0.08220**	**0.08550**

In Turkey, companies can increase capital through “bonus share” distributed from previous year earnings to current shareholders. Such “bonus share” distributions are accounted as issued shares while calculating earnings per share. Accordingly, weighted average amount of shares issued used in these calculations is found through taking into consideration retroactive effects of subject share distributions. In case, amount of shares issued increases after the balance sheet date but before the date of financial statement preparation due to distribution of “bonus share”, earnings per share is calculated taking into consideration the new amount of shares. Amount of issued bonus shared in 2020 is none (Amount of issued bonus shared in 2019 is none).

XXVII. Explanations on Other Matters

The Parent Bank classified the amounts related to gains / losses on cash flow hedges and also the shares of investments valued by equity method recognized in other comprehensive income in the previous period financial statements, in accordance with Accounting Policies, Turkish Accounting Standards (“TAS 8”) Regarding Changes and Errors in Accounting Estimates. The effect of the related adjustments is presented in the second section, Equity Change Table for the dates of 31 December 2020. The related classification has no effect on the consolidated statement of profit or loss and consolidated statement of other comprehensive income in current and previous periods.

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Consolidated Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks." As of December 31, 2020 Group's total capital has been calculated as TL 28,315,865 (December 31, 2019 - TL 24,442,427), capital adequacy ratio is 15.78% (December 31, 2019 – 15.23%) calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

Based on the press release made by the BRSA on December 8, 2020; due to the fluctuations in the financial markets as a result of the COVID-19 outbreak; in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; with monetary assets and non-monetary assets excluding assets that are measured in terms of historical cost in a foreign currency valued amount of items in accordance with TAS and its special provision amounts, spot purchase exchange rate can be used in preparation of financial statements as of simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before and negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which acquired before March 23, 2020 may not be included in capital calculation.

Components of consolidated shareholders' equity items:

	Current Period December 31, 2020	Prior Period December 31, 2019
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	14,217,872	11,353,778
Gains recognized in equity as per TAS	191,067	281,457
Profit	2,855,050	2,864,094
Current Period Profit	2,753,783	2,864,094
Prior Period Profit	101,267	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minorities' Share	8,181	7,337
Common Equity Tier 1 Capital Before Deductions	**20,622,884**	**17,857,380**
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	684,425	530,371
Improvement costs for operating leasing	68,148	74,263
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	471,285	411,865
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	-	-
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 1 Capital	**1,223,858**	**1,016,499**
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption	284,516	426,774
Total Common Equity Tier 1 Capital	**19,683,542**	**17,267,655**

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

	Current Period December 31, 2020	Prior Period December 31, 2019
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	3,853,763	3,118,605
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	**3,853,763**	**3,118,605**
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in 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	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**23,537,305**	**20,386,260**
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	2,826,093	2,286,977
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	2,000,260	1,797,715
Tier II Capital Before Deductions	**4,826,353**	**4,084,692**
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	**4,826,353**	**4,084,692**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**28,363,658**	**24,470,952**
Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	7,400	7,103
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 (-)	40,393	21,422
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

	Current Period December 31, 2020	Prior Period December 31, 2019
TOTAL CAPITAL		
Total Capital	28,315,865	24,442,427
Total risk weighted amounts	179,427,043	160,490,548
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	10.97	10.76
Tier 1 Capital Adequacy Ratio	13.12	12.70
Capital Adequacy Ratio	15.78	15.23
BUFFERS		
Bank specific total common equity tier 1 capital ratio	3.51	2.51
a) Capital conservation buffer requirement	2.50	2.50
b) Bank specific counter-cyclical buffer requirement	0.01	0.01
c) Systemic significant bank buffer ratio	1.00	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4.97	4.76
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of 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	-	-
Portion of the total of 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	185,854	153,686
Amount arising from mortgage-servicing rights		-
Amount arising from deferred tax assets based on temporary differences		-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4,184,843	2,664,452
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,000,260	1,797,715
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	3,853,763	3,118,605
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	2,826,093	2,286,977

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

Information on debt instruments included in the calculation of equity:

	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 1/1/2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone / consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	3,854	918	1,909
Par value of instrument (Currency in million)	3,854	918	1,909
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	June 30, 2019	April 01, 2019	May 22, 2017
Perpetual or dated	Undated	Dated	Dated
Original maturity date	-	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	5 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08	6M LIBOR + 5.75%,	6M LIBOR + 3.87%,
Existence of a dividend stopper	Interest will not be processed for the value reduced after the impairment date.	-	-
Fully discretionary, partially discretionary or mandatory	Discretionary	-	-

	1	2	3
Existence of step up or other incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	Yes
If convertible, conversion trigger (s)	-	Article number 7-2-i of “Own fund regulation”	Article number 7-2-i of “Own fund regulation”
If convertible, fully or partially	-	All of the remaining capital	All of the remaining capital
If convertible, conversion rate	-	(*)	(*)
If convertible, mandatory or optional conversion	-	Optional	Optional
If convertible, specify instrument type convertible into	-	Equity Share	Equity Share
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	QNB Finansbank A.Ş.
Write-down feature	Yes	None	None
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5.125%	-	-
If write-down, full or partial	Full and partial	-	-
If write-down, permanent or temporary	Temporary	-	-
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5.125 %	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing and contribution capital	After borrowing, before additional capital, the same as other contribution capital	After borrowing, before additional capital, the same as other contribution capital
Incompliance with article number 7 and 8 of “Own fund regulation”	Article number 7&8 of “Own fund regulation”	Article number 7&8 of “Own fund regulation”	Article number 7&8 of “Own fund regulation”
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-	-	-

(*) The conversion rate / value will be calculated based on the market data available when the right is exercised.

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

Information on Article 5 of the Regulation on Equities of Banks:

EQUITY ITEMS	**T**	**T-1**	**T-2**
Common Equity	19,683,542	19,541,284	19,399,026
Transition process not implemented Common Equity	19,399,026	19,399,026	19,399,026
Tier 1 Capital	23,537,305	23,395,047	23,252,789
Transition process not implemented Tier 1 Capital	23,252,789	23,252,789	23,252,789
Total Capital	28,315,865	28,173,607	28,031,349
Transition process not implemented Equity	28,031,349	28,031,349	28,031,349
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	179,427,043	179,427,043	179,427,043
CAPITAL ADEQUACY RATIO			
Common Equity Adequacy Ratio (%)	10.97	10.89	10.81
Transition process not implemented Common Equity Ratio (%)	10.81	10.81	10.81
Tier 1 Capital Adequacy Ratio (%)	13.12	13.04	12.96
Transition process not implemented Tier 1 Capital Adequacy Ratio (%)	12.96	12.96	12.96
Capital Adequacy Ratio (%)	15.78	15.70	15.62
Transition process not implemented Capital Adequacy Ratio (%)	15.62	15.62	15.62
LEVERAGE			
Leverage Ratio Total Risk Amount	355,047,961	355,047,961	355,047,961
Leverage (%)	6.60	6.60	6.60
Transition process not implemented Leverage Ratio (%)	6.52	6.52	6.52

Explanations on the reconciliation of shareholders' equity items and balance sheet amounts:

There are differences between amounts in the explanation on equity items and amounts on the balance sheet. In this context; up to 1.25% of the amount of the first and second part of the expected loss provisions is taken into account as contribution capital, cash flow hedging and as of March 23, 2020 "Fair Value Difference Other Comprehensive The net negative valuation differences of the securities included in the "Securities Reflected in the Revenue" portfolio Information on items had not taken into account in the table.

II. Explanations on Consolidated Risk Management

1. Consolidated credit risk explanations

Credit Risk Explanations Credit risk represents the risk arising due to the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally. Credit Risk Management Committee and Credit Department is responsible for managing credit risk.

Loan strategies and policies are determined by the Policy Committees. These policies and strategies are constituted in line with the applications of the Parent, and credit risk is managed according to these policies and strategies. The quality of loan portfolio is monitored regularly with the help of metrics which are in line with the Bank's risk appetite, as specified in Risk Management Strategies.

Credit Risk Management takes place in every steps of the Group's credit process from the beginning. Loan applications are evaluated by non-profit oriented independent loan granting departments. Loan Limits are determined on a product basis and in the aggregate for every individual, corporate customer and risk group. Furthermore, concentration on product, industry, region, are monitored within the frame of loan limits in line with the regulation.

The credibility of the debtors is monitored periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Group's loan limit revision procedures.

The Group analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans.

The Group has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations.

The Group monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the past due but not impaired loans.

The restructured and rescheduled loans are monitored by the Group in line with the Group's credit risk management procedures. The debtor's financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Group's current internal rating system besides the follow up method determined in the related regulation.

The risk of banking operation abroad and credit transactions is acceptable and there is no significant credit risk density in international banking market.

The policies implemented by the bank regarding the calculation of expected loss provisions are explained in note VIII of the third part. The bank has taken into consideration the general provision for overdue loans and special provision for impaired loans under the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation)

With the Decision No. 9312 dated December 8, 2020 of the Banking Regulation and Supervision Agency;

As a result of the re-evaluation of Board Resolutions and instructions taken in the past, which brought temporary regulations on banks' obligations, in order to support the real sector, bank customers and banks in a period when uncertainties and risks in global markets are high due to the pandemic, in the current period it would be appropriate to extend those regulations with the same purposes, thus within this framework until June 30, 2021,

- In accordance with the Regulation on Measurement and Assessment of Capital Adequacy of Banks, in calculation of amount subject to credit risk, to calculate the amount of the non-monetary and monetary assets, excluding the items in foreign currencies in accordance with Turkey Accounting Standards and the amount of related specific provisions, it is possible to use simple arithmetic mean of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date
- If the net valuation differences of the securities owned by banks in the "Securities with Fair Value Differences Reflected in Other Comprehensive Income" portfolio are negative, these differences may not be taken into account in the amount of equity to be calculated in accordance with the Regulatıon On Own Funds Of Banks and used for the capital adequacy ratio,
- As stated in the Board Decision dated March 17, 2020 and numbered 8948, the 90-day delay period foreseen for the non-performing loan classification within the scope of Articles 4 and 5 of Regulation on Procedures and Principles for Classification of Loans and the Provisions to be Set Aside, for these loans it shall be applied as 180 days and continuing to allocate provisions for loans that are still classified in the Second Group despite the delay, according to the banks' own risk models in the calculation of expected credit losses within the scope of TFRS 9,
- As stated in the Board Decision dated March 19, 2020 and numbered 8950, the 90-day delay period specified in the sub-paragraph (a) of the first paragraph of Article 6 of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies and the sixth paragraph of the same article, will be applied as 180 days and 240 days for the financial leasing companies and for companies that allocate credit losses scope of TFRS 9, and the companies will continue to make provisions according to their own risk models for the receivables that are not transferred to the "Receivables to be Liquidated" account
- As stated in the Board Decision dated March 27, 2020 and numbered 8970, within the scope of Article 4 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions to be Set Aside, the 30 days delay period for the classification of the loans in the Second Group shall be applied as 90 days for the loans followed in the First Group and provisions for loans that continue to be classified in the First Group despite the 30-day delay, shall be continued to allocate according to the banks' own risk models in the calculation of expected credit losses within the scope of TFRS 9,

The receivables of the Group from its top 100 cash loan customers are 27% in the total cash loans (December 31, 2019- 26%).

The receivables of the Group from its top 200 cash loan customers are 32% in the total cash loans (December 31, 2019- 31%).

The receivables of the Group from its top 100 non-cash loan customers are 50% in the total non-cash loans (December 31, 2019- 55%).

The receivables of the Group from its top 200 non-cash loan customers are 60% in the total non-cash loans (December 31, 2019- 65%).

The share of cash and non-cash receivables of the Group from its top 100 loan customers in total cash and non-cash loans is 27% (December 31, 2019 21%).

The share of cash and non-cash receivables of the Group from its top 200 loan customers in total cash and non-cash loans is 32% (December 31, 2019 25%).

The Group general total provision is amounted to TL 4,184,843 (31 December 2019 – TL 2,664,452).

As of December 31, 2020 Provision for probable risks in the Group's loan portfolio amount is not included (December 31, 2019- None).

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

Exposure Categories	Current Period Risk Amount (*)	Current Period Average Risk Amount (**)	Prior Period Risk Amount (*)	Prior Period Average Risk Amount (**)
Conditional and unconditional receivables from central governments and Central Banks	60,832,299	52,092,423	45,429,123	44,419,815
Conditional and unconditional receivables from regional or local governments	98,192	98,027	86,878	81,139
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	378,860	304,032	227,552	217,109
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	28,674,841	31,466,812	25,990,125	26,051,217
Conditional and unconditional receivables from corporates	88,502,398	76,568,081	70,172,004	63,502,655
Conditional and unconditional receivables from retail portfolios	73,967,558	68,479,307	63,078,981	58,164,401
Conditional and unconditional receivables secured by mortgages	6,674,515	5,504,665	5,373,508	5,904,697
Past due receivables	1,994,613	1,974,693	2,230,580	1,641,377
Receivables defined in high risk category by BRSA	490,654	360,725	320,224	283,103
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-
Investment in equities	1,909,620	1,711,798	1,698,328	1,508,511
Other receivables	8,616,464	8,244,119	6,892,199	6,667,874

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation").

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

Profile of significant exposures in major regions:

	Exposure Categories(*)																	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Current Period																		
1, Domestic	60,832,299	98,192	378,860	-	-	1,589,368	81,859,792	52,736,714	6,674,192	1,821,378	418,047	-	-	-	-	-	8,616,464	215,025,306
2, European Union Countries	-	-	-	-	-	22,275,219	485,438	230	89	11	63,104	-	-	-	-	-	-	22,824,091
3, OECD Countries (**)	-	-	-	-	-	423,189	11	-	-	3,760	7,761	-	-	-	-	-	-	434,721
4, Offshore Banking Areas	-	-	-	-	-	2,260,776	247,094	6	-	-	-	-	-	-	-	-	-	2,507,876
5, USA, Canada	-	-	-	-	-	1,687,202	22,465	164	62	-	-	-	-	-	-	-	-	1,709,893
6, Other Countries	-	-	-	-	-	439,087	5,887,598	21,230,444	172	169,464	1,742	-	-	-	-	1,909,620	-	29,638,127
7, Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**60,832,299**	**98,192**	**378,860**	**-**	**-**	**28,674,841**	**88,502,398**	**73,967,558**	**6,674,515**	**1,994,613**	**490,654**	**-**	**-**	**-**	**-**	**1,909,620**	**8,616,464**	**272,140,014**

	Exposure Categories(*)																	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Prior Period																		
1, Domestic	45,429,123	86,878	227,552	-	-	5,196,579	69,351,442	63,041,950	5,366,709	2,225,400	307,997	-	-	-	-	1,698,328	6,892,199	199,824,157
2, European Union Countries	-	-	-	-	-	15,454,941	445,187	187	154	5,173	-	-	-	-	-	-	-	15,905,642
3, OECD Countries (**)	-	-	-	-	-	112,324	10	8	6,223	-	10,687	-	-	-	-	-	-	129,252
4, Offshore Banking Areas	-	-	-	-	-	1,262,615	183,684	1	-	-	1,540	-	-	-	-	-	-	1,447,840
5, USA, Canada	-	-	-	-	-	880,170	18,726	164	81	-	-	-	-	-	-	-	-	899,141
6, Other Countries	-	-	-	-	-	3,083,496	172,955	36,671	341	7	-	-	-	-	-	-	-	3,293,470
7, Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**45,429,123**	**86,878**	**227,552**	**-**	**-**	**25,990,125**	**70,172,004**	**63,078,981**	**5,373,508**	**2,230,580**	**320,224**	**-**	**-**	**-**	**-**	**1,698,328**	**6,892,199**	**221,499,502**

(*) Exposure categories based on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". Prior to the Credit Risk Reduction, the risk amounts after the credit conversion rate are given.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Includes assets and liability items that cannot be allocated on a consistent basis

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment Funds
16-Investment in equities
17- Other receivables

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

Risk profile regarding sectors or counter parties:

Current Period	Exposure Categories(*)																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agriculture	**-**	**-**	**107,256**	**-**	**-**	**-**	**437,904**	**1,982,031**	**36,420**	**95,173**	**36,519**	**-**	**-**	**-**	**-**	**-**	**-**	**2,465,210**	**230,093**	**2,695,303**
Farming and Raising Livestock	-	-	107,256	-	-	-	234,937	1,934,049	36,043	92,562	35,990	-	-	-	-	-	-	2,354,452	86,385	2,440,837
Forestry	-	-	-	-	-	-	1,382	7,553	-	10	-	-	-	-	-	-	-	8,945	-	8,945
Fishing	-	-	-	-	-	-	201,585	40,429	377	2,601	529	-	-	-	-	-	-	101,813	143,708	245,521
Industrial	**-**	**58,796**	**395**	**-**	**-**	**-**	**33,146,868**	**5,905,972**	**955,938**	**247,069**	**58,712**	**-**	**-**	**-**	**-**	**-**	**-**	**17,781,014**	**22,592,736**	**40,373,750**
Mining and Quarrying	-	-	-	-	-	-	343,378	128,925	30,689	5,104	585	-	-	-	-	-	-	358,586	150,095	508,681
Production	-	-	395	-	-	-	27,468,675	5,647,138	922,184	232,489	58,127	-	-	-	-	-	-	16,871,445	17,457,563	34,329,008
Electricity, Gas, Water	-	58,796	-	-	-	-	5,334,815	129,909	3,065	9,476	-	-	-	-	-	-	-	550,983	4,985,078	5,536,061
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**6,069,416**	**3,245,564**	**437,719**	**286,324**	**127,057**	**-**	**-**	**-**	**-**	**-**	**-**	**7,566,183**	**2,599,897**	**10,166,080**
Services	**27,289,714**	**33**	**50,110**	**-**	**-**	**24,491,203**	**42,882,031**	**13,211,963**	**2,991,299**	**984,990**	**189,196**	**-**	**-**	**-**	**-**	**-**	**-**	**36,428,064**	**75,662,475**	**112,090,539**
Wholesale and Retail Trade	-	-	25,421	-	-	-	11,607,890	10,349,190	867,805	490,061	139,774	-	-	-	-	-	-	19,145,359	4,334,782	23,480,141
Hotel, Food and Beverage	-	-	-	-	-	-	3,744,974	296,049	262,719	24,640	7,052	-	-	-	-	-	-	756,056	3,579,378	4,335,434
Transportation and Communication	-	-	-	-	-	-	15,062,489	906,869	40,681	20,835	2,512	-	-	-	-	-	-	1,627,724	14,405,662	16,033,386
Financial Institutions	27,289,714	33	-	-	-	24,491,203	989,461	163,737	6,378	497	452	-	-	-	-	-	-	11,201,790	41,739,685	52,941,475
Real Estate and Rent Services	-	-	-	-	-	-	5,874,158	261,737	1,652,083	393,435	19,804	-	-	-	-	-	-	1,087,596	7,113,621	8,201,217
Self-Employment Services	-	-	23,979	-	-	-	1,178,288	597,081	38,959	21,275	7,661	-	-	-	-	-	-	1,147,158	720,085	1,867,243
Educational Services	-	-	2	-	-	-	200,859	211,849	6,639	26,152	8,368	-	-	-	-	-	-	415,815	38,054	453,869
Health and Social Services	-	-	708	-	-	-	4,223,912	425,451	116,035	8,095	3,573	-	-	-	-	-	-	1,046,566	3,731,208	4,777,774
Other	**33,542,585**	**39,363**	**221,099**	**-**	**-**	**4,183,638**	**5,966,179**	**49,622,028**	**2,253,139**	**381,057**	**79,170**	**-**	**-**	**-**	**-**	**1,909,620**	**8,616,464**	**82,887,914**	**23,926,428**	**106,814,342**
Total	**60,832,299**	**98,192**	**378,860**	**-**	**-**	**28,674,841**	**88,502,398**	**73,967,558**	**6,674,515**	**1,994,613**	**490,654**	**-**	**-**	**-**	**-**	**1,909,620**	**8,616,464**	**147,128,385**	**125,011,629**	**272,140,014**

(*)Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment Funds
16-Investment in equities
17- Other receivables

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

Prior Period	**Exposure Categories(*)**																			
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TP**	**YP**	**Total**
Agriculture	**-**	**-**	**785**	**-**	**-**	**-**	**413,649**	**2,064,550**	**18,628**	**129,430**	**13,302**	**-**	**-**	**-**	**-**	**-**	**-**	**2,413,354**	**226,990**	**2,640,344**
Farming and Raising Livestock	-	-	785	-	-	-	215,647	2,023,105	17,914	126,763	12,821	-	-	-	-	-	-	2,364,110	32,925	2,397,035
Forestry	-	-	-	-	-	-	1,022	6,664	627	27	-	-	-	-	-	-	-	8,340	-	8,340
Fishing	-	-	-	-	-	-	196,980	34,781	87	2,640	481	-	-	-	-	-	-	40,904	194,065	234,969
Industrial	**-**	**35,048**	**10**	**-**	**-**	**-**	**24,627,329**	**5,658,430**	**528,299**	**346,525**	**54,100**	**-**	**-**	**-**	**-**	**-**	**-**	**11,478,329**	**19,771,412**	**31,249,741**
Mining and Quarrying	-	-	-	-	-	-	312,992	161,043	570	8,275	94	-	-	-	-	-	-	345,456	137,518	482,974
Production	-	-	10	-	-	-	19,758,530	5,406,404	523,300	321,458	53,968	-	-	-	-	-	-	10,943,136	15,120,534	26,063,670
Electricity, Gas, Water	-	35,048	-	-	-	-	4,555,807	90,983	4,429	16,792	38	-	-	-	-	-	-	189,737	4,513,360	4,703,097
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**5,795,307**	**3,161,813**	**358,381**	**272,840**	**162,621**	**-**	**-**	**-**	**-**	**-**	**-**	**7,138,752**	**2,612,210**	**9,750,962**
Services	**17,338,120**	**33**	**30,945**	**-**	**-**	**23,398,125**	**35,956,796**	**12,414,471**	**1,952,193**	**880,197**	**65,931**	**-**	**-**	**-**	**-**	**-**	**-**	**30,618,089**	**61,418,722**	**92,036,811**
Wholesale and Retail Trade	-	-	8,948	-	-	-	9,671,696	9,739,306	510,020	613,286	46,185	-	-	-	-	-	-	15,740,562	4,848,879	20,589,441
Hotel, Food and Beverage	-	-	-	-	-	-	3,588,454	332,632	191,216	27,082	1,773	-	-	-	-	-	-	758,900	3,382,257	4,141,157
Transportation and Communication	-	-	-	-	-	-	12,488,464	887,272	37,457	43,716	6,675	-	-	-	-	-	-	1,419,320	12,044,264	13,463,584
Financial Institutions	17,338,120	33	-	-	-	23,398,125	453,175	83,223	1,329	1,668	1,540	-	-	-	-	-	-	9,893,952	31,383,261	41,277,213
Real Estate and Rent Services	-	-	-	-	-	-	4,685,765	213,954	1,153,291	124,190	2,576	-	-	-	-	-	-	512,808	5,666,968	6,179,776
Self-Employment Services	-	-	21,781	-	-	-	1,035,330	543,957	21,529	27,810	3,931	-	-	-	-	-	-	937,254	717,084	1,654,338
Educational Services	-	-	133	-	-	-	181,477	224,653	13,662	32,798	1,806	-	-	-	-	-	-	414,256	40,273	454,529
Health and Social Services	-	-	83	-	-	-	3,852,435	389,474	23,689	9,647	1,445	-	-	-	-	-	-	941,037	3,335,736	4,276,773
Other	**28,091,003**	**51,797**	**195,812**	**-**	**-**	**2,592,000**	**3,378,923**	**39,779,717**	**2,516,007**	**601,588**	**24,270**	**-**	**-**	**-**	**-**	**1,698,328**	**6,892,199**	**65,907,126**	**19,914,518**	**85,821,644**
Total	**45,429,123**	**86,878**	**227,552**	**-**	**-**	**25,990,125**	**70,172,004**	**63,078,981**	**5,373,508**	**2,230,580**	**320,224**	**-**	**-**	**-**	**-**	**1,698,328**	**6,892,199**	**117,555,650**	**103,943,852**	**221,499,502**

(*)Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment Funds
16-Investment in equities
17- Other receivables

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

Analysis of maturity-bearing exposures according to remaining maturities (*):

Current Period Exposure Categories	Term To Maturity				
	Up to 1 month	1-3 month	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	5,378,348	601,561	465,873	1,191,926	28,216,576
Conditional and unconditional receivables from regional or local governments	-	-	-	-	98,159
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	790	64,556	77,688	27,862	196,746
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	6,166,408	4,665,263	870,505	918,296	5,875,624
Conditional and unconditional receivables from corporates	8,801,043	6,542,981	9,273,487	11,861,432	46,282,400
Conditional and unconditional receivables from retail portfolios	3,574,906	5,402,415	6,026,649	8,328,782	34,209,274
Conditional and unconditional receivables secured by mortgages	60,566	284,686	209,111	429,146	5,609,722
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	350	-	881
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-	-
Investment in equities	7,674	-	-	-	-
Other receivables	-	-	-	-	-
General Total	**23,989,735**	**17,561,462**	**16,923,663**	**22,757,444**	**120,489,382**

(*)Risk amounts prior to Loan Reduction, After the Loan conversion rates are given.

Prior Period Risk Classification	Term To Maturity				
	Up to 1 month	1-3 month	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	320,559	1,360,426	915,790	703,827	24,377,078
Conditional and unconditional receivables from regional or local governments	-	-	-	-	86,845
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	15,346	5,003	71,561	7,436	120,098
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	7,219,249	3,722,778	1,875,722	508,557	3,854,494
Conditional and unconditional receivables from corporates	7,206,657	4,411,921	5,291,536	9,322,272	40,032,564
Conditional and unconditional receivables from retail portfolios	2,918,382	4,265,949	4,898,510	7,345,502	29,297,128
Conditional and unconditional receivables secured by mortgages	26,914	123,495	150,733	389,141	4,634,716
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	1,540	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-	-
Investment in equities	202,797	-	-	-	-
Other receivables	-	-	-	-	-
General Total	**17,911,444**	**13,889,572**	**13,203,852**	**18,276,735**	**102,402,923**

(*)Risk amounts prior to Loan Reduction, After the Loan conversion rates are given.

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

Exposures by risk weights:

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	62,868,160	-	5,891,050	-	21,915,704	77,273,176	103,627,147	490,654	-	-	74,123	587,226
2. Exposures After Credit Risk Mitigation	62,942,409	-	3,002,732	2,266,686	15,104,035	68,841,164	97,669,596	490,637	-	-	74,123	587,226

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	32,956,397	-	6,402,641	-	19,757,787	66,501,599	95,551,373	320,224	-	-	9,481	514,653
2. Exposures After Credit Risk Mitigation	37,790,870	-	1,944,890	2,662,222	13,216,791	57,675,699	91,396,559	320,192	-	-	9,481	514,653

Information by major sectors and type of counterparties:

Information about impaired credits and past due credits and value adjustments and provisioning methods are described in Section IV Part 2.

Current Period	Loans(*)			Provisions	
Major Sectors / Counterparties	Impaired Loans (TFRS 9) Significant Increase of Credit Risk (Stage 2)	Impaired Loans (TFRS 9) Default (Stage 3)	Non-Performing (Regulation of Provision)	Non-Performing (Regulation of Provision)	(Regulation of Provision)
1. Agriculture	**502,782**	**397,797**	**-**	**330,764**	**-**
1.1. Farming and Livestock	499,944	338,592	-	309,401	-
1.2. Forestation	1,026	48,137	-	12,561	-
1.3. Fishing	1,812	11,068	-	8,802	-
2. Industrial	**2,037,183**	**1,561,724**	**-**	**1,694,668**	**-**
2.1. Mining and Quarrying	51,022	60,630	-	40,659	-
2.2. Manufacturing Industry	1,977,375	1,146,456	-	1,292,515	-
2.3. Electricity. Gas. Water	8,786	354,638	-	361,494	-
3. Construction	**1,490,881**	**1,017,156**	**-**	**1,138,072**	**-**
4. Services	**7,609,441**	**3,735,467**	**-**	**3,893,844**	**-**
4.1. Wholesale and Retail Commerce	1,697,596	2,153,796	-	1,979,049	-
4.2. Hotel and Restaurant Services	660,514	273,120	-	322,911	-
4.3. Transportation and Communication	361,111	136,880	-	175,556	-
4.4. Financial Corporations	3,793,961	894,057	-	1,020,668	-
4.5. Real Estate and Loan Services	79,298	26,803	-	41,389	-
4.6. Independent Business Services	541,342	120,911	-	173,794	-
4.7. Education Services	47,468	82,940	-	58,198	-
4.8. Health and Social Services	428,151	46,960	-	122,279	-
5. Other	**3,230,384**	**2,811,222**	**-**	**3,041,626**	**-**
6. Total	**14,870,671**	**9,523,366**	**-**	**10,098,974**	**-**

(*) Represents the distribution of cash loans.

Prior Period	Loans(*)			Provisions	
Major Sectors / Counterparties	Impaired Loans (TFRS 9) Significant Increase of Credit Risk (Stage 2)	Impaired Loans (TFRS 9) Default (Stage 3)	Non-Performing (Regulation of Provision)	Non-Performing (Regulation of Provision)	(Regulation of Provision)
1. Agriculture	**573,663**	**354,971**	**-**	**274,929**	**-**
1.1. Farming and Livestock	570,714	329,733	-	258,008	-
1.2. Forestation	1,109	13,443	-	7,681	-
1.3. Fishing	1,840	11,795	-	9,240	-
2. Industrial	**1,392,970**	**1,603,783**	**-**	**1,446,116**	**-**
2.1. Mining and Quarrying	48,857	43,782	-	25,583	-
2.2. Manufacturing Industry	1,328,606	1,211,857	-	1,077,814	-
2.3. Electricity. Gas. Water	15,507	348,144	-	342,719	-
3. Construction	**1,394,388**	**1,006,714**	**-**	**815,660**	**-**
4. Services	**5,326,162**	**3,013,375**	**-**	**2,782,684**	**-**
4.1. Wholesale and Retail Commerce	1,687,207	2,098,993	-	1,676,765	-
4.2. Hotel and Restaurant Services	446,618	212,194	-	211,070	-
4.3. Transportation and Communication	585,908	151,310	-	289,950	-
4.4. Financial Corporations	2,064,989	274,966	-	429,271	-
4.5. Real Estate and Loan Services	64,477	29,827	-	31,521	-
4.6. Independent Business Services	306,121	112,292	-	35,006	-
4.7. Education Services	58,703	83,815	-	55,349	-
4.8. Health and Social Services	112,139	49,978	-	53,752	-
5. Other	**3,435,280**	**2,752,653**	**-**	**2,459,656**	**-**
6. Total	**12,122,463**	**8,731,496**	**-**	**7,779,045**	**-**

(*) Represents the distribution of cash loans.

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

Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1. Stage 3 Provisions(**)	6,180,327	1,752,117	(750,859)	(48,513)	7,133,072
2. Stage 1 and 2 Provisions	2,664,452	2,040,212	(519,821)	-	4,184,843

(*) Represents the provision of loans written-off.

(**) Demonstrates provision movement of Stage 3 cash loans

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1. Stage 3 Provisions(**)	4,937,172	2,658,110	(440,828)	(974,127)	6,180,327
2. Stage 1 and 2 Provisions	2,938,181	477,317	(751,046)	-	2,664,452

(*) Represents the provision of loans written-off.

(**) Demonstrates provision movement of Stage 3 cash loans.

Exposures subject to countercyclical capital buffer:

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué "Regulation on Capital Conservation and Countercyclical Capital buffers of Banks" published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

Information on private sector receivables:

Current Period

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	159,057,926	-	159,057,926
Malta	496,750	-	496,750
Other	684,090	-	684,090
Total	**160,238,766**	**-**	**160,238,766**

Prior Period

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	124,605,414	-	124,605,414
Malta	433,209	-	433,209
Other	132,449	-	132,449
Total	**125,171,072**	**-**	**125,171,072**

2. Risk Management and General Disclosures regarding Risk Weighted Amounts

2.1. GBA – Risk management approach of the group:

a) The way risk profile of the Group is determined by business model and the interaction between (e.g. key risks related to business model and in which way those risks are reflected to disclosures) and in which way the risk profile of the Group is related to risk appetite approved by board of directors

Group acknowledges that business and strategy risks are material since the Group's growth oriented business plan is sensitive to changes in market conditions. From this point of view, Group classifies business and strategy risk as an important risk. Group reviews its 5 year long term business plans once a year periodically. If the economic developments and market conditions require, then business plans are reviewed and revised more often.

b) Risk management structure: Allocation of responsibilities in the Group (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes [e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function)

Group's risk measurement, monitoring, and control functions have clearly defined responsibilities that are sufficiently independent from position/risk taking functions. Risk exposures are directly reported to Senior Management and the Board of Directors/Board Risk Committee. Group's internal control systems are designed to provide adequate segregation of duties, in order to prevent conflicts of interest with respect to the distinct functions of undertaking, approving, monitoring and controlling risks. In particular the functions that undertake transactions (front line) are administratively and operationally separate from the functions of, confirmation, accounting and settlement of transactions, as well as the safekeeping of the assets of the Group or its customers.

Risk management governance at the Group starts with the Board of Directors. The Board Risk Committee ("BRC"), Audit Committee (the "AC"), Assets and Liabilities Committee (the "ALCO"), Corporate and Retail Credit Policy Committee ("CPC"), Operational Risk Management Committee ("ORC"), Reputation Risk Management Committee and Risk Management Department are the important bodies of the risk management structure. The Board of Directors determines the general risk policy and the risk appetite of the Group.

The AC is responsible for supervising whether the Group complies with the provisions of applicable risk management legislation, and the internal risk management policies and procedures approved by the BoD. The AC reviewing whether the Group has the methods, instruments and procedures required for identifying, measuring, monitoring and controlling the risk exposures of the Group,

The ALCO, meeting monthly, is responsible for monitoring and managing the structural asset-liability mismatches of the Group, as well as monitoring and controlling liquidity risk and foreign currency exchange risk.

The CPC meets monthly and is responsible for monitoring and evaluating the Group's lending portfolio and determining principles and policies regarding the credit risk management processes such as loan approval, limit setting, rating, monitoring and problem management. The ORMC meets every three months and is responsible for reviewing operational risk issues of the Group and defining the necessary actions to be taken to minimize these risks. The Reputation Risk Management Committee is established to identify, evaluate and monitor the reputational risks that the Group is exposed to and to take necessary actions to prevent risks and meets quarterly.

The Risk Management Department, working independently from the executive functions and reporting to the Board of Directors, is organized under three main section as market risk, credit risk, operational risk and model validation, each having responsibility for identifying, measuring, monitoring, controlling and managing the relevant risks as well as for model validation, assessing the predictive ability of risk estimates and the use of ratings in credit processes.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. This includes in particular anti-money laundering and terrorist financing regulation. In doing so, the compliance function informs all Group employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Group risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Group has and controls relevant to them during audit works.

c) Channels which are used to extend and apply risk culture in the Group (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units)

The Risk Appetite Statement stands out as the basic risk management policy document in which the Group defines its risks and determines its risk appetite and management principles. It also defines current and targeted risk profile and appetite, risk management organization, and core risk management capabilities.

Corporate and Retail Loan Policies and application directions also determines the Group's credit risk management workflow and procedures.

The Corporate Rating System Management Policy aims to ensure that the processes and operations related to the debtor rating systems used by the Group in its corporate and commercial segments are in line with the best practices

Corporate Rating Governance Policy regulates the internal governance framework for corporate and commercial segment risk rating system operations.

Capital Management Policy sets a framework for managing capital requirements and adequacy assessment, capital planning, capital measurement and monitoring, capital allocation, risk-adjusted aims to establish performance measurement and pricing principles.

Counterparty Credit Risk Policy, the risk strategy determined by the Bank with risk policies and local legislation in comply with effective and sufficient counterparty credit risk management with caution, constant to establish based on the principles of applicability.

The Market Risk Management Policy determines the key principles underlying the operations of the Group in money and capital markets including limit structure.

The IRRBB Management Policy defines the key principles of the management of interest rate risk arising from non-trading activities.

The liquidity policy outlines the Group's view and identifies the guidelines for incurring, retaining and managing liquidity risk.

The Operational Risk Management Policy ensures that all the Group's stakeholders manage operational risk within a formalized framework aligned to business objectives.

Reputation Risk Policy, identifies the rules and frame of managing the reputation risk

d) Key elements and scope of risk measurement systems

Consistent across the Group internal risk rating systems appropriate to the nature, size and complexity of each activity and fully integrated in credit processes. The internal risk rating system employs appropriate credit risk rating models the scope and coverage of which are adequate to accommodate the Group's strategic aspirations and regulatory requirements. In particular, the Group's internal rating systems form the basis of capital assessment and allocation and constitute a key element of risk adjusted performance measurement, pricing and profitability measurement.

Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities, providing adequate information on the composition of the credit portfolio of the Group, including identification of any concentrations of risk.

The Market Risk Management Policy determines the key principles underlying the operations of the Group in money and capital markets. Key principles of Market Risk Management Framework are:

The Board Risk Committee is responsible for ensuring that market risk strategy and policy are consistently implemented. This includes:

- Implementation of the market risk management policy.
- Designation of risk limits
- Definition of responsibilities for every unit involved in market risk management.
- Ongoing market risk monitoring and control, ensuring that risk appetite remains within the approved limits.
- Setting up appropriate IT systems for evaluating and monitoring the risks taken.
- Setting up standard models for market risk positions valuation and performance evaluation.
- Setting up comprehensive reporting and internal control systems.
- Providing for the maintenance of an adequate level of regulatory capital against the market risk undertaken.
- Providing for the disclosure of information regarding the type and level of the market risk assumed and for the implementation of policies for the management thereof.

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operation Risk.

Credit Risk section of the report consists of three main sub sections such as general Outlook, business Loans and retail Loans, and include;

- Basic risk appetite parameters in the Group Risk Management Strategy
- Exposures by segments, monthly and annual changes, portfolio growth
- Sector concentration and risk metrics
- Delinquency amounts, product types and delinquencies by segments, new NPLs and recoveries from NPLS
- Detailed watch list analyses for business segments
- Rating distributions, PD distributions, expected loss trend, collateral structure
- New NPLs, vintage analyses, recoveries by segments and products
- Restructured credits by segments
- Derivative products exposures by segments, stress testing
- Credit risk information regarding subsidiaries

The Risk Management Division is required to inform Senior Management and Board Member who is responsible from Internal Systems on Market Risk of Trading Book and AFS portfolio.

Reports are prepared daily and indicatively include the following:

- Estimation of the VaR on aggregate basis and by type of risk (interest rate, FX, equity)
- Estimation of Stress VaR on aggregate basis and by type of risk (interest rate, FX, equity)
- Sensitivity of the Trading Book and AFS portfolio
- Nominal values of bond portfolios
- A breakdown of the portfolio and the relevant limits utilization
- Utilization of limits on option Greeks
- Sensitivity of credit derivatives to credit spread changes

In addition, Board of Directors Risk Committee Report is prepared monthly in a way covering abovementioned market risk metrics and stress tests in order to be presented to Board of Directors and Risk Committee.

f) Disclosures regarding stress test (e.g. assets included in stress test, adapted scenarios and used methodologies and use of stress test in risk management)

Stress tests constitute the center of capital planning within the scope of the Group's APICA (Assessment Process of Internal Capital Adequacy). The Bank's general principles on the stress testing framework can be summarized as follows:

- Comprehensive stress testing, aggregated per risk category, is conducted at least annually on year end data and business plan
- Stress testing is integrated to the ICAAP document which is subject to Board of Directors approval
- A historical scenario is selected as an anchor scenario to be used on the construct of base adverse scenario for the stress test use. However, final scenario is applied by enriching with hypothetical components as independent from anchor scenario
- Bank's stress testing framework encompasses sensitivity tests.
- The impact of the stress testing on the Group's financial strength and capital position are analyzed through some key ratios and key items including but not limited to the following: Non-performing Loan Ratio, Return of Equity, Return on Asset, Leverage Ratio, Core Tier I Ratio, Capital Adequacy Ratio, Loan Balances, Balance Sheet Items, Income Statement Items
- Stress testing framework encompasses reverse stress testing

In scenarios using stress testing, as a result of increase in non-performing loans due to significant deterioration in asset quality and a decrease in capital adequacy, The Group's ability to meet capital-strengthening actions and cash outflows that may occur in case of a possible liquidity crisis were tested. In this context, when the potential risks created and to be created by Covid are evaluated, it is thought that the Bank has the power to be able to act at an adequate level.

Market Risk Management defines the stress test approaches as below:

- To move the risk factors parallel in one direction.
- To move the risk factors non parallel.
- To perform tests to the existing portfolio based on past extreme situations.

Trading book consists of Financial Assets at Fair Value Through Profit or Loss securities, Financial Assets at Fair Value Through Profit or Loss derivatives and open currency positions which are clearly defined in Market Risk Management Policy.

Within the scope of liquidity stress test to identify possible sources of liquidity weaknesses, scenarios that are specific to the bank, related to the market in general and taking both situations into account have been defined. Thus, the Group's ability to meet its obligations during a funding crisis is tested. The Group has had four different stress tests measuring how much it can meet its promises, without providing any new funds from the market or at very low levels of funds, cumulative cash outflows. During the coronavirus epidemic, the scenarios were reviewed by observing the financial movements and the minimum life expectancy of the Bank and it has been observed that it is resistant to stress over 30 days.

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

g) Risk management, protection and mitigation strategies and process of the Group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

Forecasts related to effectiveness of credit risk mitigation methods and collection ability of the Group associated with miscellaneous collateral types are stated with consideration ratios on the basis of collaterals. The aforementioned ratios are determined based on long term historical observations of the Group and judgement of expert business units and most importantly with precautionary principle.

It is also possible to mention that a similar precautionary level is reflected to “Communique on Credit Risk Mitigation Techniques” over conditions and legal haircut ratios required to consider collaterals as risk mitigating element. However, the Group only considers cash and cash equivalent collaterals during the calculation of capital adequacy. Consideration types of cash and cash equivalent collaterals are relatively simple and values of such collaterals reflects current market prices as of reporting dates.

Operational requirements has been increased in order to consider such collaterals as well as Basel II with respect to risk weighted applications of credits secured with commercial and residential immovable property mortgage.

2.2. GB1 – Overview of risk weighted assets:

		Risk Weighted Assets		Minimum Capital Requirements	
		31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
1	Credit risk (excluding counterparty credit risk)	154,414,869	138,971,870	12,353,189	11,117,750
2	Standardised approach	154,414,869	138,971,870	12,353,189	11,117,750
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	5,605,940	4,845,334	448,475	387,627
5	Standardised approach for counterparty credit risk	5,605,940	4,845,334	448,475	387,627
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	-	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitisation exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	3,907,213	3,584,213	312,577	286,737
17	Standardised approach	3,907,213	3,584,213	312,577	286,737
18	Internal model approaches	-	-	-	-
19	Operational risk	15,499,021	13,089,131	1,239,922	1,047,130
20	Basic Indicator Approach	15,499,021	13,089,131	1,239,922	1,047,130
21	Standardised 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)**	**179,427,043**	**160,490,548**	**14,354,163**	**12,839,244**

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

3. Linkages between financial statements and risk amounts

3.1. B1 – Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts :

Current period			Carrying values of items in accodance with TAS			
Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitization framework	Subject to market risk
Cash and balances with the Central Bank	27,404,662	27,403,062	27,406,461	-	-	-
Trading Financial Assets(*)	4,571,117	4,571,117	-	4,444,622	2,796,219	-
Financial Assets at Fair Value Through Profit or Loss	506,546	623,375	116,829	-	367,738	-
Banks	6,687,049	1,505,567	1,515,756	-	-	-
Money Market Placements	752,392	752,392	409,658	342,734	-	-
Financial Assets Available-for-Sale (net)	15,204,138	15,190,114	15,190,114	7,654,584	-	-
Loans and Receivables	137,336,827	136,949,345	140,921,369	-	-	47,793
Factoring Receivables	2,127,916	2,210,447	2,210,447	-	-	-
Held-to-maturity investments (net)	18,733,201	18,733,200	18,743,356	7,500,243	-	-
Investment in Associates (net)	-	14,027	14,027	-	-	-
Investment in Subsidiaries (net)	-	38,038	38,038	-	-	-
Investment in Joint ventures (net)	218,587	185,855	185,855	-	-	-
Lease Receivables	7,427,403	7,172,798	7,172,798	-	-	-
Derivative Financial Assets Held For Hedging(*)	4,658,040	4,658,040	-	4,658,040	-	-
Property And Equipment (Net)	3,525,049	3,489,185	3,421,037	-	-	68,148
Intangible Assets (Net)	540,458	520,715	-	-	-	471,285
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	1,036,556	1,063,710	1,063,710	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	3,768,279	9,938,734	9,946,767	-	-	-
TOTAL ASSETS	**234,498,220**	**235,019,721**	**228,356,222**	**24,600,223**	**3,163,957**	**587,226**
Liabilities						
Deposits	130,267,568	130,274,856	-	-	-	-
Derivative Financial Liabilities Held for Trading(**)	6,485,477	6,485,477	-	-	2,727,329	-
Funds Borrowed	25,836,830	25,896,890	-	-	-	-
Money Markets	19,310,002	14,994,670	-	14,994,670	-	-
Marketable Securities Issued	14,713,256	14,723,958	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables(***)	4,906,988	9,243,606	-	-	-	-
Other Liabilities(***)	2,697,251	3,139,806	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	432,075	432,075	-	-	-	-
Derivative Financial Liabilities Held For Hedging(**)	1,670,987	1,670,987	-	-	-	-
Provisions	1,126,937	1,134,132	-	-	-	-
Tax Liability	1,077,742	1,077,742	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	6,704,294	6,704,294	-	-	-	-
Shareholder's Equity	19,268,813	19,241,228	-	-	-	-
TOTAL LIABILITIES	**234,498,220**	**235,019,721**	**-**	**14,994,670**	**2,727,329**	**-**

(*)Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.

(**)Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.

(***)Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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

Prior period **Assets**	**Carrying values in financial statements prepared as per TAS**	**Carrying values of items in accordance with TAS**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the Securitization framework**	**Subject to market risk**
Cash and balances with the Central Bank	18,749,459	18,748,233	18,750,542	-	-	-
Trading Financial Assets	3,814,171	3,814,171	-	3,781,515	2,733,943	-
Financial Assets at Fair Value Through Profit or Loss	293,399	380,236	86,837	-	293,399	-
Banks	4,220,545	1,097,627	1,103,127	-	-	-
Money Market Placements	3,225,937	3,225,937	184,975	3,040,962	-	-
Financial Assets Available for Sale (net)	12,352,278	12,346,098	12,346,098	5,475,062	-	-
Loans and Receivables	109,445,928	110,322,300	112,988,966	-	-	28,525
Factoring Receivables	1,630,527	1,551,583	1,551,583	-	-	-
Held to maturity investments (net)	16,169,451	16,169,450	16,181,302	6,517,031	-	-
Investment in Associates (net)	-	5,982	5,982	-	-	-
Investment in Subsidiaries (net)	-	38,038	38,038	-	-	-
Investment in Joint ventures (net)	199,384	173,628	173,628	-	-	-
Lease Receivables	5,583,145	4,788,157	4,788,157	-	-	-
Derivative Financial Assets Held For Hedging	4,125,138	4,125,138	-	4,125,138	-	-
Property And Equipment (Net)	3,412,974	3,387,235	3,312,971	-	-	74,263
Intangible Assets (Net)	474,813	453,366	-	-	-	411,865
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	447,717	451,492	451,492	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	2,974,955	6,447,515	6,456,728	-	-	-
TOTAL ASSETS	**187,119,821**	**187,526,186**	**178,420,426**	**22,939,708**	**3,027,342**	**514,653**
Liabilities						
Deposits	105,507,978	105,500,253	-	-	-	105,507,978
Derivative Financial Liabilities Held for Trading	3,619,172	3,619,172	-	-	2,619,437	3,619,172
Funds Borrowed	19,366,554	19,419,317	-	-	-	19,366,554
Money Markets	12,915,760	9,148,935	-	9,148,935	-	12,915,760
Marketable Securities Issued	14,346,112	14,351,547	-	-	-	14,346,112
Funds	-	-	-	-	-	-
Miscellaneous Payables	3,804,182	7,596,297	-	-	-	3,965,458
Other Liabilities	2,252,514	2,603,881	-	-	-	2,091,238
Factoring Payables	-	-	-	-	-	-
Lease Payables	437,285	437,285	-	-	-	437,285
Derivative Financial Liabilities Held For Hedging	1,516,321	1,516,321	-	-	-	1,516,321
Provisions	925,224	921,907	-	-	-	925,224
Tax Liability	207,162	213,410	-	-	-	207,162
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	5,432,553	5,432,553	-	-	-	5,432,553
Shareholder’s Equity	16,789,004	16,765,308	-	-	-	16,789,004
TOTAL LIABILITIES	**187,119,821**	**187,526,186**	**-**	**9,148,935**	**2,619,437**	**187,119,821**

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

3.2. B2- Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Current Period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	256,120,402	228,356,222	-	24,600,223	3,163,957
2	Liabilities carrying value amount under regulatory scope of consolidation	17,721,999	-	-	14,994,670	2,727,329
3	Total net amount under regulatory scope of consolidation	238,398,403	228,356,222	-	9,605,553	436,628
4	Off-Balance Sheet Amounts	145,382,011	27,362,975	-	-	-
5	Differences due to different netting rules (except 2)	3,470,584	-	-	-	3,470,584
6	Repo transactions	2,815,398	-	-	2,815,398	-
7	Decrease in counterparty credit risk as a result of netting	-	-	-	-	-
8	Potential credit risk amount calculated for the counterparty	1,528,451		-	1,528,451	-
9	Differences due to credit risk reduction	(10,276,610)	(4,203,035)	-	(6,073,575)	-
10	Average exchange rate effect(*)	(9,000,607)	(9,000,607)	-	-	-
	Risk Amounts	**-**	**242,515,555**	**-**	**7,875,827**	**3,907,213**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated December 8, 2020.

	Prior Period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	204,397,020	178,420,426	-	22,939,708	3,027,342
2	Liabilities carrying value amount under regulatory scope of consolidation	11,768,372	-	-	9,148,935	2,619,437
3	Total net amount under regulatory scope of consolidation	192,628,648	178,420,426	-	13,790,773	407,905
4	Off-Balance Sheet Amounts	117,263,912	21,647,562	-	-	-
5	Differences due to different netting rules (except 2)	3,176,307	-	-	-	3,176,307
6	Repo transactions	2,848,164	-	-	2,848,164	-
7	Decrease in counterparty credit risk as a result of netting	-	-	-	-	-
8	Potential credit risk amount calculated for the counterparty	1,401,892	-	-	1,401,892	-
9	Differences due to credit risk reduction	(13,101,657)	(2,165,054)	-	(10,927,059)	-
	Risk Amounts	**-**	**197,902,934**	**-**	**7,113,770**	**3,584,213**

3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures:

a) None.

b) There is no significant difference between amounts valued in accordance with TAS included in B2 and risk exposures except for "Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)". There is a significant difference between amounts valued according to TAS and risk exposures, since the securities which are subject to repurchase that include in Money Market Payables account item are subject to counter party risk.

c) Valuation methodologies regarding the disclosure related to use of Market Value and Model Value:

In general terms, market risk is the possibility of making loss as a result of changes occurring in the current market values of financial assets and positions in the Group's trading accounts. In this framework, the following elements of the Group, which must be reflected on balance sheet over their current market values (market to market), are included in market risk:

- Equity shares included in trading, investment fund participation documents, securities such as bonds and bills,
- Open foreign exchange position with respect to each foreign currency
- Derivative contracts (forwards) sensitive to interest changes and concluded for trading, future transactions, simple or complex options, swaps, credit derivatives

Classification of Trading Accounts are made in accordance with Appedix-3 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

The Parent Bank calculates its value at market risk with standard method in the framework of "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Accordingly, capital requirement is reached through multiplying of total of general market risk, commodity risk, settlement risk, option risk to 12.5.
Value at market risk of the Group is reached through the determination of amounts related to market risk in scope of Basel 2 reporting set. Details of analysis are as follows:

- Commodity risk analysis: Simplified approach (Standard method)
- Interest rate risk analysis: General Market Risk Calculation (Standard method – maturity approach) – Specific risk calculation (standard method)
- Equity share risk analysis: Position risk in equity share investments (Standard method)
- Exchange rate exposure analysis (standard method)
- Option risk analysis: Weighting method with delta factor (standard method)

Securities such as equity share, bond and bills, whose market prices are monitored directly, and derivative products such as futures, which are traded in stock exchange, are reviewed over their transaction prices as of reporting date. If a security included in Financial Assets at Fair Value through Profit/Loss portfolio cannot be treated as of reporting date, it is evaluated over the price determined in scope of precautionary principles.

Market value of products, which are traded at over the counter markets such as forward foreign exchange, foreign exchange swaps and interest swaps, are calculated in line with discounting of cash flows over market interest rates. Market value of option transactions is performed based on softwares which are internationally accepted valuation methodologies.

Definition of independent price approval processes:

There are four main price parameters which shall have an impact on current market value of financial assets and positions held by the Banks:

- Market interest rates (bond, bill and derivative prices)
- Share prices
- Exchange rates
- Gold, other precious metals and commodity prices

Total risk of loss sourcing from price movements (interest, equity share, exchange and commodity risk) related to financial assets and positions are called as "general market risk".

Independency of price process in ensured through the recording and management of prices to Bank systems by back office. In addition, the pricing and valuation systems in question are also reviewed and validated by Validation Unit. Details belonging to aforementioned valuation and accounting are strictly documented and monitored by Treasury Control Unit.

Processes for valuation adjustments or differences (It includes definition of process and methodology definition for the valuation of trading positions according to type of financial instrument)

TL borrowing instruments included in securities portfolio of Financial Assets at Fair Value through Profit/Loss account consist of government securities. The aforementioned securities are evaluated based on weighted average price traded in BIST. Market price is calculated based on CBT prices for TL securities not traded in BIST. Average of quotation of purchase and sell in the market are accepted as market price for Foreign Currency securities included in the same portfolio.

4. Credit risk disclosures

4.1. General information on credit risk

4.1.1. CRD – general qualitative information on credit risk

a) Conversion of The Parent Bank's business model to components of credit risk profile

The Parent Bank has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments.

b) Criteria and approach used during the determination of credit risk policy and credit risk limits

Group credit policies have been established to form effective and satisfactory loan allocation processes based on prudence and applicability principles in a way that it is in line with the risk boundaries set by the Group, Group Credit Policies and legal authorities. Pillars of credit risk management policy in Group are;

- Rules and Regulations of BRSA (Banking Regulation and Supervision Agency)
- Decisions of institutions auditing QNB Group
- Credit policies and procedures at bank level
- Risk Appetite Statement Document
- Corporate, commercial and SME banking credit policies and corporate grading management documents
- Individual credit and credit cards policies

Risk Management Strategy is the main risk management policy document in which the risks of the Group are identified, and its risk appetite and managements principles are determined. Credit risk limits are annually reviewed in line with risk strategy

c) Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Group in favour of individuals or legal entities are reviewed in scope of credit risk management. Activities related to capital management includes calculation of legal and economic capital requirement of annual and long term business plans of the Bank.

Activities related to Credit Risk and Capital Management are carried out by Credit Risk Analytic, Strategy and Capital Management unit. Group's Credit Risk organization, duties and responsibilities, related units and responsibilities of those units are identified in detail in the own Credit Policy documents of the Group, Risk Management Strategy Document and Risk Management Department operation instruction and also main principles, applications, limits and reporting processes, which are going to be adopted in Credit Risk Management, are included.

Main responsibilities of Credit Risk Management Department are as follows:

- To establish risk management policies and strategies related to risks exposed by the Group and to submit those policies and strategies for the approval of Board of Directors Risk Committee,
- To ensure fulfilment of risk identification, measurement, analysis, monitoring, control and mitigation activities in accordance with risk management policies and processes approved by Board of Directors and to report all significant in balance and off balance risks which are undertaken at group level to senior management,
- To make internal capital adequacy review covering all risks and to make forecasts related to course of capital adequacy ratio in the framework of long term business plans of the Group,
- To make periodic stress tests and scenario analysis and establish early warning systems,
- To support decision-making processes of the Group through providing reviews and risk point of view with respect to risk management,
- To develop application and behavior score cards which are used in order to manage credit portfolio and processes in a correct and effective manner and forming main source for DR models,

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

- To promote risk awareness and management culture at group level.
- To develop of forecasting models/approaches and the measurement monitoring of portfolio credit risk through Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).
- Implementation of risk based Credit Classification and Expected Credit Loss calculations under TFRS 9, determination of credit risk measurement framework, development and implementation of relevant models / approaches.

d) Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk governance model includes three lines of defense consisting of:

- The risk taking units (lines of business) at the first level, responsible for assessing and minimizing risks for a given level of return.
- Risk Management Unit, at the second level, identifies, monitors, controls, quantifies risk, provides appropriate tools and methodologies, provides coordination and assistance; measures risk adjusted performance across the business lines; reports to appropriate levels and proposes mitigation measures, being supported by business lines, where the risk is actually created, and specialized units.
- Internal Audit – provides the independent review function.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. This includes in particular anti-money laundering and terrorist financing regulation. In doing so, the compliance function informs all Group employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Group risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Group has and controls relevant to them during audit works.

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operational Risk. Report mainly consists of the following; changes in risk parameters, changes in exposures of segments, concentration and risk metrics, stress testing and results, delinquency amounts and ratios by segments, Stage 3 and Stage 2 rating and PD distributions, vintage analyses, collaterals, recoveries, restructurings. In addition to these monthly reports, a comparative analysis with banks, which is based on quarterly capital adequacy and credit risk metrics, is also reported to senior management and the board of directors.

4.2. CR1 Credit quality of assets:

		Gross carrying values of as per TAS			
	Current Period	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net value**
1	Loans(*)	9,523,366	139,091,467	7,133,072	**141,481,761**
2	Debt Securities	-	33,916,772	-	**33,916,772**
3	Off-balance sheet exposures	353,323	93,000,379	48,284	**93,305,418**
4	**Total**	**9,876,689**	**266,008,618**	**7,181,356**	**268,703,951**

(*) Includes financial assets at fair value through profit or loss in line with TFRS 9 amounting to TL 116,829 (December 31, 2019: TL 86,838).

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

	Prior Period	Gross carrying values of as per TAS			
		Defaulted exposures	**Non-defaulted exposures**	**Allowances/ impairments**	**Net value**
1	Loans(*)	8,731,496	110,715,821	6,180,327	**113,266,990**
2	Debt Securities	-	28,337,603	-	**28,337,603**
3	Off-balance sheet exposures	-	76,117,640	45,614	**76,072,026**
4	**Total**	**8,731,496**	**215,171,064**	**6,225,941**	**217,676,619**

(*) Includes financial assets at fair value through profit or loss in line with TFRS 9 amounting to TL 86,838 (December 31, 2019: TL 110,032)

4.3. CR2 Changes in stock of defaulted loans and debt securities:

		Current Period	**Prior Period**
1	Defaulted loans and debt securities at end of the previous reporting period	8,731,496	6,614,263
2	Loans and debt securities that have defaulted since the last reporting period	2,421,720	4,506,376
3	Returned to non-defaulted status	-	-
4	Amounts written off	48,513	974,127
5	Other changes(**)	1,581,337	1,415,016
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**9,523,366**	**8,731,496**

(*) Includes the sale of non performing loans is none (December 31, 2019 – TL 918,518).
(**)Includes collections from credits in default.

4.4. KRB – Additional disclosures related to credit quality of assets:

(a) The criteria taken into consideration by the Parent Bank in determining the impairment are explained in footnote VIII of the third section.

(b) There is no part of past due receivables which is not reviewed as "loans subject to provisioning".

(c) The Bank's specific provision calculation is explained in footnote VIII of the third section.

(d) In receivables of the customers having difficulties in payment of receivables to the Bank or expected to have possible difficulties in payments then receivables in aforementioned scope are identified as "restructured receivables".

(e) Exposures provisioned against by major regions, major sectors and remaining maturity:

Exposures provisioned against by major regions:

Country	**Current Period**	**Prior Period**
Domestic	137,833,837	109,994,925
European Union (EU) Countries	499,318	449,498
USA, Canada	23,237	19,487
OECD Countries	187	2,493
Off-Shore Banking	321,970	44,659
Other Countries	412,919	291,596
Total	**139,091,468**	**110,802,658**

Includes Financial Assets at Fair Value Through Profit and Loss amounting to TL 116,829 in accordance with TFRS 9 (December 31, 2019 - TL 86,838).

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

Exposures provisioned against by major sectors:

	Current Period	Prior Period
1. Agricultural	**2,420,350**	**2,342,906**
1.1. Farming and raising livestock	2,242,051	2,165,319
1.2. Forestry	7,661	7,463
1.3. Fishing	170,638	170,124
2. Manufacturing	**27,779,424**	**20,227,280**
2.1. Mining and Quarrying	322,996	320,642
2.2. Production	22,666,499	15,932,481
2.3. Electricity. Gas. Water	4,789,929	3,974,157
3. Construction	**6,364,791**	**5,842,486**
4. Services	**57,340,304**	**45,263,180**
4.1 Wholesale and retail trade	20,158,777	16,057,124
4.2 Hotel. food and beverage services	5,289,989	4,759,454
4.3 Transportation and telecommunication	15,321,475	11,837,609
4.4 Financial institutions	9,718,334	7,065,951
4.5 Real estate and leasing services	360,950	276,556
4.6 Self-employment services	1,606,066	1,333,270
4.7 Education services	411,683	402,373
4.8 Health and social services	4,473,030	3,530,843
5.Other	**45,186,599**	**37,126,806**
6. Total	**139,091,468**	**110,802,658**

Includes Financial Assets at Fair Value Through Profit and Loss amounting to TL 116,829 in accordance with TFRS 9 (31 December 2019 - TL 86,838).

Breakdown of Exposures according to remaining maturity:

Current Period	**Demand**	**Up to 1 month**	**1-3 Months**	**3-12 Months**	**1-5 Years**	**5 Years and Over**	**Total**
Loans and Receivables(*)	-	25,072,468	16,342,877	43,232,941	45,308,579	13,985,432	143,942,297
Prior Period	**Demand**	**Up to 1 month**	**1-3 Months**	**3-12 Months**	**1-5 Years**	**5 Years and Over**	**Total**
Loans and Receivables	-	21,832,098	9,830,209	33,030,972	36,781,860	12,635,727	114,110,866

(*) The related provisions have been deducted from current period balances.

f) Exposures provisioned against by major regions and sectors and loans written off during the period an uncollectible

Exposures provisioned against by major regions and loans written off during the period an uncollectible

Current Period	**Loans subject to provision**	**Provision**	**Written-off from Assets**
Turkey	9,486,784	7,113,153	48,513
EU Countries	20,338	3,674	-
USD, Canada	-	-	-
OECD Countries(*)	-	-	-
Off-shore Banking Regions	16,225	16,225	-
Other Countries	19	20	-
Total	**9,523,366**	**7,133,072**	**48,513**

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

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

Prior Period	Loans subject to provision	Provision	Written-off from Assets
Turkey	8,696,168	6,160,863	974,127
EU Countries	18,903	3,043	-
USD, Canada	-	-	-
OECD Countries(*)	-	-	-
Off-shore Banking Regions	16,410	16,403	-
Other Countries	15	18	-
Total	**8,731,496**	**6,180,327**	**974,127**

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

Exposures provisioned against by major sectors and loans written off

	Current Period			Prior Period		
	Loans subject to provision	Provision	Written-off from Assets	Loans subject to provision	Provision	Written-off from Assets
1. Agriculture	**397,797**	**231,856**	**1,761**	**343,484**	**198,312**	**11,414**
1.1. Farming and Raising Livestock	338,592	213,997	456	328,982	188,975	11,224
1.2. Forestry	48,137	9,332	1,305	2,707	262	43
1.3. Fishing	11,068	8,527	-	11,795	9,075	147
2. Industrial	**1,561,724**	**1,227,430**	**5,763**	**1,597,327**	**1,218,312**	**88,359**
2.1. Mining and Quarrying	60,630	23,533	2,377	44,698	20,767	3,650
2.2. Production	1,146,456	859,188	3,386	1,204,288	882,025	84,429
2.3. Electricity. Gas. Water	354,638	344,709	-	348,341	315,520	280
3. Construction	**1,017,156**	**603,888**	**18,369**	**1,006,568**	**529,116**	30,981
4. Services	**3,735,467**	**2,584,722**	**581**	**3,017,688**	**2,003,232**	**292,276**
4.1. Wholesale and Retail Trade	2,153,796	1,568,553	348	2,099,067	1,421,758	217,239
4.2. Hotel. Food and Beverage Services	273,120	200,091	43	211,874	138,600	32,407
4.3. Transportation and Communication	136,880	111,822	179	151,374	102,281	20,094
4.4. Financial Institutions	894,057	500,649	-	274,968	151,580	3,761
4.5. Real Estate and Renting Services	26,803	24,038	-	30,053	19,800	2,386
4.6. Self-Employment Services	120,911	94,036	11	112,292	81,642	9,052
4.7. Educational Services	82,940	48,827	-	84,001	48,756	1,945
4.8. Health and Social Services	46,960	36,706	-	54,059	38,815	5,392
5. Other	**2,811,222**	**2,485,176**	**22,039**	**2,766,429**	**2,231,355**	**551,097**
6. Total	**9,523,366**	**7,133,072**	**48,513**	**8,731,496**	**6,180,327**	**974,127**

g) Aging analysis

Overdue days	Current Period	Prior Period
0-30	137,506,111	108,502,808
31-60	1,252,025	1,336,117
61-90	660,146	963,732
90+	10,452,773	8,731,496
Total	**149,871,055**	**119,534,153**

5. Credit risk mitigation

5.1. CRM - Qualitative disclosure on credit risk mitigation techniques

Collateralization is used as main risk mitigation method. Tangible and intangible assets which can be accepted as collateral and their consideration rates are defined in detail in instructions. The Parent Bank follows a conservative approach in collateral valuation. The value of the collateral is determined both with independent valuation and also internal valuation.

Legality and operational applicability is the precondition for the validity of collaterals. Legal teams should have performed sufficient legal examinations and confirmed all legal regulations related to collateral and validity of collateral before the receipt of the collateral. In addition, all contracts and other related documents should be obtained.

Collateral value should not have a positive correlation with the credit worthiness of the debtor.

Monitoring of collateral values is important to maintain credit quality. Market value of the collateral is periodically reviewed in line with determined frequency in directives and necessary precautions are taken when there is a significant deterioration indication in market value of the collateral.

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

Insurance policies of the collaterals should be obtained.

Collateral value meets Debt-Collateral ratio determined for credit type or specific sectors legally or in internal application of The Parent Bank.

The Parent Bank takes netting agreements concluded with counterparties into account in the framework of rules mentioned in scope of Appendix-2 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy during the counterparty risk measurement.

5.2. CR3 – Credit risk mitigation techniques – Overview:

	Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	134,818,019	6,663,742	4,062,342	-	-	-	-
2	Debt securities	33,916,772	-	-	-	-	-	-
3	**Total**	**168,734,791**	**6,663,742**	**4,062,342**	**-**	**-**	**-**	**-**
4	Of which defaulted	2,682,148	13,185	242	-	-	-	-

	Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	109,106,758	4,160,232	2,156,458	-	-	-	-
2	Debt securities	28,337,603	-	-	-	-	-	-
3	**Total**	**137,444,361**	**4,160,232**	**2,156,458**	**-**	**-**	**-**	**-**
4	Of which defaulted	2,540,207	10,962	324	-	-	-	-

6. Credit risk when standard approach is used

6.1. CRA – Qualitative disclosures which shall be made related to grading marks used by the Banks while calculating credit risk with standard approach:

a) Marks of Fitch credit rating institution are used in credit risk standard approach calculations

b) Centralized administrations and Banks take CRA marks into account for risk classes.

c) Mark assigned to a debtor is taken into account for all assets of the debtor.

d) CRA, which is not included in twinning table of the institution, is not used.

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

6.2. CR4 – Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects:

	Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Exposures to central governments or central banks	56,898,988	-	60,546,907	-	-	-
2	Exposures to regional governments or local authorities	98,159	65	98,159	-	49,080	50%
3	Exposures to public sector entities	365,208	40,275	356,292	12,946	369,237	100%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	6,737,787	3,431,482	6,735,628	2,448,775	4,018,499	44%
7	Exposures to corporates	66,946,107	45,591,374	64,119,241	19,685,118	83,804,359	100%
8	Retail exposures	70,023,007	93,612,933	65,150,216	3,677,533	51,620,810	75%
9	Exposures secured by residential property	2,257,567	241,199	2,257,567	9,119	793,340	35%
10	Exposures secured by commercial real estate	4,196,417	449,658	4,196,416	211,412	3,240,526	74%
11	Past-due loans	1,994,613	-	1,994,387	-	1,369,236	69%
12	Higher-risk categories by the Agency Board	489,423	8,041	489,405	350	734,635	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	8,616,464	9,265	8,616,464	-	6,505,529	76%
17	Investments in equities	1,909,620	-	1,909,620	-	1,909,620	100%
18	**Total**	**220,533,360**	**143,384,292**	**216,470,302**	**26,045,253**	**154,414,871**	**64%**

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Exposures to central governments or central banks	45,187,518	-	50,222,051	-	14,079,559	28%
2	Exposures to regional governments or local authorities	86,845	65	86,845	-	43,422	50%
3	Exposures to public sector entities	179,878	105,385	179,289	47,234	226,523	100%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	5,455,399	2,270,880	5,455,399	1,503,979	3,634,384	52%
7	Exposures to corporates	52,621,334	35,320,798	50,598,044	16,437,216	67,035,259	100%
8	Retail exposures	58,493,456	79,033,068	53,326,668	3,531,695	42,643,773	75%
9	Exposures secured by residential property	2,649,968	342,574	2,649,968	12,254	931,778	35%
10	Exposures secured by commercial real estate	2,606,237	169,759	2,606,237	105,049	1,355,643	50%
11	Past-due loans	2,230,580	-	2,230,288	-	1,595,259	72%
12	Higher-risk categories by the Agency Board	318,684	1,540	318,651	1,540	480,286	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	6,892,199	19,843	6,892,199	-	5,247,656	76%
17	Investments in equities	1,698,328	-	1,698,328	-	1,698,328	100%
18	**Total**	**178,420,426**	**117,263,912**	**176,263,967**	**21,638,967**	**138,971,870**	**70%**

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

6.3. CR5 – Standardised approach – exposures by asset classes and risk weights:

Current Period

	Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Diğerleri	Total Credit Risk Exposure Amount
1	Exposures to central governments or central banks	60,546,907	-	-	-	-	-	-	-	-	60,546,907
2	Exposures to regional governments or local authorities	-	-	-	-	98,159	-	-	-	-	98,159
3	Exposures to public sector entities	-	-	-	-	-	-	369,238	-	-	369,238
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	2,090,986	-	6,986,230	-	107,187	-	-	9,184,403
7	Exposures to corporates	-	-	-	-	-	-	83,804,359	-	-	83,804,359
8	Retail exposures	-	-	-	-	-	68,827,749	-	-	-	68,827,749
9	Exposures secured by residential property	-	-	-	2,266,686	-	-	-	-	-	2,266,686
10	Exposures secured by commercial real estate	-	-	-	-	2,334,604	-	2,073,224	-	-	4,407,828
11	Past-due loans	-	-	-	-	1,250,302	-	744,085	-	-	1,994,387
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	489,755	-	489,755
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	1,909,620	-	-	1,909,620
17	Other Assetd	2,109,984	-	1,189	-	-	-	6,505,291	-	-	8,616,464
18	**Total**	**62,656,891**	**-**	**2,092,175**	**2,266,686**	**10,669,295**	**68,827,749**	**95,513,004**	**489,755**	**-**	**242,515,555**

Prior Period

	Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Diğerleri	Toplam risk tutarı
1	Exposures to central governments or central banks	36,142,493	-	-	-	-	-	14,079,559	-	-	50,222,052
2	Exposures to regional governments or local authorities	-	-	-	-	86,845	-	-	-	-	86,845
3	Exposures to public sector entities	-	-	-	-	-	-	226,523	-	-	226,523
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	1,339,958	-	4,506,056	-	1,113,364	-	-	6,959,378
7	Exposures to corporates	-	-	-	-	-	-	67,035,259	-	-	67,035,259
8	Retail exposures	-	-	-	-	-	56,858,362	-	-	-	56,858,362
9	Exposures secured by residential property	-	-	-	2,662,222	-	-	-	-	-	2,662,222
10	Exposures secured by commercial real estate	-	-	-	-	2,711,286	-	-	-	-	2,711,286
11	Past-due loans	-	-	-	-	1,270,058	-	960,230	-	-	2,230,288
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	320,192	-	320,192
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	1,698,328	-	-	1,698,328
17	Other Assetd	1,644,536	-	9	-	-	-	5,247,654	-	-	6,892,199
18	**Total**	**37,787,029**	**-**	**1,339,967**	**2,662,222**	**8,574,245**	**56,858,362**	**90,360,917**	**320,192**	**-**	**197,902,934**

7. Disclosures regarding counterparty credit risk

7.1. Qualitative disclosures regarding DCCR – CCR table:

a) Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. CCR causes credit risk for banks carrying out money and capital market transactions. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope.
The most significant part of CCR in the Parent Bank is sourced from derivative financial instruments. Derivative transactions are made with financial institutions, individual and commercial customers for the purposes of trading, management of interest risk of banking accounts and meeting customer demands.

CCR is managed within the framework of the Counterparty Credit Policy approved by the Board of Directors. In this policy, the scope of the CCR, the risk calculation method, and the distribution of responsibility distribution were determined. The general lines determined in the CCR policy are detailed with the Derivative Products Application Instructions.

The Parent Bank does not make a distinction between banks, non-bank financial institutions and individual customers with respect to counterparty credit risk. Transactions made with non-bank financial institutions are reviewed in the framework of corporate-commercial credit risk while banks are considered in the framework of financial institutions.

Derivative risk amount which can be carried by the customer is limited within the credit policies framework. Related risk and limit amounts are monitored on a daily basis and when a collateral shortfall exists, shortfall collateral amount is completed in line with given standards in Derivative Products Application Instruction.

b) A clear definition of risk appetite and its approval by Board of Directors is the precondition to establish a consistent risk limit system. The Bank has determined the following limit structure in order to limit the risk carried over derivative transactions. Those limits are determined in Market Risk Policy and approved by Board of Directors.

- Limits on option sensitivity indexes basis: Maximum risk which can be taken in delta, gamma and vega positions is limited.
- Option nominal position limit: Maximum nominal position which can be taken on option type basis is limited.
- Interest sensitivity limit of forward exchanges included in trading accounts: Interest risk which can be carried by swap and forward exchanges made for the purposes of trading.

Derivative limit on the basis of customer has been prepared in addition to abovementioned limit structure. The Bank has established required control mechanism in order to stay in the framework of determined limits.

c) CCR is being tried to be reduced with various techniques. The Parent Bank uses daily exchange limits in addition to credit support and global repo agreements in order to reduce exchange risk. Limits, defined for financial institutions, are allocated according to creditability of counterparty and monitored as real time and online. Parties, having over the counter transactions with the Bank, are financial institutions which are well known and having a long term of business relationship.

d) Countertrend risk states that probability of default of counterparty has a positive correlation with general market risk factors. Parent Bank monitors impacts of market risk factors such as interest and exchange on customer credit risk. Especially, in periods having sharp financial movements, required actions are taken in line with analysis performed.

e) If there is a decline in credit rating grade, there is no additional collateral amount which must be provided by the Bank.

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

7.2. CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach:

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach - CCR (for derivatives)	5,610,327	1,528,451		1,4	3,859,390	2,586,704
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)					4,016,437	1,982,235
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6	**Total**	**-**	**-**	**-**	**-**	**-**	**4,568,939**

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach - CCR (for derivatives)	4,854,956	1,401,892	-	1,4	3,147,478	2,068,594
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	3,966,291	2,022,498
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6	**Toplam**	**-**	**-**	**-**	**-**	**-**	**4,091,092**

7.3. CCR2 – Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)		Risk Weighted Amounts	
		Current Period	**Prior Period**	**Current Period**	**Prior Period**
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)		-		-
3	Total portfolio value with simplified approach CVA capital adequacy	3,859,390	3,147,478	1,037,001	754,243
4	**Total amount of CVA capital adequacy**	**3,859,390**	**3,147,478**	**1,037,001**	**754,243**

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

7.4. CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights

Current Period

	Exposure Categories/ Risk Weight	0%	10%	20%	50%	75%	100%	150%	Diğer	Total Credit Risk
1	Exposures from central governments or central banks	285,518	-	-	-	-	-	-	74,123	359,641
2	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	13	-	-	13
4	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6	Exposures from banks and brokerage houses	-	-	910,558	4,434,740	-	523,753	-	-	5,869,051
7	Exposures from corporates	-	-	-	-	-	1,632,826	-	-	1,632,826
8	Retail receivables	-	-	-	-	13,415	-	-	-	13,415
9	Mortgage receivables	-	-	-	-	-	-	-	-	-
10	Non performing receivables	-	-	-	-	-	-	-	-	-
11	High risk defined receivables	-	-	-	-	-	-	881	-	881
12	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13	Securitization Positions	-	-	-	-	-	-	-	-	-
14	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16	Equity Investments	-	-	-	-	-	-	-	-	-
17	Other Receivables	-	-	-	-	-	-	-	-	-
18	Other Assets	-	-	-	-	-	-	-	-	-
19	**Total**	**285,518**	**-**	**910,558**	**4,434,740**	**13,415**	**2,156,592**	**881**	**74,123**	**7,875,827**

Prior Period

	Exposure Categories/ Risk Weight	0%	10%	20%	50%	75%	100%	150%	Diğer	Total Credit Risk
1	Exposures from central governments or central banks	3,841	-	-	-	-	28,222	-	9,481	41,544
2	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
4	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6	Exposures from banks and brokerage houses	-	-	604,923	4,642,546	-	71,644	-	-	5,319,113
7	Exposures from corporates	-	-	-	-	-	935,775	-	-	935,775
8	Retail receivables	-	-	-	-	817,338	-	-	-	817,338
9	Mortgage receivables	-	-	-	-	-	-	-	-	-
10	Non performing receivables	-	-	-	-	-	-	-	-	-
11	High risk defined receivables	-	-	-	-	-	-	-	-	-
12	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13	Securitization Positions	-	-	-	-	-	-	-	-	-
14	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16	Equity Investments	-	-	-	-	-	-	-	-	-
17	Other Receivables	-	-	-	-	-	-	-	-	-
18	Other Assets	-	-	-	-	-	-	-	-	-
19	**Total**	**3,841**	**-**	**604,923**	**4,642,546**	**817,338**	**1,035,641**	**-**	**9,481**	**7,113,770**

7.5. CCR4 – Risk class and counterparty credit risk on the basis of possibility of default

Related table is not presented due to standard method is used for calculation of capital adequacy.

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

7.6. CCR5 – Composition of collateral for CCR exposure:

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
Current Period	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**		
Cash-Local Currency	-	-	-	-	3,727,929	-
Cash - Foreign Currency	-	4,063,783	-	5,932,247	9,991,880	-
Government bond-domestic	-	-	-	-	250,124	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**4,063,783**	**-**	**5,932,247**	**13,969,933**	**-**

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
Prior Peiod	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
Cash-Local Currency	-	-	-	-	256,811	-
Cash - Foreign Currency	-	3,792,115	-	3,124,158	7,636,052	-
Government bond-domestic	-	-	-	-	3,040,962	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**3,792,115**	**-**	**3,124,158**	**10,933,825**	**-**

7.7. CCR6 – Credit derivatives

Related table is not presented due to the Parent Bank has no risk arrived from derivative credit received or sold (December 31, 2019 None).

7.8. CCR7 – RWA changes on CCR within the internal model method

Related table is not presented due to standard method is used for calculation of capital adequacy (December 31, 2019 None).

7.9. CCR8 – Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs)(total)**	**74,123**	**1,482**	**9,481**	**190**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3	(i) OTC Derivatives	-	-	-	-
4	(ii) Exchange-traded Derivatives	74,123	1,482	9,481	190
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	-	-	-	-
10	Unfunded default fund contributions	-	-	-	-
11	Exposures ton on-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	-	-	-	-

8. Securitization exposures:

The Parent Bank has no securitization transactions (December 31, 2019 None).

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

9. Disclosures regarding Market Risk

9.1. MRD – Qualitative information which shall be disclosed to public related to market risk

a) Market risk states the risk sourcing from change in market prices on positions held in order to make profit in trading accounts in line with short term expectations in market prices or interest rates. Financial Assets at Fair Value through Profit/Loss accounts covers all derivative products except for Financial Assets at Fair Value through Profit/Loss, open exchange position and having hedging purposes.

The Parent Bank has established a structure to effectively define, monitor and manage the risk sourcing from changes in market prices including interest rates, stocks, bond prices, exchange rates and uncertainty of aforementioned prices in their volatility levels. The aforementioned structure is determined in Market Risk Policy of the Bank which is approved by the Board of Directors. This policy determines principles, measurement methods, processes and limits covering all transactions of the Bank sourcing from market risk.

Market risk is calculated and reported on a monthly basis with standard method for capital adequacy calculation in line with regulation on Measurement and Evaluation of Bank's Capital Adequacy published by BRSA.

Market risk also includes value at risk limits in line with internal policies based on internal model. Limits include value at risk limits, positions, limits on options sensitivity and loss cessation limits for each of the market risk types.

b) Risk Committee of the Parent Bank is responsible to ensure implementation of market risk strategy and policies in a consistent manner. Market risk unit operates totally independent from risk carrying units and directly subject to Risk Committee of the Bank in given authorization and responsibilities framework.

Internal Control Department is responsible for the evaluation of internal control system related to market risk through periodical independent audits. Required system evaluation reports are shared with Board of Directors and other related authorities. Risk Committee of Board of Directors provides holding of sufficient capital against market risk carried by the Parent Bank.

c) The Parent Bank makes its capital calculation for market risk in accordance with standard method approach defined in Basel II first pillar. Capital calculation method for each risk category is made by BRSA in line with Basel standards as of month-ends as solo and consolidated.

The Group calculates market risk with value at risk approach for the purpose of monitoring and management of risk at the Bank except for standard method. The aforementioned calculation is made for both the risk of trade portfolio and also total risk of trade portfolio and Securities Available For Sale portfolio. Value at risk calculation is made daily with historical simulation at 99% confidence interval through 252 working days observation period and exponential weighted moving average volatility assumption. Dynamic structure of the volatility is reached through giving weight to recent observations in exponential weighted moving average.

9.2 MR1- Market risk under standardised approach:

		RWA (**)	
		Current Period	**Prior Period**
	Outright products (*)	3,895,138	3,508,150
1	*Interest rate risk (general and specific)*	*1,782,675*	*2,129,700*
2	*Equity risk (general and specific)*	*194,175*	*132,013*
3	*Foreign exchange risk*	*1,847,600*	*1,070,325*
4	*Commodity risk*	*70,688*	*176,112*
	Options	12,075	76,063
5	*Simplified approach*	-	-
6	*Delta-plus method*	*12,075*	*76,063*
7	*Scenario approach*	-	-
8	*Securitization*	-	-
9	**Total**	**3,907,213**	**3,584,213**

(*) Outright products refer to position in products that are not optional.

(**) The market Risk represents the capital requirement multiplied by 12.5 times Risk Weighted Amount.

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

10. Explanations on consolidated operational risk

The Parent Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2019, 2018 and 2017, year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated June 28, 2012, namely "The Calculation of the Amount Subject to Operational Risk. As of December 31, 2020, the total amount subject to operational risk is TL 15,499,021 (December 31, 2019 – TL 13,089,131).

Current Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	6,505,256	8,960,553	9,332,624	8,266,144	15	1,239,922
Amount subject to operational risk (Total*12.5)						**15,499,021**

Prior Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5,476,800	6,505,256	8,960,553	6,980,870	15	1,047,130
Amount subject to operational risk (Total*12.5)						**13,089,131**

The annual gross income is composed of net interest income and net non-interest income after deducting realized gains/losses from the disposal of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

III. Explanations on Consolidated Foreign Exchange Risk

1. Whether the Group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Parent Bank sets limits for positions that are monitored daily

The difference between the Parent Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure ("cross currency risk").

Board of Directors has determined the limits considering the consistency with the "Foreign Currency Net General Position." Positions are being followed daily and limits are reviewed at least once a year depending on economic conditions and The Parent Bank strategy and updated as deemed necessary.

In measuring the exchange rate exposure of The Parent Bank, the "standard method" used in the legal reports and the internal method. The measurements made within the scope of the standard method are carried out monthly and the measurements made within the scope of VaR calculations are carried out on a daily basis. In addition, the maximum foreign currency position that can be taken is determined on the basis of currency types and table, and daily limit compliance control is carried out by Risk Management.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Group hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments. The Group hedges foreign currency borrowings with derivative instruments. The Bank does not hedge net foreign currency investments with derivative instruments. (Details explaining Section Five Part three)

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

3. The spot foreign exchange bid rates of the Parent Bank as of the balance sheet date and for each of the five days prior to that date

US Dollars purchase rate in the balance sheet date	TL 7.3405
Euro purchase rate in the balance sheet date	TL 9.0079

Tarih	US Dollar	Euro
December 31, 2020	7.3405	9.0079
December 30, 2020	7.4063	9.0697
December 29, 2020	7.4738	9.1370
December 28, 2020	7.5517	9.2037
December 25, 2020	7.6190	9.2948

4. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for December 2020 are TL 7.7211 and TL 9.3842 respectively.

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

5. Information on the consolidated foreign exchange risk of the Group (Thousands of TL)

Current Period	**EUR**	**USD**	**Other**	**Total**
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank(1)	10,655,063	13,011,260	1,234,394	24,900,717
Due From Banks	508,102	818,415	150,701	1,477,218
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)(2)	728,089	1,070,464	514	1,799,067
Money Market Placements	-	92,610	-	92,610
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1,960,627	7,426,922	-	9,387,549
Loans(3)	32,200,132	18,240,554	166,372	50,607,058
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	1,617,836	7,565,887	-	9,183,723
Derivative Financial Assets Hedging Purposes	14,434	532,982	-	547,416
Tangible Assets	38	-	18	56
Intangible Assets	-	-	-	-
Other Assets (4)	2,848,851	2,451,896	447	5,301,194
Total Assets	**50,533,172**	**51,210,990**	**1,552,446**	**103,296,608**
Liabilities				
Bank Deposits	525,537	3,428,155	208,451	4,162,143
Foreign Currency Deposits(5)	16,133,583	44,555,559	17,139,438	77,828,580
Money Market Borrowings	1,147,403	8,965,547	-	10,112,950
Funds Provided from Other Financial Institutions	11,228,723	18,516,692	13	29,745,428
Securities Issued	-	11,228,075	723,346	11,951,421
Sundry Creditors	2,524,874	2,170,941	6,674	4,702,489
Derivative Fin. Liabilities Hedging Purposes	71,918	1,569,579	-	1,641,497
Other Liabilities (6)	903,879	1,338,114	1,315	2,243,308
Total Liabilities	**32,535,917**	**91,772,662**	**18,079,237**	**142,387,816**
Net Balance Sheet Position	**17,997,255**	**(40,561,672)**	**(16,526,791)**	**(39,091,208)**
Net Off-Balance Sheet Position	(18,063,554)	38,578,070	16,523,357	37,037,873
Financial Derivative Assets	22,146,538	105,264,338	18,050,019	145,460,895
Financial Derivative Liabilities	40,210,092	66,686,268	1,526,662	108,423,022
Non-Cash Loans (7)	9,935,011	11,239,630	345,711	21,520,352
Prior Period				
Total Assets	37,636,024	39,710,280	1,010,312	78,356,616
Total Liabilities	26,816,268	73,369,217	5,652,534	105,838,019
Net Balance Sheet Position	**10,819,756**	**(33,658,937)**	**(4,642,222)**	**(27,481,403)**
Net Off-Balance Sheet Position	**(10,492,971)**	**32,393,436**	**4,660,215**	**26,560,680**
Financial Derivative Assets	17,572,458	89,046,950	4,984,701	111,604,109
Financial Derivative Liabilities	28,065,429	56,653,514	324,486	85,043,429
Non-Cash Loans	8,106,409	9,513,236	625,822	18,245,467

(1) Cash and Balances with TR Central; Other FC include TL 1,160,921 (December 31, 2019 – TL 737,276) precious metal deposit account.

(2) Does not include TL 239,.259 (December 31, 2019 – TL 167,549) of currency income accruals arising from derivative transactions and derivative financial instruments amounting to TL 116,829 (December 31, 2019 – TL 86,838) are not included under financial assets at fair value through profit and loss in accordance with TFRS 9

(3)) Includes TL 489,555 (December 31, 2019 – TL 999,190) FC indexed loans. Does not include repealed financial leasing receivables amounting to TL 11,082 (December 31, 2019 – TL 38,035) accounted as FC in balance sheet. Includes FC indexed (3.9 index) factoring receivables is none (December 31, 2019 – None) accounted as TL in balance sheet.

(4) Does not include FC prepaid expenses amounting to TL 47,634 (December 31, 2019 – TL 37,315) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.

(5) Foreign currency deposits include TL 15,484,501 (December 31, 2019 – TL 3,700,363) of precious metal deposit account.

(6) Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TL 761

(6) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL 181,796 (December 31, 2019 – TL 103,590)

(7) Does not have an effect on Net Off-balance Sheet Position.

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

6. Sensitivity to foreign exchange risk

The Group is exposed to currency risk in Euro and US Dollars.

The Bank is subject to exchange rate risk mainly from Euro and USD. The table below shows the Bank's sensitivity to a 10% change in Euro and USD currencies. It is assumed that all other variables are constant.

	% change in the Foreign currency	Effect on Gain/Loss (After Tax)	Net Effect on Shareholders Equity (*)	Effect on Gain/Loss (After Tax)	Net Effect on Shareholders Equity (*)
		Current Period	**Current Period**	**Prior Period**	**Prior Period**
USD	10% increase	(10,787)	(115,883)	(13,503)	(67,403)
	10% decrease	10,787	115,883	13,503	67,403
EURO	10% increase	(1,887)	(4,807)	92	(479)
	10% decrease	1,887	4,807	(92)	479

(*)Effect on Shareholders Equity include the effect of the change of exchange rates on the income statement.

IV. Explanations on Consolidated Interest Rate Risk

Interest rate risk that would arise from the changes in interest rates depending on the Parent Bank's position is managed by the Asset/Liability Committee of the Parent Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every two weeks by taking the market developments into consideration. The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank changes the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long term fixed interest rate loans with TL but also hedges itself from interest rate and maturity risk.

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

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing [1]	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank [2]	6,501,977	-	-	-	-	20,901,085	27,403,062
Due from Banks [3]	45,846	-	-	-	-	1,459,721	1,505,567
Financial Assets at Fair Value Through Profit/Loss [4]	1,358	284,489	20,010	78,520	22,847	8,044,622	8,451,846
Money Market Placements	752,392	-	-	-	-	-	752,392
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) [5]	1,815,340	1,277,034	3,165,778	3,839,136	4,728,569	1,764,943	16,590,800
Loans and Receivables	30,556,723	21,657,972	52,208,465	35,918,478	3,600,659	2,390,294	146,332,591
Financial Assets Measured at Amortized Cost [6]	3,072,701	2,305,967	4,811,742	3,274,171	4,668,299	600,320	18,733,200
Other Assets	-	-	-	-	-	15,250,263	15,250,263
Total Assets	**42,746,337**	**25,525,462**	**60,205,995**	**43,110,305**	**13,020,374**	**50,411,248**	**235,019,721**
Liabilities							
Bank Deposits	3,436,159	1,006,656	17,509	-	-	123,020	4,583,344
Other Deposits	55,086,007	16,171,283	4,175,747	339,333	202	49,918,940	125,691,512
Money Market Borrowings	8,059,536	5,050,988	1,638,887	149,074	-	96,185	14,994,670
Sundry Creditors	4,589,351	-	-	-	-	4,654,255	9,243,606
Securities Issued	1,069,672	1,461,379	1,075,596	11,117,311	-	-	14,723,958
Funds Borrowed	2,387,990	16,569,149	10,021,246	3,621,308	-	1,491	32,601,184
Other Liabilities [7]	2,894	729	59,528	351,888	9,932	32,756,476	33,181,447
Total Liabilities	**74,631,609**	**40,260,184**	**16,988,513**	**15,578,914**	**10,134**	**87,550,367**	**235,019,721**
On Balance Sheet Long Position	-	-	43,217,482	27,531,391	13,010,240	-	83,759,113
On Balance Sheet Short Position	(31,885,272)	(14,734,722)	-	-	-	(37,139,119)	(83,759,113)
Off-Balance Sheet Long Position	4,654,568	10,976,595	-	-	-	-	15,631,163
Off-Balance Sheet Short Position	-	-	(362,930)	(2,137,413)	(9,188,319)	-	(11,688,662)
Total Position	**(27,230,704)**	**(3,758,127)**	**42,854,552**	**25,393,978**	**3,821,921**	**(37,139,119)**	**3,942,501**

[1] Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.
[2] Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL 3,399 expected loss provisions.
[3] Banks include balance of expected loss provisions amounting to TL 10,189.
[4] Financial Assets at Fair Value Through Profit/Loss include amount of TL 7,828,472 derivative financial assets used for hedging purposes.
[5] Financial Assets Measured at Fair Value Through Other Comprehensive Income include amount of TL 1,400,686 derivative financial assets through other comprehensive income.
[5] Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL 10,156
[7] Other Liabilities includes TL 8,156,463 of the Reflected Financial Liabilities at the Fair Value Difference of Other Derivative Financial Liabilities.

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

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing [1]	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T,R, Central Bank[2]	5,273,825	-	-	-	-	13,474,408	18,748,233
Due from Banks[3]	572,476	16,914	-	-	-	508,237	1,097,627
Financial Assets at Fair Value Through Profit/Loss [4]	114,900	7,350	100,830	86,489	10,889	6,639,245	6,959,703
Money Market Placements[5]	3,225,937	-	-	-	-	-	3,225,937
Inv, Securities Available for Sale[6]	891,037	951,296	3,187,056	3,129,517	3,756,217	1,790,817	13,705,940
Loans and Receivables	27,700,757	13,803,079	40,572,727	28,942,473	3,091,832	2,551,172	116,662,040
Inv, Securities Held to Maturity[7]	2,102,380	2,924,348	3,936,398	2,689,458	4,240,488	276,378	16,169,450
Other Assets	-	-	-	-	-	10,957,256	10,957,256
Total Assets	**39,881,312**	**17,702,987**	**47,797,011**	**34,847,937**	**11,099,426**	**36,197,513**	**187,526,186**
Liabilities							
Bank Deposits	3,244,393	1,864,410	103,276	-	-	194,282	5,406,361
Other Deposits	56,663,202	14,301,370	3,507,551	253,342	152	25,368,275	100,093,892
Money Market Borrowings	3,253,435	3,117,558	2,580,779	47,000	94,372	55,791	9,148,935
Sundry Creditors	3,943,414	-	-	-	-	3,652,883	7,596,297
Securities Issued	1,573,004	2,922,752	841,857	9,013,934	-	-	14,351,547
Funds Borrowed	3,670,059	9,627,167	8,206,998	223,973	3,121,371	2,302	24,851,870
Other Liabilities [8]	-	1,061	19,649	405,269	6,604	25,644,701	26,077,284
Total Liabilities	**72,347,507**	**31,834,318**	**15,260,110**	**9,943,518**	**3,222,499**	**54,918,234**	**187,526,186**
On Balance Sheet Long Position	-	-	32,536,901	24,904,419	7,876,927	-	65,318,247
On Balance Sheet Short Position	(32,466,195)	(14,131,331)	-	-	-	(18,720,721)	(65,318,247)
Off-Balance Sheet Long Position	3,660,119	15,498,899	-	-	-	-	19,159,018
Off-Balance Sheet Short Position	-	-	(297,505)	(11,030,706)	(3,103,007)	-	(14,431,218)
Total Position	**(28,806,076)**	**1,367,568**	**32,239,396**	**13,873,713**	**4,773,920**	**(18,720,721)**	**4,727,800**

[1] Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.
[2] Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL 2,309 expected loss provisions.
[3] Banks include balance of expected loss provisions amounting to TL 5,508
[4] Financial Assets at Fair Value Through Profit/Loss include amount of TL 6,579,467 derivative financial assets used for hedging purposes.
[5] Receivables from Money Markets does not have any balance of expected loss provisions.
[6] Financial Assets Measured at Fair Value Through Other Comprehensive Income include amount of TL 1,359,842 derivative financial assets through other comprehensive income.
[7] Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL 11,852
[8] Other Liabilities includes TL 5,135,493 of the Reflected Financial Liabilities at the Fair Value Difference of Other Derivative Financial Liabilities.

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

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	JPY %	TL %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T,R, Central Bank	-	-	-	12.00
Due from Banks	0.04	0.01	-	8.79
Financial Assets Measured at Fair Value through Profit/Loss	3.07	5.63	-	17.08
Money Market Placements	-	0.08	-	17.19
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.87	5.30	-	14.29
Loans and Receivables	4.33	5.28	5.23	14.42
Financial Assets Measured at Amortized Cost	3.76	5.55	-	14.04
Liabilities				
Bank Deposits	0.64	1.51	-	16.74
Other Deposits	0.45	1.36	0.62	15.46
Money Market Borrowings	-	1.38	-	16.71
Sundry Creditors	(0.39)	-	-	-
Securities Issued	-	5.58	-	17.04
Funds Borrowed	2.35	4.42	-	16.49

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	JPY %	TL %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T,R, Central Bank	-	-	-	10.00
Due from Banks	0.01	2.02	-	11.25
Financial Assets at Fair Value Through Profit/Loss	2.94	8.64	-	11.82
Money Market Placements	-	-	-	11.55
Financial Assets Available for Sale (net)	2.92	5.27	-	18.00
Loans and Receivables	4.90	6.66	2.46	16.68
Financial Assets to be held until maturity	3.20	5.50	-	12.46
Liabilities				
Bank Deposits	0.33	2.39	-	10.95
Other Deposits	0.22	2.00	0.02	10.16
Money Market Borrowings	0.07	2.06	-	9.87
Sundry Creditors	(0.46)	1.55	-	-
Securities Issued	-	5.74	-	12.98
Funds Borrowed	2.33	5.88	-	15.06

Interest rate risk on banking book

The interest rate risk resulting from banking book comprises of maturity mismatch risk, yield-curve risk, base risk and option risk. Within the scope of the interest rate risk, the Group analyzes all these risks periodically, and considering market conditions, manages all aspects of interest rate risk on banking book effectively in accordance with the bank strategy. In order to this, within the scope of "Asset Liability Management Policy" risks are measured, monitored and limited on a regular basis.

In the calculation of the interest rate risk on banking book, income approach and the economic value approach are applied. The analysis of economic value, duration and gap analysis are calculated on twice a month, analysis of the standard economic value approach is supported by different scenarios. In addition, sensitivity of net interest income is monitored and the prepayment rates of loans are considered managing the interest rate risk.

In customer deposits, core deposits analyses are performed regularly on profit center base and the rate of core deposits in demand deposits are considered in economic value, gap and duration analyses. The interest rate risk of uncertain due credits is determined considering the nature of the credit and added to calculations.

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

All these analyses are reported to Asset and Liability Committee and Risk Committee and by considering market conditions and the bank strategy, the interest rate risk on banking book is managed within specified limits parallel to the Bank's appetite of risk.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) securities included in banking book are daily monitored by being added to the scope of market risk. In this context, the risk level of this portfolio is managed considering the sensitivity of nominal, interest rate and VaR limits.

The interest rate risk on banking book is measured legally as per the "Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method" published in the Official Gazette No.28034 dated August 23, 2011, and the legal limit as per this measurement is monitored and reported monthly to the Assets and Liability Committee, the Risk Committee and the Board of Directors.

Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity-Losses/Equity
1. TL	(+)500	(2,342,565)	(8.30)%
	(-)400	2,157,475	7.65%
2. EURO	(+)200	(213,528)	(0.76)%
	(-)200	263,348	0.93%
3. USD	(+)200	(14,062)	(0.05)%
	(-)200	63,239	0.22%
Total (of negative shocks)		**2,484,062**	**8.81%**
Total (of positive shocks)		**(2,570,154)**	**(9.11)%**

V. Explanations on Consolidated Position Risk of Equity Securities in Banking Book

	Comparison		
Equity Securities (shares)	**Carrying Value**	**Fair Value**	**Carrying Value**
1. Equity Investments Group A	**51,026**	-	**51,026**
Quoted Securities	51,026	-	51,026
2. Equity Investments Group B	-	-	-
Quoted Securities	-	-	-
3. Equity Investments Group C	-	-	-
Quoted Securities	-	-	-
4. Equity Investments Group Other(*)	**237,919**	-	-

(*) Associates and subsidiaries not quoted to BIST and not classified as investment in shares by Capital Market Board.

		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	**Gains/Losses in Current Period**	**Total**	**Amount under Core Capital**	**Toplam**	**Ana Sermayeye Dahil Edilen**	**Total**
1, Private Equity Investments	-	-	-	-	-	-
2, Quoted Shares	81,811	-	-	1,920	-	1,920
3, Other Shares	-	-	-	-	-	-
4, Total	**81,811**	**-**	**-**	**1,920**	**-**	**1,920**

VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio

Liquidity Risk of the Parent Bank is monitored and managed in accordance with Liquidity Risk Management Policy. According to this policy, Board of Directors is responsible to review and approve risk profile and appetite of the Parent Bank periodically. Senior Management takes necessary measures to monitor aforementioned risk and controls liquidity risk in line with accepted strategies and policies.

Treasury Department is responsible to carry out liquidity strategy determined and approved by Board of Directors. Risk Management Department is responsible to define, measure, monitor and control liquidity risk besides developing internal and external methods and procedures which are in line with context and structure of applicable activities in The Parent Bank in order to monitor related limits. Senior management of The Parent Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of the Parent Bank's liquidity risk profile. Assets and Liabilities Committee (ALC) meetings, which ensure the necessary monitoring for liquidity risk, are held monthly. Risk Committee reviews the liquidity risk of the Parent Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Parent Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALC meetings monthly with the participation of senior management. Several decisions are taken related to management of short and long term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

The Parent Bank has no liquidity management center and each entity, which is under control of the Parent Bank, performs its liquidity management separately from the Parent Bank by an authority responsible for liquidity management. Fund amounts, which shall be used by associates from the Parent Bank, are determined in the framework of limits.

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent Bank is carried out in line with limits and internal warning systems within the framework of ALC decisions. Funding and placement strategies are developed through evaluating the liquidity of the Parent Bank.

A large part of the Parent Bank's liabilities consist of TL, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALC meetings. Maturity mismatches based on currencies are managed through FX swap and FX forward.

The Parent Bank diversifies its funding sources as customer deposits, foreign loans and bond issuance in order to reduce its liquidity risk. Measures are taken through making investments to assets having higher capacity to generate cash against liquidity crisis. The Parent Bank watches over reducing customer deposit concentration and controls concentration level daily in line with warning level approved by the Board of Directors.

Liquidity life cycle approach is determined as the liquidity risk stress test methodology. This approach is a stress test to measure the period in which the Parent Bank can meet its cumulative cash outflows without providing a fund from the market. Liquidity life cycle is calculated according to various scenarios and simulated in line with possible scenarios in crisis situation and the results are reported to Risk Committee and Board of Directors.

Emergency Funding Plan (EMP) of the Parent Bank regulates funding activities to be used in liquidity crisis periods specific to the Parent Bank or in liquidity crisis at financial markets. EMP defines components triggering the crisis and early warning indicators which help to evaluate and manage the liquidity crisis and determine primary funding structure. EMP also defines actions of the Parent Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

Liquidity coverage ratio is regulated by the BRSA to make sure that the banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of the Group's high quality liquid assets are comprised of first quality liquid assets, most of which are CBT accounts and securities that are issued by the Turkish Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

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

Funding sources of the Group mainly consist of deposits which constitute 57% of total liabilities of the Group (December 31, 2019 – 58%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Group effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and one month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

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

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

All cash inflow and outflow items related to liquidity profile of the Group are included in liquidity coverage ratio tables above.

Liquidity Coverage Ratio

Current Period - December 31, 2020	**Unweighted Amounts(*)**		**Weighted Amounts(*)**	
	TL+FC	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS			**40,843,086**	**27,825,730**
1 High Quality Liquid Assets	40,843,086	27,825,730	40,843,086	27,825,730
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	102,186,962	63,304,994	9,359,824	6,330,499
3 Stable deposits	17,177,444	-	858,872	-
4 Less stable deposits	85,009,518	63,304,994	8,500,952	6,330,499
5 Unsecured Funding other than Retail and Small Business Customers Deposits	38,420,138	23,838,871	21,866,203	13,428,405
6 Operational deposits	898,324	217,596	224,581	54,399
7 Non-Operational Deposits	31,106,175	21,385,242	16,677,209	11,384,804
8 Other Unsecured Funding	6,415,639	2,236,033	4,964,413	1,989,202
9 Secured funding	-	-	184,764	184,764
10 Other Cash Outflows	46,851,069	33,962,370	46,851,069	33,962,370
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	46,851,069	33,962,370	46,851,069	33,962,370
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	40,250,022	161,642	2,012,501	8,082
15 Other irrevocable or conditionally revocable commitments	94,377,004	26,926,816	7,093,556	2,639,579
16 TOTAL CASH OUTFLOWS	**-**	**-**	**87,367,917**	**56,553,699**
CASH INFLOWS				
17 Secured Lending Transactions	1,372,203	99,215	-	-
18 Unsecured Lending Transactions	10,246,741	3,550,268	6,619,077	2,972,028
19 Other contractual cash inflows	44,973,632	43,355,658	44,973,633	43,355,659
20 TOTAL CASH INFLOWS	**56,592,576**	**47,005,141**	**51,592,710**	**46,327,687**
			Capped Amounts	
21 TOTAL HIGH QUALITY LIQUID ASSETS			**40,843,086**	**27,825,730**
22 TOTAL NET CASH OUTFLOWS			**35,775,207**	**14,147,213**
23 LIQUDITY COVERAGE RATIO (%)			**114.17%**	**196.69%**

(*) Simple arithmetic average calculated for the last three month of values calculated by taking the monthly simple arithmetic average.

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

Prior Period- December 31, 2019		Unweighted Amounts(*)		Weighted Amounts(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				**34,537,663**	**18,786,744**
1	High Quality Liquid Assets	34,537,663	18,786,744	34,537,663	18,786,744
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	77,324,958	40,212,082	6,971,835	4,021,208
3	Stable deposits	15,213,206	-	760,660	-
4	Less stable deposits	62,111,752	40,212,082	6,211,175	4,021,208
5	Unsecured Funding other than Retail and Small Business Customers Deposits	29,503,502	16,376,799	18,497,353	10,647,498
6	Operational deposits	754,342	114,237	188,585	28,559
7	Non-Operational Deposits	21,821,732	13,538,637	12,715,441	7,991,675
8	Other Unsecured Funding	6,927,428	2,723,925	5,593,327	2,627,264
9	Secured funding			79,316	79,316
10	Other Cash Outflows	27,177,794	18,901,582	27,177,794	18,901,582
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	27,177,794	18,901,582	27,177,794	18,901,582
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	34,356,331	924,733	1,717,817	46,237
15	Other irrevocable or conditionally revocable commitments	73,084,411	17,294,518	5,291,243	1,508,991
16	**TOTAL CASH OUTFLOWS**			**59,735,358**	**35,204,832**
CASH INFLOWS					
17	Secured Lending Transactions	2,636,541	-	-	-
18	Unsecured Lending Transactions	8,713,614	1,946,498	5,475,556	1,580,400
19	Other contractual cash inflows	25,358,044	23,068,744	25,358,045	23,068,744
20	**TOTAL CASH INFLOWS**	**36,708,199**	**25,015,242**	**30,833,601**	**24,649,144**

		Capped Amounts	
21	**TOTAL HIGH QUALITY LIQUID ASSETS**	**34,537,663**	**18,786,744**
22	**TOTAL NET CASH OUTFLOWS**	**28,901,757**	**10,654,273**
23	**LIQUDITY COVERAGE RATIO (%)**	**119.50%**	**176.33%**

(*) Simple arithmetic average calculated for the last three month of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three month.

Minimum, maximum and average liquidity coverage ratios calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014 for the last three month are explained in the table below.

	Maximum	Date	Minimum	Date	Average
TL+FC	123,94	09.10.2020	102,91	29.10.2020	114,34
FC	232,48	27.11.2020	164,00	11.11.2020	198,18

Liquidity coverage ratio is regulated by the BRSA to make sure that the banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of the Parent Bank's high quality liquid assets are comprised of first quality liquid assets, most of which are CBT accounts and securities that are issued by the Turkish Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Parent Bank mainly consist of deposits which constitute 57% of total liabilities of the Group (December 31, 2019 – 58%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent Bank effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and one month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

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

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

All cash inflow and outflow items related to liquidity profile of the Parent Bank are included in liquidity coverage ratio tables above.

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated[1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T,R, Central Bank [2]	13,922,022	13,484,439	-	-	-	-	(3,399)	27,403,062
Due from Banks [3]	1,469,910	45,846	-	-	-	-	(10,189)	1,505,567
Financial Assets at Fair Value Through Profit/Loss [4]	214,934	465,907	650,309	1,942,189	3,783,484	1,395,023	-	8,451,846
Money Market Placements	-	752,392	-	-	-	-	-	752,392
Financial Assets Measured at Fair Value through Other Comprehensive Income [5]	8,590	894,058	585,205	1,140,976	7,063,919	6,898,052	-	16,590,800
Loans and Receivables [6]	-	25,072,468	16,342,877	43,232,941	45,308,579	13,985,432	2,390,294	146,332,591
Financial Assets Measured at Amortized Cost[7]	-	920,449	160,562	1,176,682	9,937,017	6,548,646	(10,156)	18,733,200
Other Assets	7,309	7,334,677	8,768	25,254	1,558,174	229	6,315,852	15,250,263
Total Assets	**15,622,765**	**48,970,236**	**17,747,721**	**47,518,042**	**67,651,173**	**28,827,382**	**8,682,402**	**235,019,721**
Liabilities								
Bank Deposits	123,020	3,436,158	1,006,657	17,509	-	-	-	4,583,344
Other Deposits	49,918,940	55,086,008	16,171,283	4,175,747	339,333	201	-	125,691,512
Funds Borrowed	-	1,895,587	1,873,093	12,888,535	10,142,584	1,945,655	3,855,730	32,601,184
Money Market Borrowings	-	7,741,717	2,668,325	768,574	2,672,117	1,143,937	-	14,994,670
Securities Issued	-	1,069,701	1,461,350	1,075,596	11,117,311	-	-	14,723,958
Sundry Creditors	-	9,243,606	-	-	-	-	-	9,243,606
Other Liabilities [8]	96,997	4,339,694	1,355,045	818,657	2,349,444	2,760,133	21,461,477	33,181,447
Total Liabilities	**50,138,957**	**82,812,471**	**24,535,753**	**19,744,618**	**26,620,789**	**5,849,926**	**25,317,207**	**235,019,721**
Liquidity Excess / Gap	**(34,516,192)**	**(33,842,235)**	**(6,788,032)**	**27,773,424**	**41,030,384**	**22,977,456**	**(16,634,805)**	**-**
Net Off- Balance Sheet Position [9]	**-**	**(1,156,689)**	**(915,308)**	**1,260,404**	**1,906,623**	**27,800**	**-**	**1,122,830**
Receivables from financial derivative instruments	-	42,886,011	26,710,279	14,308,819	40,026,017	32,234,805	-	156,165,931
Liabilities from derivative financial instruments	-	44,042,700	27,625,587	13,048,415	38,119,394	32,207,005	-	155,043,101
Non Cash Loans [10]	**-**	**2,300,896**	**3,178,517**	**14,212,232**	**4,524,946**	**565,058**	**8,343,292**	**33,124,941**
Prior period								
Total Assets	11,333,569	39,042,490	12,454,211	37,567,003	56,063,148	23,641,924	7,423,841	187,526,186
Total Liabilities	25,623,207	77,603,774	23,124,519	12,382,846	24,204,377	6,637,953	17,949,510	187,526,186
Liquidity Gap	**(14,289,638)**	**(38,561,284)**	**(10,670,308)**	**25,184,157**	**31,858,771**	**17,003,971**	**(10,525,669)**	**-**
Net Off- Balance Sheet Position [10]	**-**	**128,075**	**660,565**	**1,577,261**	**1,094,394**	**73,885**	**-**	**3,534,180**
Receivables from financial derivative instruments	-	27,996,638	11,389,515	19,110,747	42,730,763	25,436,082	-	126,663,745
Liabilities from derivative financial instruments	-	27,868,563	10,728,950	17,533,486	41,636,369	25,362,197	-	123,129,565
Non Cash Loans()	**-**	**1,444,446**	**3,429,954**	**10,398,162**	**5,527,961**	**574,047**	**7,128,674**	**28,503,244**

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under this column. Unallocated other liabilities include equities amount of TL 19,241,228 and also include amount of TL 1,134,132 unallocated provisions and deferred tax liabilities.
(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TL 3,399
(3) Banks include balance of expected loss provisions amounting to TL 10,189.
(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TL 7,828,472 (31 December, 2019 – TL 6,579,467).
(5) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TL 1,400,686 (31 December,2019 - TL 1,359,842).
(6) Loans and receivables include leasing and factoring receivables.
(7) Financial assets measured at amortized cost include TL 10,156 of expected loss provisions.
(8) Other Liabilities includes TL 8,156,464 of Derivative Financial Liabilities.
(9) Liquidity excess / (deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess / (deficit) through valuations of related transactions to balance sheet.
(10) Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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

Financial Liabilities according to the remaining maturities on the contract

The table below shows the maturity breakdown of the Bank's financial liabilities that are not classified as derivatives. These tables were prepared by taking the closest dates that the Bank will recognize its future cash flows. The interest payable through the said assets and liabilities are included in the tables below.

Current Period	Undated	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and longer	Total	Balance Sheet Value
Bank Deposits	123,020	3,439,004	1,012,533	17,589	-	-	4,592,146	4,583,344
Other Deposits	49,918,940	55,257,083	16,316,357	4,220,636	342,026	365	126,055,407	125,691,512
Payables to Money Market	-	7,858,668	2,698,172	841,682	2,760,161	1,150,776	15,309,459	14,994,670
Funds from other Financial Institutions	-	1,901,236	1,886,529	12,981,992	10,225,274	5,819,570	32,814,601	32,601,184
Securities Issued	-	1,100,670	1,665,937	1,484,980	11,846,108	-	16,097,695	14,723,958
Noncash Loans(*)	8,343,292	2,300,899	3,178,517	14,212,233	4,524,946	565,054	33,124,941	33,124,941

Prior Period	Undated	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Longer	Total	Balance Sheet Value
Bank Deposits	194,282	3,246,962	1,868,951	104,601	-	-	5,414,796	5,406,361
Other Deposits	25,368,275	56,674,998	14,317,711	3,599,000	279,039	181	100,239,204	100,093,892
Payables to Money Market	-	3,325,065	2,488,136	1,409,028	1,260,339	973,950	9,456,518	9,148,935
Funds from other Financial Institutions	4,565	2,676,105	1,372,146	5,733,059	11,157,600	4,444,848	25,388,323	24,851,870
Securities Issued	-	1,580,733	2,876,258	1,330,969	10,441,452	-	16,229,412	14,351,547
Noncash Loans(*)	7,128,674	1,444,447	3,429,954	10,398,162	5,527,961	574,046	28,503,244	28,503,244

(*) Amounts related to letters of guarantee represent maturities based on contract and amounts per these maturities and the amounts have the nature to be withdrawn on demand optionally.

The table below shows the remaining maturity breakdown of the Bank's derivative assets and liabilities.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Longer	Total
Forward contracts buying (**)	3,675,446	1,690,279	1,866,574	708,839	-	7,941,138
Forward contracts selling (**)	(3,672,565)	(1,653,033)	(1,785,519)	(747,655)	-	(7,858,772)
Swap contracts buying (*)	40,724,015	24,456,156	7,163,843	40,813,660	32,332,669	145,490,343
Swap contracts selling(*)	(41,867,501)	(25,325,611)	(11,108,379)	(38,060,766)	(32,304,876)	(148,667,133)
Futures buying	324,076	609,122	122,178	-	-	1,055,376
Futures selling	(345,798)	(630,696)	(132,877)	-	-	(1,109,371)
Options buying	812,899	353,367	372,689	-	-	1,538,955
Options selling	(789,738)	(332,023)	(308,209)	-	-	(1,429,970)
Other	-	-	146,810	807,455	-	954,265
Total	**(1,139,166)**	**(832,439)**	**(3,662,890)**	**3,521,533**	**27,793**	**(2,085,169)**

(*) Derivative financial assets held for cash flow hedges are included.
(**)Includes the Dated, Asset Value Buying and Selling obligations that are in Obligations.

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Longer	Total
Forward contracts buying (**)	2,621,190	1,096,480	2,056,001	903,893	-	6,677,564
Forward contracts selling (**)	(2,617,307)	(1,110,362)	(1,973,468)	(1,018,211)	-	(6,719,348)
Swap contracts buying (*)	24,641,301	9,641,592	14,820,993	41,392,757	25,436,083	115,932,726
Swap contracts selling(*)	(24,466,810)	(8,886,217)	(13,009,461)	(39,411,822)	(25,362,196)	(111,136,506)
Futures buying	-	94,641	4,557	-	-	99,198
Futures selling	-	(93,475)	(4,437)	-	-	(97,912)
Options buying	2,594,100	1,120,796	2,455,702	434,110	-	6,604,708
Options selling	(2,619,785)	(1,123,475)	(2,460,779)	(434,110)	-	(6,638,149)
Other	-	118,804	326,711	772,226	-	1,217,741
Total	**152,689**	**858,784**	**2,215,819**	**2,638,843**	**73,887**	**5,940,022**

(*) Derivative financial assets held for cash flow hedges are included.
(**)Include the Dated, Asset Value Buying and Selling obligations that are in Obligations.

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

VII. Explanations on Consolidated Leverage Ratio

a) Information in regards to the differences between current period and prior period leverage ratio:

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 6.60% (December 31, 2019: 7.32%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

b) Summary comparative table for total asset and total risk amount in consolidated financial statements prepared in accordance with TFRS:

		Current Period(**)	Prior Period(**)
1	Total asset amount in consolidated financial statements prepared in accordance with TFRS (*)	239,576,091	183,777,771
2	Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	539,424	409,792
3	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	1,708,901	1,359,218
4	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	11,722,092	112,438
5	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of off balance transactions	102,348,594	88,094,563
6	Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	(847,141)	(762,528)
7	**Total Risk Amount**	**355,047,961**	**272,991,254**

(*) Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communique on the Preparation of Consolidated Financial Statements.
(**) Amounts presented above represent the arithmetic average of the last three month

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

c) Leverage ratio public disclosure template:

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette dated November 5, 2013 and numbered 28812 is below:

	Book Value	
	Current Period (*)	**Prior Period (*)**
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	228,404,635	176,451,247
(Assets deducted from capital stock)	847,141	762,528
Total risk amount related to Assets on Balance sheet	**227,557,494**	**175,688,719**
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	11,710,880	7,736,316
Potential credit risk amount of derivative financial instruments and credit derivatives	1,708,901	1,359,218
Total risk amount related to derivative financial instruments and credit derivatives	**13,419,781**	**9,095,534**
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	14,346	110,193
Risk amount sourcing from transactions mediated	11,707,746	2,245
Total risk amount related to financial transactions having security or commodity collateral	**11,722,092**	**112,438**
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	140,280,531	119,023,330
(Adjustment amount sourcing from multiplying to credit conversion rates)	37,931,937	30,928,767
Total risk amount related to off-balance sheet transactions	**102,348,594**	**88,094,563**
Capital and Total Risk		
Core Capital	23,421,166	19,993,423
Amount of total risk	355,047,961	272,991,254
Financial leverage ratio		
Financial leverage ratio	6.60%	7.32%

(*) Amounts stated in table shows the last quarter averages of related period.

VIII. Explanations Related to Presentation of Consolidated Financial Assets and Liabilities at Their Fair Value

The fair value of the fixed rate loans is determined based on discounted cash flows using the current market interest rates. Book value of floating rate loans represent their fair value.

The fair value of financial assets measured at amortized cost; market prices or, where such price cannot be determined, interest is determined on the basis of quoted market prices for other securities subject to the same qualified amortization in terms of maturity and other similar conditions.

Fair value of held to maturity investments are determined through market rates. If market rates cannot be spotted, market rates of securities with similar interest, maturity and other characteristics are used instead.

The fair value of funds provided from other financial institutions, is determined based on discounted cash flows using the current market interest rates.

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented. Book value represents the total of cost of subject asset and liabilities and accrued interest.

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

Current Period	**Carrying value**	**Fair value**
Financial Assets	**182,534,209**	**179,696,660**
Receivables from Money Market	752,392	752,392
Banks	1,515,756	1,505,588
Financial Assets Measured at Fair Value through Other Comprehensive Income	15,190,114	15,190,114
Financial Assets Measured at Amortized Cost	18,743,356	19,214,463
Loans and Receivables	146,332,591	143,034,103
Financial Liabilities	**201,838,274**	**201,964,825**
Bank Deposits	4,583,344	4,583,090
Other Deposits	125,691,512	125,646,294
Funds from Other Financial Institutions	32,601,184	32,773,207
Payable to Money Market	14,994,670	14,994,670
Securities Issued	14,723,958	14,723,958
Other Debts	9,243,606	9,243,606

Prior Period	**Carrying value**	**Fair value**
Financial Assets	**149,518,512**	**149,058,087**
Receivables from Money Market	3,225,937	3,225,937
Banks	1,103,135	1,097,637
Financial Assets Measured at Fair Value through Other Comprehensive Income	12,346,098	12,346,098
Financial Assets Measured at Amortized Cost	16,181,302	16,127,142
Loans and Receivables	116,662,040	116,261,273
Financial Liabilities	**161,448,902**	**161,199,643**
Bank Deposits	5,406,361	5,406,266
Other Deposits	100,093,892	100,044,871
Funds from Other Financial Institutions	24,851,870	24,807,526
Payable to Money Market	9,148,935	9,148,935
Securities Issued	14,351,547	14,195,748
Other Debts	7,596,297	7,596,297

TFRS 13, “Fair Value Measurement”, requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations.

Classification for fair value is generated as followed below:

a) Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets
b) Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities
c) Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Group’s classification of financial assets and liabilities carried at their fair value are as follows:

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

Current Period	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets	**15,519,557**	**9,388,609**	**126,806**	**25,034,972**
Financial Assets at Fair Value through Profit/Loss(*)	367,738	128,831	126,806	623,375
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)				
Assets on Trading Derivatives (**)	15,151,717	30,723	-	15,182,440
Derivative Financial Assets	102	9,229,055	-	9,229,157
Financial Liabilities	**2,924**	**8,153,540**	**-**	**8,156,464**
Derivative Financial Liabilities	2,924	8,153,540	-	8,156,464

(*) The details of the balance are amounting to TL 126,806 under Financial Assets at Fair Value Through Profit and Loss, which is disclosed in Note 6.b.2 of Section Five.

(**)The fair value difference does not include share balance amounting to TL 7,674 which is included in financial assets at financial assets at cost and reflected to other comprehensive income.

Prior Period	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets	**12,252,436**	**8,318,695**	**86,838**	**20,657,969**
Financial Assets at Fair Value through Profit/Loss(*)	293,398	-	86,838	380,236
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	11,957,666	380,758	-	12,338,424
Derivative financial assets	1,372	7,937,937	-	7,939,309
Financial Liabilities	**212**	**5,135,281**	**-**	**5,135,493**
Derivative Financial Liabilities for Hedging Purposes	212	5,135,281	-	5,135,493

(*) The details of the balance are amounting to TL 86,838 under Financial Assets at Fair Value Through Profit and Loss, which is disclosed in Note 6.b.2 of Section Five.

(**)The fair value difference does not include share balance amounting to TL 7,674 which is included in financial assets at financial assets at cost and reflected to other comprehensive income.

Confirmation for fair value of financial assets under Level 3 is as below:

	Current Period	**Prior Period**
Opening Balance	**86,838**	**110,032**
Change in total gain/loss	*29,991*	24,261
Accounted in income statement	*29,991*	*24,261*
Accounted in other comprehensive income	-	-
Purchases	9,977	-
Disposals	-	-
Matured Loans	-	-
Sales from Level 3	-	(47,455)
Closing Balance	**126,806**	**86,838**

IX. Information on the services in the name and account of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations And Disclosures Related To Consolidated Assets

1. a) Information on cash equivalents and the account of the CBRT:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	616,300	1,486,250	681,486	944,326
T,R, Central Bank	1,811,815	23,368,532	446,072	16,659,924
Others	77,629	45,935	-	18,734
Total	**2,505,744**	**24,900,717**	**1,127,558**	**17,622,984**

b) Information related to the account of the CBRT:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	1,811,815	9,884,092	446,072	8,505,856
Restricted Time Deposits	-	13,484,440	-	8,154,068
Total	**1,811,815**	**23,368,532**	**446,072**	**16,659,924**

As of 31 December 2020, a provision amounting to TL 3,399 December 31, 2019 **-** TL 2,309) has been provided to the Central Bank account.

As of 31 December 2020, our bank has been appointed to C.B.R.T. depending on the maturity structure, the required reserve rates for TL liabilities vary between 1% and 6% for TL deposits and other liabilities according to their maturities. The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities, Gold deposit liabilities vary between 18% and 22% for gold liabilities according to their maturities.

In accordance with the "Communiqué Regarding the Reserve Requirements", the reserve requirements can be maintained as TL, USD, EUR and standard gold. As of December 31, 2020 the Bank received an interest rate since the Bank reaches to a credit growth rate of 12%.

2. Further information on financial assets at fair value through profit/loss (net amounts are expressed):

a) Information on financial-assets-at fair value through profit/loss given as collateral /blocked :

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Given as Collateral/blocked	-	16,933	2,297	6,227
Subject to repurchase agreement	-	-	-	-
Total	**-**	**16,933**	**2,297**	**6,227**

b) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Forward Transactions	150,165	-	65,165	-
Swap Transactions	2,598,768	1,660,617	2,662,334	870,620
Futures	-	-	-	-
Options	102	161,465	1,371	152,948
Total	**2,749,035**	**1,822,082**	**2,728,870**	**1,023,568**

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

3. a) Information on banks accounts:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks	38,518	1,477,238	403,520	699,615
Domestic	38,361	127,763	403,517	245,357
Foreign	157	1,349,475	3	454,258
Foreign Head Offices and Branches	-	-	-	-
Total	**38,518**	**1,477,238**	**403,520**	**699,615**

Amount of TL 10,189 provision is provided for banks account as of December 31, 2020 (December 31, 2019 – 5,508).

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
EU Countries	604,462	133,694	4,423	24,603
USA and Canada	692,396	193,790	-	79,671
OECD Countries (*)	2,865	3,084	-	-
Off-shore Banking Regions	-	-	-	-
Other	45,486	19,419	-	-
Total	**1,345,209**	**349,987**	**4,423**	**104,274**

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

(**) Includes blocked placements amounting to TL 349,987 at foreign banks (December 31, 2019 - TL 104,274) for the funds borrowed from foreign banks.

4. Information on receivable-from-reverse-repurchase agreements:

	Current Period		Prior Period	
	TP	**YP**	**TP**	**YP**
Domestic Transactions	**250,154**	**-**	**3,128,856**	-
T,R, Central Bank	-	-	-	-
Banks	250,124	-	3,040,962	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	30	-	87,894	-
Real Persons	-	-	-	-
Foreign Transactions	**-**	**92,610**	**-**	**-**
Central Banks	-	-	-	-
Banks	-	92,610	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Total	**250,154**	**92,610**	**3,128,856**	**-**

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

a) Information on financial assets measured at fair value through other comprehensive income subject to repurchase agreements and provided as Collateral /blocked

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Given as Collateral / Blocked	920,138	303,114	307,921	533,272
Subject to repurchase agreements	27,227	7,627,357	257,608	5,217,454
Total	**947,365**	**7,930,471**	**565,529**	**5,750,726**

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

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

	Cari Dönem	Önceki Dönem
Debt Securties	**15,282,501**	**12,315,104**
Traded on Stock Excange (*)	15,282,501	12,315,104
Not traded on Stock Exchange	-	-
Stocks	**16,806**	**192,561**
Traded on Stock Excange	9,025	987
Not traded on StockExchange(*)	7,781	191,574
Provision for Impairment (-)(***)	**(109,193)**	**(161,567)**
Toplam	**15,190,114**	**12,346,098**

(*) The Eurobond Portfolio amounting to TL 3,176,047 (December 31, 2019 - TL 2,788,968) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009. The mentioned financial assets are accounted for as financial assets measured at fair value through other comprehensive income in order to be in line with balance sheet presentation.
(**) As of December 31, 2020 amount of TL 2,083 (December 31, 2019 - TL 1,958) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans:

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

	Current Period		Prior Period	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Direct Loans Granted to Shareholders	**2,500**	**45,878**	**3,192**	**37,126**
Corporate Shareholders	2,500	45,878	3,192	37,126
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	149,520	-	127,384	-
Total	**152,020**	**45,878**	**130,576**	**37,126**

(*) Includes advances given to the bank personnel.

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

b) Performing loans and loans under follow up including restructured or rescheduled loans, and provisions allocated for such loans:

b.1) Information on financial assets at amortised cost:

Cash Loans	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Non Specialized Loans	**124,103,968**	**6,920,933**	**277,925**	**7,671,813**
Enterprise Loans	1,887,945	7,532	-	-
Export Loans	5,442,346	22,118	-	-
Import Loans	4,502	-	-	-
Financial Sector Loans	1,982,550	-	-	-
Consumer Loans	27,318,862	1,134,360	28,516	727,348
Credit Cards	18,798,257	1,475,314	-	260,472
Other	68,669,506	4,281,609	249,409	6,683,993
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**124,103,968**	**6,920,933**	**277,925**	**7,671,813**

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	1,053,915	-
Significant Increase in Credit Risk	-	2,965,900
Prior Period		
12 Month Expected Credit Losses	926,955	-
Significant Increase in Credit Risk	-	1,598,718

b.2) Loans at fair value through profit or loss:

As of December 31, 2020, The Bank has classified the loan amounted to TL 116,829 (December 31, 2019 – 86,838) under loans at fair value through profit or loss in accordance with TFRS 9.

c) Loans with amortized cost and other receivables according to their maturity structure:

Cash Loans	Standard Loans	Loans Under CloseMonitoring	
		Loans without Revised Contract Terms	RestructuredLoans
Short-term Loans	48,665,101	1,475,314	260,472
Medium and Long-term Loans	75,438,867	5,445,619	7,689,266
Total	**124,103,968**	**6,920,933**	**7.949.738**

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	**919,020**	**26,260,197**	**27,179,217**
Housing Loans	2,676	3,865,370	3,868,046
Automobile Loans	435	25,461	25,896
Personal Need Loans	915,909	22,369,366	23,285,275
Other	-	-	-
Consumer Loans-FC Indexed	**-**	**2,233**	**2,233**
Housing Loans	-	1,963	1,963
Automobile Loans	-	-	-
Personal Need Loans	-	270	270
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	**15,363,002**	**425,551**	**15,788,553**
Installment	6,004,428	344,709	6,349,137
Non- Installment	9,358,574	80,842	9,439,416
Individual Credit Cards-FC	**13,440**	**36**	**13,476**
Installment	-	-	-
Non- Installment	13,440	36	13,476
Personnel Loans-TL	**8,606**	**81,662**	**90,268**
Housing Loans	-	84	84
Automobile Loans	-	-	-
Personal Need Loans	8,606	81,578	90,184
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**52,416**	**453**	**52,869**
Installment	19,471	168	19,639
Non-Installment	32,945	285	33,230
Personnel Credit Cards-FC	**92**	**-**	**92**
Installment	-	-	-
Non-Installment	92	-	92
Overdraft Accounts-TL (Real Persons)	**1,853,965**	**83,403**	**1,937,368**
Overdraft Accounts-FC (Real Persons)	**-**	**-**	**-**
Total	**18,210,541**	**26,853,535**	**45,064,076**

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

e) Information on commercial installment loans and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TL	**2,021,139**	**17,925,969**	**19,947,108**
Real Estate Loans	1,860	253,012	254,872
Automobile Loans	9,440	333,023	342,463
Personal Need Loans	2,009,839	17,339,934	19,349,773
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	**-**	**463,048**	**463,048**
Real Estate Loans	-	4,435	4,435
Automobile Loans	-	6,078	6,078
Personal Need Loans	-	452,535	452,535
Other	-	-	-
Commercial Loans with Installment Facility - FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TL	**4,591,033**	**86,539**	**4,677,572**
Installment	1,948,612	63,713	2,012,325
Non-Installment	2,642,421	22,826	2,665,247
Corporate Credit Cards –FC	**1,477**	**4**	**1,481**
Installment	-	-	-
Non-Installment	1,477	4	1,481
Overdraft Accounts-TL (Legal Entities)	**974,449**	**4,823**	**979,272**
Overdraft Accounts-FC (Legal Entities)	**-**	**-**	**-**
Total	**7,588,098**	**18,480,383**	**26,068,481**

f) Allocation of loans by customers:

	Current Period	Prior Period
Public	-	-
Private	138,974,639	110,715,820
Total	**138,974,639**	**110,715,820**

g) Allocation of domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	137,833,837	109,994,925
Foreign Loans	1,140,802	720,895
Total	**138,974,639**	**110,715,820**

h) Loans to associates and subsidiaries:

	Current Period	Prior Period
Loans granted to directly subsidiaries and associates	1,256,220	1,015,749
Loans granted to indirectly subsidiaries and associates	-	-
Total	**1,256,220**	**1,015,749**

i) Specific provisions for loans

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	529,166	1,101,109
Loans and Receivables with Doubtful Collectability	313,178	938,973
Uncollectible Loans and Receivables	6,290,728	4,140,245
Total	**7,133,072**	**6,180,327**

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

j) Non-performing loans (NPLs) (Net):

j.1) Non-performing loans restructured or rescheduled and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	38,242	44,862	316,399
Restructured Loans	38,242	44,862	316,399
Prior Period			
Gross Amounts Before the Provisions	16,482	47,994	148,689
Restructured Loans	16,482	47,994	148,689

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance	**1,944,826**	**1,540,049**	**5,246,621**
Additions (+)	1,542,101	615,853	263,766
Transfers from Other Categories of Non-Performing Loans (+)	33,435	2,383,637	3,695,254
Transfers to Other Categories of Non-Performing Loans (-)	2,393,631	3,717,635	1,060
Collections (-)	155,797	271,402	1,154,138
Non-registered(-)	-	-	4,867
Write-offs (-)	**-**	**-**	**43,646**
Corporate and Commercial Loans	-	-	43,646
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	**970,934**	**550,502**	**8,001,930**
Specific Provision (-)	529,166	313,178	6,290,728
Net Balances on Balance Sheet	**441,768**	**237,324**	**1,711,202**

j.3) Information on non-performing loans granted as foreign currency loans:

None (December 31, 2019 – None).

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

j.4) Breakdown of non-performing loans according to their gross and net values:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivables**
Current Period (Net)	**441,768**	**237,324**	**1,711,202**
Loans to Real Persons and Legal Entities (Gross)	970,934	550,502	7,789,721
Provision (-)	529,166	313,178	6,078,519
Loans to Real Persons and Legal Entities (Net)	441,768	237,324	1,711,202
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	212,209
Provision (-)	-	-	212,209
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**843,717**	**601,076**	**1,106,376**
Loans to Real Persons and Legal Entities (Gross)	1,944,826	1,540,049	5,120,503
Specific provision (-)	1,101,109	938,973	4,014,127
Loans to Real Persons and Legal Entities (Net)	843,717	601,076	1,106,376
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	126,118
Specific provision (-)	-	-	126,118
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivables**
Current Year (Net)			
Interest accruals and valuation differences	441,513	61,920	705,452
Provision Amount (-)	240,067	32,732	497,744
Prior Period (Net)			
Interest Accruals and Rediscounts and Valuation Differences	215,934	152,408	332,642
Provision Amount (-)	137,941	98,762	251,187

k) Explanation on liquidation policy for uncollectible loans and other receivables:

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The Parent Bank prefers to liquidate the risk through negotiations with the debtors as well as The Parent Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

l) Explanations on liquidation policy for uncollectible loans and other receivables:

The Parent Bank’s general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

7. Information on factoring receivables

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short Term	1,858,719	338,166	1,297,791	221,571
Medium and Long Term	13,562	-	32,221	-
Total	**1,872,281**	**338,166**	**1,330,012**	**221,571**

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

Changes in the provision for receivables from non-performing factoring transactions are as follows:

	Current Period	Prior Period
Prior Period End Balance	83,938	67,464
Provided Provision / (reversal), Net	11,779	17,428
Collections	(13,186)	(15,922)
Write-offs	-	-
Provision at the End of Period	**82,531**	**68,970**

8. Information on financial assets measured at amortized cost

a) Information on financial assets measured at amortized cost which are subject to repurchase agreements and given as Collateral/Blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	1,943,581	-	364,213	116,736
Subject to repurchase agreements	3,545,946	7,500,243	-	6,517,031
Total	**5,489,527**	**7,500,243**	**364,213**	**6,633,767**

b) Information on government securities measured at amortized cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	9,559,633	8,413,913	8,588,791	6,727,312
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	208,029	-	300,871
Total	**9,559,633**	**8,621,942**	**8,588,791**	**7,028,183**

c) Information on investments securities measured at amortized cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	**9,559,633**	**9,183,723**	**8,588,791**	**7,592,511**
Publicly-traded	9,559,633	9,183,723	8,588,791	7,592,511
Non-publicly traded	-	-	-	-
Provision for losses (-)	**-**	**-**	**-**	**-**
Total	**9,559,633**	**9,183,723**	**8,588,791**	**7,592,511**

d) Movement of investment measured at amortized cost within the period

	Current Period	Prior Period
Balance at the beginning of the period	**16,181,302**	**12,932,193**
Exchange differences on monetary assets	1,745,496	790,412
Acquisitions during the year	2,333,458	3,406,328
Disposals through sales and redemptions	(2,260,925)	(1,496,516)
Impairment provision (-)	-	-
Valuation Effect	744,025	548,885
The sum of end of the period	**18,743,356**	**16,181,302**

As of December 31, 2020, a provision amounting to TL 10,156 (December 31, 2019 – TL 11,852) is provided for the financial assets measured at amortized cost.

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

9. Information on investments in associates (Net)

9.1. Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkezi (BKM) (*)	Istanbul/Turkey	4.52	4.52
Ulusal Derecelendirme A.Ş. (**)	Istanbul/Turkey	2.86	2.86

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
272.800	217.454	79.380	6.665	-	35.413	17.418	-
31.238	25.827	22.785	1.354	-	6.146	-	-

(*) Current year information is based on September 30, 2020 financials. Prior year profit and loss amounts are based on September 30, 2019 financials.

(**) Current year information is based on December 31, 2019 financials. Prior year profit and loss amounts are based on December 31, 2018 financials.

9.2. Movements of investments in associates:

	Current Period	Prior Period
Balance at the Beginning of Period	**5.982**	**5.982**
Movements During the Period	**8.045**	**-**
Acquisitions	-	-
Bonus Shares Received	8.045	-
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	**14.027**	**5.982**
Capital Commitments	**-**	**-**
Share Percentage at the end of the Period	**-**	**-**

On January 17, 2020, the Bank registered to JCR Avrasya Rating Anonim Şirketi as a Non-Financial Subsidiary, by purchasing 28,599 shares with a nominal value of amounting to TL 28,599 based on the share transfer agreement. As of July 20, 2020, the Bank's non-financial subsidiary The Interbank Card Center (BKM) has increased its capital by TL 5,258.

9.3. Sectoral information on investment and associates, and the related carrying amounts:

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	14,027	5,982
Total	**14,027**	**5,982**

9.4. Quoted Associates:

None (December 31, 2019 - None).

9.5. Valuation methods of investments in associates:

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

	Current Period	Prior Period
Valued at Cost	14,027	5,982
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	**14,027**	**5,982**

9.6. Investments in associates sold during the current period:

None (December 31, 2019 - None).

9.7. Information on subsidiaries (Net):

a) Information on the Parent Bank's unconsolidated subsidiaries:

Subsidiaries below have not been consolidated since they are Non-financial investments, they are instead valued by cost method.

	Title	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	Istanbul/Turkey	99.91	99.99
2.	EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	Istanbul/Turkey	100.00	100.00

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	48,995	11,752	31,367	-	-	104	(1,457)	-
2.	28,206	12,771	5,061	(110)		(4,128)	5,403	-

b) Information on the Parent Bank's consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries :

	Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	QNB Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99.80	100.00
2.	QNB Finans Finansal Kiralama A.Ş.(*)	Istanbul/Turkey	99.40	99.40
3.	Hemenal Finansman A.Ş.	Istanbul/Turkey	100.00	100.00
4.	QNB Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	75.01	100.00
5.	QNB Finans Faktoring A.Ş.	Istanbul/Turkey	99.99	100.00
6.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Istanbul/Turkey	-	100.00

Information on subsidiaries in the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value(*)
1.	1,101,463	358,748	12,925	102,608	3,477	166,706	75,146	454,858
2.	7,834,001	1,037,693	11,268	603,230	-	140,668	90,966	758,848
3.	26,706	25,651	-	4,091	-	6,189	(11,558)	25,650
4.	42,625	37,818	350	628	-	11,616	3,068	31,437
5.	2,195,256	201,852	11,872	218,027	-	31,445	43,808	287,677
6.	393	383	-	-	-	183	-	-

(*) The fair value measurement method of the Subsidiary QNB Finans Finansal Kiralama A.Ş. has been amended, and measurement has been made on data not based on market data as of the balance sheet date.

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

b.2) Movement schedule for consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	**1,212,068**	**1,103,202**
Movements during the Period	**346,402**	**108,866**
Purchases(*)	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Changes Due to Reclassification	346,402	108,866
Revaluation Difference	-	-
Balance at the End of the Period	**1,558,470**	**1,212,068**
Capital Commitments	**-**	**-**
Share Percentage at the end of the Period (%)	**-**	**-**

b.3) Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Factoring Companies	287,677	266,769
Leasing Companies	758,848	624,551
Finance Companies	25,650	58,395
Other Subsidiaries	486,295	262,353
Total	**1,558,470**	**1,212,068**

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

b.4) Subsidiaries quoted to a stock exchange:

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	758,848	624,551
Quoted on International Stock Exchanges	-	-
Total	**758,848**	**624,551**

b.5) Information on shareholders' equity of the significant subsidiaries:

None.

10. Information on joint ventures

	Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank' Risk Group Share (%)
1.	Cigna Sağlık, Hayat ve Emeklilik A.Ş..	Istanbul/Turkey	49.00%	49.00%
2.	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	Istanbul/Turkey	33.33%	33.33%

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.(*)	2,059,719	280,100	32,126	-	-	185,501	154,255	279,608
2.	152,184	107,186	41,975	-	-	27,501	33,356	-

(*) Cigna Sağlık, Hayat ve Emeklilik A.Ş., is accounted with fair value method as Communique on Bank's unconsolidated Financial Statement and Turkish Financial Reporting Standards.

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

11. Information on lease receivables (Net)

11.1. Maturity analysis of financial lease receivables:

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	2,895,127	2,422,825	2,365,178	1,115,307
Between 1-4 years	4,783,923	4,075,716	3,649,423	3,121,245
Over 4 years	715,169	674,257	597,375	551,605
Total	**8,394,219**	**7,172,798**	**6,611,976**	**4,788,157**

Finance lease receivables include non-performing finance lease receivables amounting to TL 315,965 (December 31, 2019 – TL 341,485) and specific provisions amounting to TL 175,025 (December 31, 2019 – TL 147,828).

Changes in non-performing finance lease receivables provisions are as follows

	Current Period	**Prior Period**
End of the prior period	147,827	110,677
Provided provision / (reversal), Net	75,531	82,976
Collections	(4,687)	(944)
Written-off	(43,646)	(44,881)
Provision at the end of the period	**175,025**	**147,828**

11.2. Net financial lease receivables

	Current Period	**Prior Period**
Gross Finance Lease Investments	8,376,480	5,763,671
Unearned Finance Income (-)	1,203,682	975,514
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	**7,172,798**	**4,788,157**

11.3. Information of finance lease contracts of the Parent Bank

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

12. Information on the hedging derivative financial assets

	Current Period(***)		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge (*)	2.967.614	289.740	2.693.288	133.741
Cash Flow Hedge(**)	1.143.010	257.676	1.314.595	45.247
Net Investment Hedge	-	-	-	-
Total	**4.110.624**	**547.416**	**4.007.883**	**178.988**

(*) Derivative Financial Instruments at fair value consists swaps. As of December 31, 2020, TL 289,740 (December 31, 2019 - TL 74.535) from securities, TL 2,967,614 (December 31, 2019 - TL 2,693,288) from loans, represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value. In current period, there is a not balance of securities (December 31, 2019 – TL 1,927) and funds borrowed (December 31, 2019 – TL 2,390) for the fair value of derivatives which are designated as hedging instruments to hedge the fair value.

(**) Represents the fair value of derivative financial instruments for cash flow hedge of deposits and floating interest borrowings.

(***) Derivative financial assets for the purpose of Hedging the Fair Value Risk are shown in line 1.4.1 in the financial table, and derivative financial assets for Cash Flow Hedging are shown in line 1.4.2 in the financial statements.

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

13. Explanations on tangible assets

	Land and Buildings	Fixed Assets under Finance Lease	Vehicles	Other Fixed Assets	Total
Prior Period End					
Cost	3,025,698	292,425	71,647	1,767,045	5,156,815
Accumulated Depreciation(-)	263,482	253,280	34,433	1,218,385	1,769,580
Net Book Value	**2,762,216**	**39,145**	**37,214**	**548,660**	**3,387,235**
Current Period End					
Cost at the Beginning of the Period	**3,025,698**	**292,425**	**71,647**	**1,767,045**	**5,156,815**
Costs regarding Subsidiaries					
Additions(*)	162,357	14,929	63,220	274,162	514,668
Disposals (-)	88,488	-	33,255	17,445	139,188
Impairment (-)/ (increase)	(2,337)	-	-	-	(2,337)
Current Period Cost	**3,097,230**	**307,354**	**101,612**	**2,023,762**	**5,529,958**
Accumulated Depreciation at the Beginning of the Period	**263,482**	**253,280**	**34,433**	**1,218,385**	**1,769,580**
Accumulated Depreciation regarding Subsidiaries					
Disposals (-)	94,799	-	36,324	16,460	147,583
Transfer (-)	-	-	-	-	-
Depreciation amount	219,186	2,415	28,692	168,483	418,776
Accumulated Depreciation at the End of the Period (-)	**387,869**	**255,695**	**26,801**	**1,370,408**	**2,040,773**
Net Book Value at the End of the Period	**2,709,361**	**51,659**	**74,811**	**653,354**	**3,489,185**

(*)As mentioned in Section 3 footnote IV, the fair value currency difference income amounting to TL 27,761 (the amortized) that belongs to the real estate, which is subjected to fair value hedge accounting by the Parent Bank, is shown in the "Additions" line of the Financial Fixed Assets movement table.

a) If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements:

Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements:

The fair values of the buildings are determined by the licensed expertise companies and as a result of the changes in the fair value of these buildings, the impairment loss of TL 2,337 has been booked. (December 31, 2019 - TL 294 impairment loss has been booked).

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this:

None (December 31, 2019- None).

c) Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:

None (December 31, 2019- None).

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

14. Explanations on Intangible Assets:

	Rights	Goodwill	Total
Prior Period End			
Cost	1,378,977	-	1,378,977
Accumulated Amortization(-)	925,611	-	925,611
Net Book Value	**453,366**	**-**	**453,366**
Current Period End			
Cost at the Beginning of the Period	**1,378,977**	-	**1,378,977**
Costs related to acquisition of subsidiary	219,038	-	219,038
Additions	15	-	15
Disposals (-)	-	-	-
Value Decrease (-)/ (increase)	-	-	-
Current Period Cost	**1,598,000**	-	**1,598,000**
Acc, Amort, At the Beginning of the Period	**925,611**	-	**925,611**
Accrued amortization related to acquisition of subsidiary	-	-	-
Disposals(-)	15	-	15
Amortization charge	151,690	-	151,690
Current Period Accumulated Amortization(-)	**1,077,285**	-	**1,077,285**
Net Book Value-End of the Period	**520,715**	-	**520,715**

a) Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements:

None (December 31, 2019- None).

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None (December 31, 2019- None).

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None (December 31, 2019- None).

d) The book value of intangible fixed assets that are pledged or restricted for use:

None (December 31, 2019- None).

e) Amount of purchase commitments for intangible fixed assets:

None (December 31, 2019- None).

f) Information on revalued intangible assets according to their types:

None (31 December 2019- None).

g) Amount of total research and development expenses recorded in income statement within the period if any:

Amount of total research expenses recorded in income statement within the period is TL 14,474 (December 31, 2019– TL 11,629).

h) Positive or negative consolidation goodwill on entity basis:

None (December 31, 2019 – None).

i) Goodwill’s book value at beginning , during and end of period:
Explanation about balance sheet’s debit accounts and footnotes section specified in number 15 footnote.

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

15. Information on the investment properties

None (December 31, 2019 - None).

16. Information on deferred tax asset

As of December 31, 2020, the Parent Bank has deferred tax asset amounting to TL 1,034,082.

According to TAS 12, deferred tax assets and liabilities are netted off in the financial statements. As of 31 December 2020, the carrying amount of the assets and liabilities in the balance sheet and the tax basis determined in accordance with the tax legislation and deferred tax asset amounting to TL 1,437,052 calculated over the amounts to be taken into consideration in the calculation of financial profit / loss in the following periods and deferred tax liability amounting to TL 402,970 which are calculated over the amounts to be taken into consideration in the calculation of financial profit / loss in the following periods.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax assets amounting to TL 39,419 are netted under equity. (December 31, 2019 – TL 220,436 deferred tax assets).

	Temporary Differences		**Deferred Tax Assets/(Liabilities)**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Provision for Employee Rights	631,149	560,445	126,230	123,298
Difference Between the Book Value of Financial Assets and Tax Base	1,380,136	1,047,818	276,027	230,520
Other	5,156,827	3,294,221	1,034,795	724,727
Deferred Tax Assets			**1,437,052**	**1,078,545**
Difference Between the Book Value Financial	(381,463)	(279,982)	(76,293)	(61,596)
Fixed Assets and Tax Base	(1,265,063)	(1,834,533)	(253,012)	(403,597)
Difference Between the Book Value of Financial	(368,326)	(764,133)	(73,665)	(168,108)
Other(*)			**(402,970)**	**(633,301)**
Deferred Tax Liabilities			**1,034,082**	**445,244**

(*)Includes accumulated temporary differences regarding expected loss provisions and other provisions.

	Current Period 01.01-31.12.2020	**Prior Period 01.01-31.12.2019**
Deferred Tax as of January 1 Asset/ (Liability)- Net	445,244	618,081
Deferred Tax (Loss) / Gain	549,419	(393,272)
Deferred Tax that is Realized Under Shareholder's Equity	39,419	220,435
Deferred Tax Asset/ (Liability) – Net	**1,034,082**	**445,244**

17. Information on assets held for sale and discontinued operations

	Current Period	**Prior Period**
Opening Balance Net Book Value	-	-
Additions (*)	-	47,455
Impairment (-)	-	47,455
Closing Net Book Value	-	-

(*) In prior period, within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192,500,000,000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 1.19% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operation.

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

18. Information on other assets

Other assets item of the balance sheet does not exceed 10% of the total balance sheet excluding 10% of the balance sheet commitments.

As of September 30, 2020, the bank provisions for other assets to TL 8,033 (December 31, 2019 – TL 9,213).

19. Information on accrued interest and income

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows:

	Current Period		**Prior Period**	
	TL	**FC**	**TL**	**FC**
Derivative Financial Assets	6,859,659	2,369,498	6,736,753	1,202,556
Loans	3,550,643	788,150	3,289,333	477,119
Securities Measured at Amortized Cost	464,532	145,944	175,593	112,638
Financial Assets Measured at Fair Value through Other Comprehensive Income	157,628	199,644	258,970	89,025
Central Bank	23,626	-	5,441	-
Leasing Receivables	-	-	-	-
Banks	183	1	1,567	-
Financial Assets Measured at Fair Value through Profit/Loss	37	1,182	1,648	347
Other Accruals	69,085	522	3,547	1,913
Total	**11,125,393**	**3,504,941**	**10,472,852**	**1,883,598**

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

SECTION FIVE

II. EXPLANATIONS and DISCLOSURES RELATED to CONSOLIDATED LIABILITIES

1. Information on maturity structure of deposits:

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**5,796,641**	**-**	**8,108,215**	**17,597,011**	**1,513,801**	**780,673**	**1,205,634**	**921**	**35,002,896**
Foreign Currency Deposits	**25,240,385**	**-**	**5,436,916**	**26,109,923**	**3,260,457**	**714,797**	**1,577,949**	**3,652**	**62,344,079**
Residents in Turkey	24,144,299	-	5,378,006	25,593,977	3,059,338	680,693	1,159,552	3,652	60,019,517
Residents Abroad	1,096,086	-	58,910	515,946	201,119	34,104	418,397	-	2,324,562
Public Sector Deposits	**254,718**	**-**	**10,239**	**284**	**1,212**	**-**	**-**	**-**	**266,453**
Commercial Deposits	**3,790,736**	**-**	**3,177,846**	**4,803,343**	**158,876**	**99,557**	**7,175**	**-**	**12,037,533**
Other Ins, Deposits	**70,423**	**-**	**39,727**	**342,170**	**2,136**	**101,130**	**464**	**-**	**556,050**
Precious Metal Deposits	**14,766,037**	**-**	**634**	**65,986**	**14,492**	**4,545**	**632,807**	**-**	**15,484,501**
Bank Deposits	**123,020**	**-**	**3,436,159**	**1,006,657**	**17,508**	**-**	**-**	**-**	**4,583,344**
T,R, Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	3,432	-	146,810	-	-	-	-	-	150,242
Foreign Banks	115,234	-	3,289,349	1,006,657	17,508	-	-	-	4,428,748
Participation Banks	4,354	-	-	-	-	-	-	-	4,354
Other	-	-	-	-	-	-	-	-	-
Total	**50,041,960**	**-**	**20,209,736**	**49,925,374**	**4,968,482**	**1,700,702**	**3,424,029**	**4,573**	**130,274,856**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**4,749,725**	**-**	**8,315,746**	**18,244,106**	**214,359**	**247,901**	**1,113,219**	**910**	**32,885,966**
Foreign Currency Deposits	**13,163,632**	**-**	**5,441,324**	**24,205,278**	**3,533,737**	**2,032,562**	**1,474,563**	**2,998**	**49,854,094**
Residents in Turkey	12,648,241	-	5,373,650	23,887,001	3,492,160	1,913,436	1,106,461	2,998	48,423,947
Residents Abroad	515,391	-	67,674	318,277	41,577	119,126	368,102	-	1,430,147
Public Sector Deposits	**403,375**	**-**	**2,296**	**9,734**	**569**	**19**	**-**	**-**	**415,993**
Commercial Deposits	**3,470,806**	**-**	**4,537,787**	**4,486,426**	**82,770**	**35,395**	**66,801**	**-**	**12,679,985**
Other Ins, Deposits	**63,232**	**-**	**31,454**	**418,746**	**1,441**	**40,772**	**1,847**	**-**	**557,492**
Precious Metal Deposits	**3,517,505**	**-**	**1,068**	**7,602**	**1,192**	**2,780**	**170,215**	**-**	**3,700,362**
Bank Deposits	**194,282**	**-**	**3,244,395**	**1,864,410**	**74,941**	**28,333**	**-**	**-**	**5,406,361**
T,R, Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	5,126	-	-	-	-	-	-	-	5,126
Foreign Banks	183,473	-	3,244,395	1,864,410	74,941	28,333	-	-	5,395,552
Participation Banks	5,683	-	-	-	-	-	-	-	5,683
Other	-	-	-	-	-	-	-	-	-
Total	**25,562,557**	**-**	**21,574,070**	**49,236,302**	**3,909,009**	**2,387,762**	**2,826,645**	**3,908**	**105,500,253**

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

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	18,829,545	18,451,527	16,297,157	14,447,019
Foreign Currency Savings Deposits	17,246,257	10,426,031	39,206,519	28,403,256
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Toplam	**36,075,802**	**28,877,558**	**55,503,676**	**42,850,275**

1.2. Savings deposits in Turkey are not covered under insurance in another country since headquarter of the Group is not located abroad.

1.3. Savings deposits which are not under the guarantee of saving deposit insurance fund:

	Current Period	Prior Period
Deposits and accounts in branches abroad	12,838	25,886
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	223,784	149,317
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2024.	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
Total	**236,622**	**175,203**

2. Information on trading derivative financial liabilities

a) Negative differences table for derivative financial liabilities held for trading:

	Current Period(*)		Prior Period	
	TL	FC	TL	FC
Forwards	113,425	296	110,238	-
Swaps	4,620,535	1,721,774	2,559,946	860,117
Futures	-	-	-	-
Options	2,924	26,523	211	34,565
Other	-	-	-	-
Total	**4,736,884**	**1,748,593**	**2,670,395**	**894,682**

(*) Derivative financial liabilities held for trading in the current period are shown on the financial statement in 7.1 Derivative Financial Liabilities line.

3. Information on borrowings

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
T,R, Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	2,428,930	1,857,327	1,561,228	1,093,841
Foreign Banks, Institutions and Funds	426,826	21,183,807	481,728	16,282,520
Total	**2,855,756**	**23,041,134**	**2,042,956**	**17,376,361**

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

b) Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-Term	2,167,283	6,390,760	1,083,483	1,747,269
Medium and Long-Term	688,473	16,650,374	959,473	15,629,092
Total	**2,855,756**	**23,041,134**	**2,042,956**	**17,376,361**

Deposit is the most significant fund source of the Parent Bank and does not present any risk concentration with its consistent structure extended to a wide base. Credits obtained predominantly consist of funds provided by financial institutions abroad having different characteristics and maturity-interest structure such as syndication, securitization, post-financing. There exist no risk concentration on the fund sources of the Bank.

c) Additional information on concentrations of the Group's liabilities:

As of December 31, 2020, the Group's liabilities comprise; 55% deposits (December 31, 2019 – 56%), 11% funds borrowed (December 31, 2019– 10%), 6% issued bonds (December 31, 2019 – 8%) and 6% Money Market placements (December 31, 2019 – 5%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From domestic transactions	**3,689,555**	**-**	**255,279**	**-**
Financial institutions and organizations	3,675,307	-	232,383	-
Other institutions and organizations	8,731	-	11,123	-
Real persons	5,517	-	11,773	-
From foreign transactions	**782,537**	**10,112,950**	**2,393**	**8,797,038**
Financial institutions and organizations	775,550	10,112,950	-	8,797,038
Other institutions and organizations	6,987	-	2,393	-
Real persons	-	-	-	-
Total	**4,472,092**	**10,112,950**	**257,672**	**8,797,038**

5. Information on marketable securities issued (Net)

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bank Bonds	2,153,913	829,044	4,459,553	116,648
Asset backed securities (*)	-	-	442,887	-
Bills	618,624	11,122,377	168,227	9,164,232
Total	**2,772,537**	**11,951,421**	**5,070,667**	**9,280,880**

The Parent Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD 5 Billion.

6. Information on the subaccounts of other liabilities account that exceeds 20% of the individual other liabilities account exceeding 10% of the total liabilities excluding the off-balance sheet items

Other liabilities does not exceed 10% of total liabilities excluding the off-balance sheet items

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

7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Interest rate and cash flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

7.1. Explanations of changes in agreements and further commitments arising:

No changes have been made to the leasing agreements in the current period (December 31, 2019 – None).

7.2. Financial lease payables:

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

7.3. Liabilities arising from operational lease:

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	83,032	74,656	32,010	25,011
Between 1-4 years	388,365	357,258	480,608	412,274
More than 4 years	268	161	-	-
Total	**471,665**	**432,075**	**512,618**	**437,285**

7.4. Explanations and Notes on operating lease:

Group; It records the lease payments made in accordance with the operating lease agreements in equal amounts during the lease period. The Parent Bank has operating lease agreements for some branches and ATM machines. The lease agreements are amortized during the lease period by measuring the lease obligation at the present value of the lease payments (lease obligation) that has not been paid at that date and by recording the relevant usage right as of the same date. Lease payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. If the tenant cannot easily determine this rate, he uses the alternative borrowing interest rate. The tenant separately records the interest expense on the rental obligation and the depreciation expense of the right to use asset.

7.5. Information on "Sale -and- lease back" agreements:

The Group does not have any sale-and-lease back transactions in the current period (December 31, 2019 – None).

8. Information on the hedging derivative financial liabilities

	Current Period(***)		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge (*)	10,389	753,935	290,333	398,907
Cash Flow Hedge (**)	19,101	887,562	487,387	393,789
Net Investment Hedge	-	-	-	-
Total	**29,490**	**1,641,497**	**777,720**	**792,696**

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of December 31, 2020, TL 753,935 from securities (December 31, 2019 – TL 355,077), represents the fair value of the derivative financial instruments used in the fair value hedging transaction. Loans have fair value of the derivative financial instruments used in the fair value hedging transaction amounting to 10,389 (December 31, 2019 – TL 285,204).
(**) Represents the fair value of derivative financial instruments of deposit for cash flow hedges of loans and borrowings that have floating rates.
(***) Derivative financial liabilities for the fair value hedge purposes in the current period are presented in line 7.1 of the financial statements and financial liabilities for the purpose of cash flow hedges are shown in line 7.2.

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

9. Information on provisions

9.1 Information on provision related with foreign currency difference of foreign indexed loans:

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	-	-

(*) The foreign exchange provision for foreign currency indexed loans netted against "Loans and Receivables" in asset.

9.2 Information on general provisions:

	Current Period	Prior Period
Provisions for Loans and Receivables in Stage I	119,744	92,437
Provisions for Loans and Receivables in Stage II	13,505	17,471
Provisions for Loans and Receivables in Stage III	48,284	45,614
Total	**181,533**	**155,522**

9.3 Information on reserve for employee rights:

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in TAS 19 and reflected these accompanying financial statements.

As of December 31, 2020, TL 295,457 (December 31, 2019 - TL 240,184) reserve for employee termination benefits was provided in the accompanying financial statements.

As of December 31, 2020, the Group accrued TL 51,498 (December 31, 2019 - TL 52,660 for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of December 31, 2020, TL 284,194 (December 31, 2019– TL 267,601) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

9.3.1 Movement of employee termination benefits:

	Current Period 01.01-31.12.2020	Prior Period 01.01-31.12.2019
As of January 1	240,182	181,087
Service cost	30,113	22,726
Interest Cost	28,986	28,543
Settlement / curtailment / termination loss	22,485	10,213
Actuarial differences	42,130	29,985
Paid during the period	(68,439)	(32,370)
Total	**295,457**	**240,184**

9.4. Information on other provisions

9.4.1 Information on provisions for possible risks

Apart from the information provided in 9.3, the other provisions are given below as follows:

	Current Period	Prior Period
Provision for Promotion Expenses of Credit Cards	-	-
Other Provisions	321,450	205,940
Total	**321,450**	**205,940**

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

10. Explanations on tax liabilities

10.1 Information on current tax liability

10.1.1 Information on tax provision:

The current tax liability and the prepaid taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of December 31, 2020, after the offsetting, the current tax liability amounting to TL 1,223,376 (December 31, 2019 – TL 213,410) is disclosed with current tax receivable TL 29,628 (December 31, 2019– TL 6,248) and as of December 31, 2020, there is a prepaid tax amounting to TL 145,634 (December 31, 2019 - None).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	1,077,742	213,410
Banking and Insurance Transaction Tax (BITT)	100,762	95,128
Taxation on Securities Income	49,371	84,849
Taxation on Real Estates Income	1,726	3,002
VAT Payable	39	21
Other	39,325	35,166
Total	**1,268,965**	**431,576**

The Group presents The “Corporate Taxes Payable” balance in the “Current Tax Liability” account and other taxes are presented in the “Other Liabilities” account in the accompanying consolidated financial statements.

10.1.3. Information on premium payables:

	Current Period	Prior Period
Social Security Premiums - Employee Share	13,027	12,318
Social Security Premiums - Employer Share	14,488	13,826
Pension Fund Fee and Provisions – Employee Share	22	19
Pension Fund Fee and Provisions – Employer Share	70	58
Unemployment Insurance - Employee Share	916	870
Unemployment Insurance - Employer Share	1,832	1,738
Other	57	46
Total	**30,412**	**28,875**

11. Information on payables related to assets held for sale

None (December 31, 2019- None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments subject to common equity	**-**	**3,855,730**	**-**	**3,120,203**
Subordinated Loans	-	3,855,730	-	3,120,203
Subordinated Debt Instruments	-	-	-	-
Debt Insturments subject to tier 2 common equity	**-**	**2,848,564**	**-**	**2,312,350**
Subordinated Loans	-	2,848,564	-	2,312,350
Subordinated Debt Instruments	-	-	-	-
Total	**-**	**6,704,294**	**-**	**5,432,553**

On April 1, 2019, the subordinated loan of US $ 125 million was renewed as the current valuation 2029 in line with Basel III.
On June 30, 2019, the subordinated loan of US $ 525 million was renewed by doing necessary arrangements in credit prospectus.

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

13. Information on shareholder's equity

13.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	3,350,000	3,350,000
Preferred Stock	-	-

13.2. Amount of paid-in capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3,350,000	12,000,000

13.3. Capital increases and sources in the current period and other information based on increased capital shares:

None (December 31, 2019 – None).

13.4. Information on share capital increases from revaluation fund during the current period:

None (December 31, 2019 - None).

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

The Group does not have any capital commitments, all of the capital is fully paid-in.

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

None (December 31, 2019 - None).

13.7. Information on the privileges given to stocks representing the capital

None (December 31, 2019 - None).

14. Information on common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	33,500,000	33,500,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	714
Common Stock Withdrawal Profits	-	-

(*) Due to the Parent Bank's capital increase at the prior periods, common stock issue premium accounted amounting to TL 714.

15. Information on securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	**2,581**	**-**	**1,283**	**-**
Valuation Differences	4,123	-	1,283	-
Foreign Exchange Rate Differences	(1,542)	-	-	-
Securities Available-for-Sale	**121,632**	**(597,082)**	**210,214**	**(381,200)**
Valuation Differences	121,632	(597,082)	210,214	(381,200)
Foreign Exchange Rate Differences	-	-	-	-
Total	**124,213**	**(597,082)**	**211,497**	**(381,200)**

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

16. Information on accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liabilities side of the balance sheet are as follows:

	Current Period		**Prior Period**	
	TL	**FC**	**TL**	**FC**
Derivative Financial Liabilities	4,766,374	3,390,090	3,448,115	1,687,378
Deposits	226,006	47,573	234,755	76,634
Funds Borrowed	59,383	118,334	74	55,717
Money Market Borrowings	4,140	86,673	121,497	118,564
Issued Securities	15,002	402,770	22,382	188,376
Other Accruals	244,372	180,671	175,722	159,239
Total	**5,315,277**	**4,226,111**	**4,002,545**	**2,285,908**

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

SECTION FIVE

III. Explanations And Disclosures Related To Consolidated Off-Balance Sheet Items

1. Explanations on off-balance-sheet-commitments

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	35,495,520	28,781,240
Commitment For Use Guaranteed Credit Allocation	18,075,786	14,309,950
Payment Commitments for Cheques	4,836,291	5,330,542
Forward Asset Purchase Commitments	4,124,298	2,045,048
Other Irrevocable Commitments	2,423,033	2,377,515
Commitments for Promotions Related with Credit Cards and Banking Activities	83,078	71,447
Tax and Fund Liabilities due to Export Commitments	27,046	29,197
Total	**65,065,052**	**52,944,939**

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

Specific provision is provided for the non-cash loans amounting to TL 181,534 (December 31, 2019 – TL 155,522) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

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

	Current Period	Prior Period
Bank Loans	6,838,598	5,822,343
Other Letters of Guarantee	3,618,937	2,667,496
Total	**10,457,535**	**8,489,839**

1.4. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Provisional Letters of Guarantee	8,674,056	9,374,933
Final Letters of Guarantee	2,969,287	2,421,977
Advance Letters of Guarantee	989,173	990,557
Letters of Guarantee Given to Customs Offices	559,009	483,839
Other Letters of Guarantee	9,475,881	6,742,099
Total	**22,667,406**	**20,013,405**

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	**4,036,779**	**2,009,077**
Less Than or Equal to One Year with Original Maturity	371,430	341,272
More Than One Year with Original Maturity	3,665,349	1,667,805
Other Non-Cash Loans	**29,088,162**	**26,494,167**
Total	**33,124,941**	**28,503,244**

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

3. Other information on non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	**41,065**	**0.35**	**92,736**	**0.43**	**37,497**	**0.37**	**69,559**	**0.38**
Farming and Raising Livestock	31,852	0.27	16,889	0.08	32,555	0.32	9,636	0.05
Forestry	5,311	0.05	-	-	3,919	0.04	-	-
Fishing	3,902	0.03	75,847	0.35	1,023	0.01	59,923	0.33
Manufacturing	**2,224,235**	**19.17**	**10,205,325**	**47.42**	**1,645,765**	**16.04**	**8,248,440**	**45.21**
Mining and Quarrying	76,972	0.66	49,413	0.23	73,698	0.72	39,774	0.22
Production	1,948,468	16.80	9,938,395	46.18	1,429,199	13.93	8,147,353	44.65
Electricity, gas and water	198,795	1.71	217,517	1.01	142,868	1.39	61,313	0.34
Construction	**3,590,417**	**30.94**	**3,005,802**	**13.97**	**3,132,469**	**30.54**	**2,776,877**	**15.22**
Services	**5,532,156**	**47.67**	**7,944,905**	**36.92**	**5,271,352**	**51.39**	**7,068,110**	**38.74**
Wholesale and Retail Trade	3,601,179	31.03	2,388,624	11.10	3,305,446	32.22	2,917,959	15.99
Hotel, Food and Beverage Services	129,205	1.11	969,584	4.50	150,928	1.47	661,151	3.63
Transportation&Communication	508,543	4.38	860,884	4.00	411,693	4.01	901,782	4.94
Financial Institutions	822,433	7.09	3,453,939	16.05	1,014,605	9.89	2,028,298	11.12
Real Estate and Renting Services	12,160	0.10	1,351	0.01	13,138	0.13	665	0.00
Self Employment Services	216,990	1.87	126,209	0.59	213,365	2.08	98,682	0.54
Educational Services	8,959	0.08	18,080	0.08	7,721	0.08	13,334	0.07
Health and Social Services	232,687	2.01	126,234	0.59	154,456	1.51	446,239	2.45
Other	**216,716**	**1.87**	**271,584**	**1.26**	**170,694**	**1.66**	**82,481**	**0.45**
Total	**11,604,589**	**100.00**	**21,520,352**	**100.00**	**10,257,777**	**100.00**	**18,245,467**	**100.00**

4. Information on non-cash loans classified under group I and II

Current Period (*)	**I. Group**		**II. Group**	
	TL	**FC**	**TL**	**FC**
Letters of Guarantee	11,117,195	11,274,727	139,498	87,702
Bill of Exchange and Acceptances	198,490	6,631,976	-	8,132
Letters of Credit	101,122	3,516,955	-	860
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**11,416,807**	**21,423,658**	**139,498**	**96,694**

(*) Does not include non-cash loans amounting to TL 48,284, for which specific provision is provided, but which are not indemnified and not liquidated yet.

Prior Period (*)	**I. Group**		**II. Group**	
	TL	**FC**	**TL**	**FC**
Letters of Guarantee	9,959,260	9,790,859	162,338	55,334
Bill of Exchange and Acceptances	22,742	5,782,178	-	17,423
Letters of Credit	67,823	2,563,908	-	35,765
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**10,049,825**	**18,136,945**	**162,338**	**108,522**

(*)Does not include non-cash loans amounting to TL 45,614 for which specific provision is provided, but which are not indemnified and not liquidated yet.

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

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	**161,736,590**	**114,822,334**
Forward transactions (*)	15,799,910	13,396,912
Swap transactions	140,803,008	87,985,455
Futures transactions	2,164,747	197,110
Option transactions	2,968,925	13,242,857
Interest Related Derivative Transactions (II)	**79,814,270**	**58,871,980**
Forward rate transactions	-	-
Interest rate swap transactions	79,814,270	58,871,980
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	**954,265**	**1,217,741**
A, Total Trading Derivative Transactions (I+II+III)	**242,505,125**	**174,912,055**
Types of hedging transactions		
Fair value hedges	28,179,228	30,105,102
Cash flow hedges	45,360,970	50,106,695
Net investment hedges	-	-
B, Total Hedging Related Derivatives	**73,540,198**	**80,211,797**
Total Derivative Transactions (A+B)	**316,045,323**	**255,123,852**

(*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

Breakdown of the Parent Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

Current Period	Forward Buy (**)	Forward Sell(**)	Swap Buy (*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
TL	2,339,011	1,129,462	10,317,120	45,195,762	491,416	529,849	172	1,109,224	-
USD	2,187,136	4,547,796	102,180,567	62,319,044	668,171	683,083	1,055,204	147	954,265
Euro	2,204,382	928,009	16,137,908	40,909,354	364,602	158,473	-	-	-
Other	1,210,609	1,253,505	16,825,374	272,347	14,766	58,565	-	-	-
Total	**7,941,138**	**7,858,772**	**145,460,969**	**148,696,507**	**1,538,955**	**1,429,970**	**1,055,376**	**1,109,371**	**954,265**

(*) This column also includes hedging purpose derivatives.
(**)This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

Prior Period	Forward Buy (**)	Forward Sell(**)	Swap Buy (*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
TL	3,137,983	1,025,504	10,336,647	31,944,301	1,385,083	4,320,320	99,198	-	-
USD	1,386,439	4,949,705	85,799,941	51,545,436	4,580,793	1,983,433	-	97,912	1,217,741
Euro	1,716,130	475,852	15,255,300	27,592,548	625,884	287,800	-	-	-
Other	437,012	268,287	4,540,838	54,221	12,948	46,596	-	-	-
Total	**6,677,564**	**6,719,348**	**115,932,726**	**111,136,506**	**6,604,708**	**6,638,149**	**99,198**	**97,912**	**1,217,741**

(*) This column also includes hedging purpose derivatives.
(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

5.1. Fair value hedge accounting

a) Loans

The Parent Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of balance sheet date; the mortgage loans amounting to TL 4,324,987 (December 31, 2019 – TL 8,122,097) were subject to hedge accounting by swaps with a nominal of TL 4,770,807 (December 31, 2019 – TL 6,608,353). On December 31, 2020 the net market valuation difference gain amounting to TL 9,158 due to the gain from the loans amounting to TL 308,501 (December 31, 2019 – TL 919,613 gain) and loss from swaps amounting to TL 318,039 (December 31, 2019 – TL 864,039 loss) is accounted for under "gain / (loss) from financial derivatives transactions" line in the accompanying financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. As of the balance sheet date, swaps amounting to TL 118,461 have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference expense amounting to TL 525 before tax was recognized in the financial statements as "Profit / Loss from Derivative Financial Transactions".

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 77,019 (December 31, 2019 – TL 136,590 loss) related to the loans that are ineffective for hedge accounting under "gain / (loss) from financial derivatives transactions" as loss during the current period.

b) Financial assets at fair value through other comprehensive income

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with a nominal of USD 320,759 million and EUR 49,8 million (December 31, 2019 – USD 373,663 million and EUR 49,8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On December 31, 2020, the net market valuation difference loss amounting to TL 283 due to gain from Eurobonds amounting to TL 294.155 (December 31, 2019 – TL 215.945 gain) and loss from swaps amounting to TL 294,438 (December 31, 2019 – TL 215,250 loss) is accounted for under "gain / (loss) from financial derivatives transactions" line in the accompanying financial statements.

The Parent Bank does not apply fair value hedge on TL government bonds in the current period (December 31, 2019 – None).

c) Marketable securities issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 730 million (December 31, 2019 – USD 780 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of December 31, 2020, TL 2,416 net fair valuation difference gain, due to net of TL 183,021 (December 31, 2019 – TL 69,763 loss) loss from issued bonds and TL 180,605 (December 31, 2019 – TL 69,801 gain) gain from swaps, has been recorded under "Gain / (loss) from financial derivatives transactions" on accompanying financial statements.

d) Borrowings

The Parent Bank, applies fair value hedge accounting through interest rate swaps in order to protect itself from changes in interest rates with respect to the fixed rate foreign currency loan it uses. In this context; The Bank ended its fair value hedge accounting practice on January 1, 2020, which started on December 27, 2015, regarding the loan amounting to EUR 30 million. Accounting application is terminated when fair value hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects created by the fair value hedge accounting applied on hedged loans are reflected in the income statement throughout the life of the loans. Regarding the said hedge accounting practice whose effectiveness has deteriorated, the Bank has recognized the valuation effect amounting to TL 1,628 (31 December 2019 - None) in the income statement as income in the "Profit / Loss from Derivative Financial Transactions" account. At each balance sheet date, the Bank conducts efficiency tests for hedging accounting, and the active parts are accounted in "hedging funds" under equity in the financial statements as defined in TAS 39, while the amount related to the inactive part is associated with the income statement.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TL loans. As of the balance sheet date, swaps amounting to TL 251,852 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference income amounting to TL 1 before tax was recognized in the financial statements as "Profit / Loss from Derivative Financial Transactions".

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through swaps in order to protect itself from changes in interest rates with respect to TL and foreign currency loans and securities. As of the transaction date, a loan amounting to TL 438,497 has been subject to hedge accounting with the same consistent swaps. As of December 31, 2020, net expense of valuation of TL 36, including TL 306 of income from loans and TL 342 of loss from swaps, was accounted in the "Profit / Loss from Derivative Financial Transactions" account in the attached financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through swaps in order to protect itself from changes in interest rates with respect to TL and foreign currency loans and securities. At each balance sheet date, the Bank conducts efficiency tests for hedging accounting, and the active parts are accounted in "hedging funds" under equity in the financial statements as defined in TAS 39, while the amount related to the inactive part is associated with the income statement. As at the balance sheet date, there is not any swap transactions subject to hedge accounting as hedging instruments.

As of December 31, 2020, it is determined that the above mentioned cash flow hedging transactions are effective in the measurement.

5.2 Cash flow hedge accounting

a)Variable Rate Loans

The Parent Bank is subject to cash flow hedge accounting through interest swaps in order to protect a certain part of its long term floating interest rate loans from changes in market interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the "Hedge Funds" account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the income statement. As of balance sheet date, swaps of nominal amount of USD 875 Million (December 31, 2019 - USD 875 Million) have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, fair value income amounting to TL 222,484 (December 31, 2019 - TL 20,790) before tax was recognized under equity.

b) Deposit

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL 150,000 are subject to hedge accounting as hedging instruments (December 31, 2019 – TL 1,600,000). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL 61,956 are accounted for under equity during the current period (December 31, 2019 – TL 243,972 gain). The ineffective portion is none (December 31, 2019 – TL 182 gain)

As of the balance sheet date, swaps with a nominal amount of USD 1,708 Million (December 31, 2019 – USD 2,529 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 74 Million (December 31, 2019 – EUR 104 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value loss before taxes amounting to TL 187,599 are accounted under equity during the current period (December 31, 2019 – TL 790,817 gain). The loss amounting to TL 1,247 (December 31, 2019 – TL 1,525 gain) relating to the ineffective portion is accounted under at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness at periods when the expected cash flows subject to hedge accounting affect profit or loss (as in periods when interest income or expense is recognized). In the current period there is gain of TL 56,022 transferred amount from equity to income statement due to ineffectiveness or matured swaps (December 31, 2019 – TL 20,045 loss).

c) Floating Rate Liabilities

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with variable interest payments from changes in interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the “Hedge Funds” account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the income statement. As of the balance sheet date, the nominal amount of USD 485 Million (December 31, 2019 - USD 485 Million) was subject to hedge accounting as hedging instrument. As a result of the mentioned hedge accounting, the fair value expense amounting to TL 112,418 (December 31, 2019 - TL 94,034) before tax was recognized under equity.

On the other hand; accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to that the effective amounts classified under equity due to hedge accounting are reclassified into profit or loss as the reclassification adjustments during periods or periods when the estimated cash flows subject to hedging in case of deterioration of the event affect profit or loss (such as the periods when interest income or expense is accounted for). Due to hedge accounting practices terminated in the current year, a gain amounting to TL 14,038 (December 31, 2019 - TL 4,568) was transferred from the “Gain/losses from derivative transactions” to the income statement.

In the measurements made as of 31 December 2020, it has been determined that the above-mentioned cash flow hedging transactions are effective.

6. Credit derivatives and risk exposures on credit derivatives

As of December 31, 2020, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2019 - None).

As of December 31, 2020, “Other Derivative Financial Instruments” with nominal amount of USD 130,000,000 (December 31, 2019: USD 205,000,000) are included in Bank’s “Swap Interest Sell Transactions.” In aforementioned transaction, The Bank is the seller of the protection for USD 130,000,000.

7. Information on contingent liabilities and assets

In accordance with the precautionary principle, a provision amounting to TL 157,199 (December 31, 2019 - TL 106,152) has been provided for in the lawsuits filed against the Parent Bank. Except those for which provision is made, other ongoing lawsuits do not appear to have a high probability of termination and cash outflow is not anticipated.

8. Information on the services in the name and account of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

9. Information on the Parent Bank's rating by international rating institutions

MOODY'S December 2020		**FITCH September 2020**	
Long-Term Deposit Rating (FC)	B3	Long -Term Foreign Curr.	B+ (Negative)
Long-Term Deposit Rating (TL)	B1	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (FC)	NP	Long-Term TL	BB- (Negative)
Short-Term Deposit Rating (TL)	NP	Short-Term TL	B
Main Credit Evaluation	b3	Long-Term National	AA (tur) (Stable)
Adjusted Main Credit Evaluation	b1	Support	4
Appearance	Negative	Financial Capacity Rating	b+
Long-Term Foreign Currency Denominated Debt (FC)	B2		

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

SECTION FIVE

IV. Explanations And Disclosures Related To Consolidated Income Statement

1. a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-Term Loans	4,629,975	370,731	6,221,810	304,902
Medium and Long-Term Loans	6,687,545	1,952,453	6,882,758	1,726,087
Non-Performing Loans	71,879	-	74,324	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total(*)	**11,389,399**	**2,323,184**	**13,178,892**	**2,030,989**

(*)Includes fees and commissions income from cash loans.

b) Information on interest income from banks:

	Current Period		Prior Per	
	TL	**FC**	**TL**	**FC**
T,R, Central Bank (*)	-	-	-	-
Domestic Banks	76,089	689	173,274	5,070
Foreign Banks	1,854	21,145	2,083	78,167
Foreign Headquarters and Branches	-	-	-	-
Total	**77,943**	**21,834**	**175,357**	**83,237**

(*) The interest income on Required Reserve amounting TL 47,326 excluded from interest income on Banks. (December 31, 2019: TL 190,664).

c) Information on interest income on marketable securities:

	Current Period	
	TL	**FC**
Financial Assets Measured at Fair Value through Profit/Loss	27,542	1,374
Financial Assets Measured at Fair Value through Other Comprehensive Income	712,400	406,143
Financial Assets Measured at Amortized Cost	1,217,111	453,382
Total	**1,957,053**	**860,899**

	Prior Period	
	TL	**FC**
Financial Assets Measured at Fair Value through Profit/Loss	19,218	873
Financial Assets Measured at Fair Value through Other Comprehensive Income	808,182	279,856
Financial Assets Measured at Amortized Cost	981,116	337,801
Total	**1,808,516**	**618,530**

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary. The estimated inflation rate used in the valuation of these securities has been updated and updated according to the inflation rate of 11.89% as of December 31, 2020.

d) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest income received from associates and subsidiaries	-	-

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

2. a) Information on interest expense on borrowings(*):

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks	**241,663**	**1,174,535**	**240,123**	**1,254,056**
T.R. Central Bank	-	-	-	-
Domestic Banks	176,531	58,089	157,495	49,476
Foreign Banks	65,132	1,116,446	82,628	1,204,580
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	**241,663**	**1,174,535**	**240,123**	**1,254,056**

(*) Includes fees and commissions expenses related to the cash loans

.b) Information on interest expense paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	1,203	3,376

c) Information on interest expense paid to securities issued:

As of December 31, 2020 the amount paid to securities issued is TL 1,091,416 (December 31, 2019 – TL 1,491,444).

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

d) Information on maturity structure of interest expenses on deposits:

Current Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	12,360	19,468	-	-	-	-	31,828
Saving Deposits	455	724,681	1,729,366	59,948	29,993	119,404	-	2,663,847
Public Sector Deposits	-	348	471	83	-	-	-	902
Commercial Deposits	241	381,894	496,222	24,591	5,061	4,668	-	912,677
Other Deposits	-	3,752	41,816	1,631	6,657	175	-	54,031
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**696**	**1,123,035**	**2,287,343**	**86,253**	**41,711**	**124,247**	**-**	**3,663,285**
Foreign Currency								
Deposits	185	27,125	308,722	55,740	19,774	34,916	-	446,462
Bank Deposits	33	76,490	17,618	407	-	-	-	94,548
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3,610	-	-	-	-	-	3,610
Total	**218**	**107,225**	**326,340**	**56,147**	**19,774**	**34,916**	**-**	**544,620**
Grand Total	**914**	**1,230,260**	**2,613,683**	**142,400**	**61,485**	**159,163**	**-**	**4,207,905**

Prior Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	26,051	126	-	-	-	-	26,177
Saving Deposits	42	950,396	3,075,716	214,628	188,647	467,416	-	4,896,845
Public Sector Deposits	-	107	744	124	9	11	-	995
Commercial Deposits	617	796,185	889,521	84,479	30,566	45,345	-	1,846,713
Other Deposits	-	14,002	119,716	3,911	2,848	1,840	-	142,317
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**659**	**1,786,741**	**4,085,823**	**303,142**	**222,070**	**514,612**	**-**	**6,913,047**
Foreign Currency								
Deposits	3	65,112	573,710	68,374	49,401	34,811	-	791,411
Bank Deposits	576	67,990	40,397	1,615	612	-	-	111,190
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1,160	-	-	-	-	-	1,160
Total	**579**	**134,262**	**614,107**	**69,989**	**50,013**	**34,811**	**-**	**903,761**
Grand Total	**1,238**	**1,921,003**	**4,699,930**	**373,131**	**272,083**	**549,423**	**-**	**7,816,808**

e) Information on interest expenses on repurchase agreements:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest Expenses on Repurchase Agreements (*)	295,142	195,322	186,092	199,000

(*) Disclosed in "Interest on Money Market Transactions".

f) Information on financial lease expenses

	Current Period	Prior Period
Lease expenses	53,928	64,596

g) Information on interest expenses on factoring payables

None (December 31, 2019– None).

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

3. Information on dividend income

	Current Period	Prior Period
Derivative Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Profit or Loss	-	172
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	5,257	2,762
Total	**5,257**	**2,934**

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	**15,144,221**	**13,499,674**
Trading account gain	414,612	136,345
Gain from derivative transactions	6,102,131	9,467,493
Foreign exchange gain/losses	8,627,478	3,895,836
Trading Loss (-)	**17,702,961**	**14,840,360**
Losses on Capital Market Operations	81,518	71,242
Derivative Financial Instruments	9,312,717	10,725,825
Foreign Exchange Losses	8,308,726	4,043,293
Net Trading Income/Loss	**(2,558,740)**	**(1,340,686)**

5. Information on other operating income

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and expense accruals cancelations in “Other Operating Income” account.

6. Information on expected credit losses and other provision expenses:

	Current Period	Prior Period
Expected Credit Losses Provisions	**2,529,857**	**1,936,292**
12 Month Expected Credit Loss (Stage I)	129,180	(190,454)
Significant Increase in Credit Risk (Stage 2)	1,306,583	(75,064)
Lifetime ECL Impaired Credits (Stage 3)	1,094,094	2,201,810
Marketable Securities Impairment Provision	**124**	**(17,533)**
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	124	(17,533)
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	**-**	**47,455**
Investment in Associates	-	47,455
Subsidiaires	-	-
Joint Ventures	-	-
Other	**142,299**	**27,464**
Total	**2,672,280**	**1,993,678**

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

7. Information on other operating expenses

	Current Period	Prior Period
Reserve for employee termination benefits(*)	13,145	29,112
Impairment expenses on tangible fixed asset	418,776	385,068
Goodwill impairment expenses	151,690	134,879
Other Operating Expenses	1,255,313	1,231,423
Operational Leasing expenses	*3,072*	*5,872*
Maintenance expenses	*266,067*	*248,895*
Advertiesment expenses	*101,489*	*114,314*
Other expenses	*884,685*	*862,342*
Loss on sales of assets	959	491
Other (**)	594,571	500,029
Total	**2,434,454**	**2,281,002**

(*) "Personnel Expenses", which is not included in "Other Operating Expenses" in the income statement as a separate item, is also included this table.

(**) Comprising repayments amounting to TL 3,153 (December 31, 2019 – TL 5,806) in respect of Consumer Arbitration Committee and courts' decision, which was fees and commissions recognized in previous year as income.

8. Information on profit/loss before taxes from continued and discontinued operations

Net interest income is TL 10,275,450 (December 31, 2019 - TL 7,840,099), net fee and commission income is TL 2,601,042 (December 31, 2019 - TL 2,823,540) among the income items related to the activities ending on December 31, 2019.) and other operating revenues have an important place with TL 82,214 (December 31, 2019 - TL 146,658).

9. Information on provision for taxes from continued and discontinued operations

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

As of December 31, 2020, the Group recorded current tax charge of TL 1,175,488 (December 31, 2019 - TL 231,430 current tax charge) and a deferred tax charge of TL 549,419 (December 31, 2019 – TL 393,272 deferred tax loss).

	Current Period	Prior Period
Current Tax Provision	(1,175,488)	(231,430)
Correction in regards to Corporate Tax from Prior Period	-	-
Deferred Tax Income/Expense	549,419	(393,272)
Total	**(626,069)**	**(624,702)**

9.2. Explanations on operating profit/loss after taxes

None (December 31, 2019 – None).

10. Explanations on current period net profit and loss of continued and discontinued operations

Net profit of the Group from continued operations is TL 2,754,627 (December 31, 2019 – TL 2,864,640).

11. Explanations on net income/loss for the period

11.1. Any further explanation on operating results needed for better understanding of the nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance

None (December 31, 2019 – None).

11.2. Any changes in the Group's estimations that might have a material effect on current period results:

None.

11.3. Profit or loss attributable to minority shares:

	Current Period	Prior Period
Profit / Loss Attributable to Minority	844	546

11.4. There is no change in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.

12. Information on the subaccounts of other items in the income statement account that exceeds 20% of the individual other item exceeding 10% of the income

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account, while fees and commissions given to credit cards are recorded in the "Others" line under "Fees and Commissions Paid" account by the Parent Bank.

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

SECTION FIVE

V. Explanations and Disclosures Related to Statement of changes in Consolidated Shareholders' Equity

1. Changes resulting from valuation of fair value through profit or loss

Net increase of TL 307,727 (December 31, 2019 – TL 283,630 net increase) after tax effect resulting from fair value through profit or loss in "Securities Value Increase Fund" account under shareholders equity.

2. Explanations on foreign exchange differences

None

3. Explanations on dividends

3.1 Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

There is no dividend notified before the promulgation of financial statements. It was decided to distribute the year 2019 profit as stated below at the Ordinary General Assembly held on March 26, 2020

2019 profit distribution table:

Current Year Profit	**2,622,157**
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	-
B - The First Dividend for Shareholders(*)	-
C – Profit from Disposal of Associates	-
D- II. Legal Reserves	-
E- Gains on Real estate Sales Fund	-
F - Extraordinary Reserves	(2,622,157)

3.2 Dividends per share proposed subsequent to the balance sheet date

No decision is taken concerning the profit distribution by the General Assembly as of the balance sheet date (December 31, 2019- None).

3.3 Transfers to legal reserves

	Current Period	**Prior Period**
Amount Transferred to Reserved from Retained	-	86,943

4. Information on issuance of share certificates

4.1 The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital

None (December 31, 2019- None).

5. Information on the other capital increase items in the statement of changes in shareholders' equity

There was no capital increase in 2020 (December 31, 2019- None).

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

SECTION FIVE

VI. Explanations and Disclosures Related to Consolidated Cash Flows Statement

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

"Other items" amounting to TL 405,434 (December 31, 2019- TL 1,800,114) in "Operating profit before changes in operating assets and liabilities" consist of decrease in commissions paid amounting to TL 571,921 (December 31, 2019 – TL 685,172), net trading income/loss decrease in amounting to TL 2,855,617 (December 31, 2019 – TL 5,789,170 net trading income/loss) and other operating expenses amounting to TL 2,689,130 (December 31, 2019 – TL 3,303,884).

"Other" item in the "Change in other assets of the field of banking" amounting to TL 3,508,168 (December 31, 2019 - TL 1,718,085), guarantees given to TL 2,057,862 (December 31, 2019 - TL 976,455), rental receivables from transactions amounting to TL 2,384,641 (December 31, 2019 – TL 258,575), factoring receivables amounting to TL 658,864 (December 31, 2019 – TL 578,579) and other assets of TL 1,593,199 (December 31, 2019 – TL 421,626).

The "Other" item amounting to TL 7,391,875 (December 31, 2019 - TL 449,136) included in the "change in other debts subject to banking activity", TL 5,810,713 (December 31, 2019 - TL 3,186,627) to money markets and 1,581,162 (December 31, 2019- TL 3,367,491) includes other liabilities.

"Other" item amounting to TL 219,056 (December 31, 2019 – TL 177,046) included in "Net cash flow from investment activities" includes 151,690 TL intangible assets (December 31, 2019 – 134,879 TL).

The effect of change in foreign exchange rate on cash and cash equivalents is the sum of the foreign exchange differences arising from the conversion of the average balances of cash and cash equivalents in foreign currency to TL at the beginning of the period and at the end of the period. As of December 31, 2020, TL 615,145 (December 31, 2019 – TL 356,419).

2. Information regarding the balances of cash and cash equivalents at the beginning of the period

	December 31, 2019
Cash	**1,644,546**
Cash in TL	681,486
Cash in Foreign Currencies	944,326
Other	18,734
Cash Equivalents	**13,170,364**
Balances with the T.R. Central Bank	8,951,928
Banks and Other Financial Institutions	999,507
Money Market Placements	3,225,937
Less: Accruals	(7,008)
Cash and Cash Equivalents	**14,814,910**

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

3. Information regarding the balances of cash and cash equivalents at the end of the period

	December 31, 2020
Cash	**2,226,114**
Cash in TL	616,300
Cash in Foreign Currencies	1,486,250
Other	123,564
Cash Equivalents	**13,656,987**
Balances with the T.R. Central Bank	11,695,907
Banks and Other Financial Institutions	1,232,498
Money Market Placements	752,393
Less: Accruals	(23,811)
Cash and Cash Equivalents	**15,883,101**

4. Restricted cash and cash equivalents due to legal requirements or other reasons

A portion of foreign bank accounts amounting to TL 283,258 (December 31, 2019- TL 103,628) includes blocked cash for foreign money and capital market transactions and for borrowings from foreign markets.

5. Additional information

5.1. Restrictions on the potential borrowings that can be used for banking operations or capital commitment

None (December 31, 2019 – None).

5.2. The sum of cash flows that show the increases in banking activity capacity, apart from the cash flows needed to maintain current banking activity capacity

None (December 31, 2019 – None).

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

SECTION FIVE

VII. Explanations and Disclosures Related to the Parent Bank's Risk Group

1. 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. As of December 31, 2020, the Parent Bank's risk group has deposits amounting to TL 312,688 (December 31, 2019 – TL 226,069), cash loans amounting to TL 3,131 (December 31, 2019 – TL 3,213) and non-cash loans amounting to TL 51,145 (December 31, 2019 – TL 42,650).

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non- Cash	Cash	Non- Cash	Cash	Non- Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	3,192	37,126	21	5,524
Balance at the End of the Period	-	55	2,500	45,878	631	5,212
Interest and Commission Income	-	-	-	9	32	1

Prior Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	10	1,755	16,572	96	8,887
Balance at the End of the Period	-	-	3,192	37,126	21	5,524
Interest and Commission Income(**)	-	-	-	5	8	64

(*) As described in the Article 49 of Banking Law No 5411.

(**) Represents the balances of December 31, 2019.

1.2. Information on deposits of the Parent Bank's risk group

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	17,880	27,885	-	-	208,189	159,107
Balance at the End of the Period	19,218	17,880	-	-	293,470	208,189
Interest on deposits(**)	1,203	3,376	-	-	9,073	21,281

(*) As described in the Article 49 of Banking Law No 5411.

(**) Previous period's balances represent 31 December 2019 balances.

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

1.3. Information on forward and option agreements and other derivative instruments with the Parent Bank's risk group

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss (**)	-	-	-	(191)	-	147
Transactions for Hedging Purposes					-	
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss (**)	-	-	-	-	-	-

(*) As described in the Article 49 of Banking Law No 5411.
(**) Previous period's balances represent 31 December 2019 balances.

1.4. Information regarding benefits provided to theGroup's top management:

As of December 31, 2020, the total amount of remuneration and bonuses paid to top management of the Group is TL 165,446 (December 31, 2019- TL 133,128).

2. Disclosures of transactions with the Parent Bank's risk group

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

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

2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters:

As of December 31, 2020, the rate of cash loans of the risk group divided by to total loans is 0%; (December 31, 2019 – 0%); the deposits represented 2% (December 31, 2019 – 2%) The ratio of total derivative transactions with derivatives is 0%. (December 31, 2019 – 0%)

2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts:

The Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş.

The Parent Bank has signed an agreement with Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

Information in regards to subordinate loans the Bank received from Parent's Bank is explained in Section 5 Note II. 12.

The Parent Bank offers agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş. that is 49.00% jointly controlled for its insurance services.

VIII. Explanations on the Parent Bank's Domestic, Foreign and off-shore Banking Branches and Foreign Representatives of the Group

1. Information relating to the Parent Bank's domestic and foreign branch and representatives

	Number	Employees	Country	Total Assets	Capital
Domestic Branch	474	11,103			
Foreign Representation	-	-	-		
Foreign Branch	1	8	1- Bahreyn	20,619,107	-
Off-shore Banking and Region Branches	-	-	-	-	-

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related To The Parent Bank's Operations

1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements

Issue Date	Currency	Nominal Amount	Rate (%)	Maturity
08/01/2021	TRY	75,030	Floating	112
15/01/2021	TRY	131,600	Floating	126

2. Information on the effects of significant changes in foreign exchange rates after balance sheet date on the items denominated in foreign currency and financial statements and the Group's operations abroad that would affect decision making process of users and foreign operations of the Bank

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

3. Other matters

None.

SECTION SEVEN

EXPLANATION ON AUDITOR'S REPORT

I. Explanations on Independent Audit Report

The consolidated financial statements for the year ended December 31, 2020 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor's audit report dated January 28, 2021 is presented preceding the consolidated financial statements.

II. Explanations And Notes Prepared by Independent Auditors

None (December 31, 2019 – None).