

# **BANK OF CHINA TURKEY ANONİM ŐİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS AND  
RELATED DISCLOSURES AT DECEMBER 31, 2020  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(Convenience translation of publicly announced unconsolidated financial  
statements, related disclosures and auditor's report originally issued in Turkish)**



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(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I. of Section three)

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Bank of China Turkey Anonim Şirketi:**

### **A) Audit of Unconsolidated Financial Statements**

#### **Opinion**

We have audited the accompanying unconsolidated financial statements of Bank of China Turkey Anonim Şirketi (the Bank), which comprise the statement of financial position as at December 31, 2020, and unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Bank as at December 31, 2020 and unconsolidated financial performance and unconsolidated 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 Bank 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 matter that, in our professional judgment, were of the most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole and in forming our opinion on the unconsolidated financial statements, and we do not provide a separate opinion on these matters.



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(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I. of Section three)

Key Audit Matter	How the key audit matter is addressed in our audit
<p><b><i>The effect of the transition to TFRS 9 "Financial Instruments" Standard on the financial statements and the recognition of the impairment of financial assets in the financial statements and relevant important explanations</i></b></p>	
<p>As explained in the footnote VI of Section Three, the Bank has started to apply TFRS 9 "Financial Instruments Standard" as of January 1, 2020 and started to include expected credit losses for financial assets in the financial statements according to this standard as of this date. Reasons we consider the transition to TFRS 9 and the provision for impairment of financial assets as key audit subjects:</p> <ul style="list-style-type: none"> <li>- Creation of significant balance in terms of financial statements of on-balance and off-balance sheet financial assets subject to TFRS 9 expected credit losses calculation.</li> <li>- The effect of transition to TFRS 9 on the Bank's equity</li> <li>- Complex and comprehensive applications of TFRS 9</li> <li>- Risk of compliance of policies established by management with the requirements of legislation and other practices to calculate expected credit losses.</li> <li>- The control environment is complex and intense in the processes that are formed or rearranged with the transition to TFRS 9</li> <li>- The estimates and assumptions used in expected credit losses are new, significant and complex.</li> <li>- It consists of comprehensive and complex disclosure requirements brought by TFRS 9.</li> <li>-</li> </ul>	<p>In addition to the current audit procedures, our audit procedures:</p> <ul style="list-style-type: none"> <li>- Evaluating the compliance of the applied accounting policies with TFRS 9, the Bank's past performance, local and global practices</li> <li>- Examination and testing of the controls created to calculate expected credit losses by Process Audit experts</li> <li>- Evaluating the reasonableness and appropriateness of the key judgments and estimates determined by the management and the methods, judgments and data sources used in calculating expected losses, taking into account the standard requirements, industry and global practices</li> <li>- Evaluating the appropriateness of the basic and important estimates and assumptions by financial risk management experts regarding the significant increase in credit risk determined during the calculation of expected credit losses, definition of default, restructuring definition, probability of default, loss in default, amount of default and macro-economic variables</li> <li>- Evaluation of the accuracy and completeness of the information sets used in the calculation of expected credit losses</li> <li>- Detailed testing of mathematical validation of expected credit losses calculation by sampling</li> <li>- Evaluation of the necessity and accuracy of the updates made or to be made after the model process</li> <li>- It includes the auditing of the explanations about TFRS 9.</li> </ul>

### **Responsibilities of Management and Directors for the Unconsolidated Financial Statements**

Bank management is responsible for the preparation and fair presentation of the unconsolidated 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.



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

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

### **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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



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(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I. of Section three)

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

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

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

#### **B) Report on Other Legal and Regulatory Requirements**

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2019 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.

#### **Additional paragraph for convenience translation to English**

As explained in detail in Note I of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSB Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

The engagement partner who supervised and concluded this independent auditor's report is Fatih Polat.

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



26 February 2021

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH  
SEE NOTE I. OF SECTION THREE)

THE UNCONSOLIDATED FINANCIAL REPORT OF  
BANK OF CHINA TURKEY A.Ş. FOR THE YEAR ENDED DECEMBER 31, 2020

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The unconsolidated yearend financial report includes the following sections in accordance with the "Communiqué on Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation Supervision Agency

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED YEAR END FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDIT REPORT

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.



**Bin CHEN**  
Chairman of the  
Board of Directors

**Ruojie LI**  
Member of the  
Board of Directors and  
General Manager

**Pengjun DANG**  
Deputy Chairman of the  
Board of Directors and  
Chairman of the Audit  
Committee



**Özgür DALGIÇ**  
Member of the  
Board of Directors and Member  
of the Audit Committee



**Dalei DING**  
Assistant General  
Manager



**Fang LONG**  
Head of Financial and  
Operational Control  
Department



**Elif GÜMRAH**  
Financial Reporting and  
Budgeting Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : **Elif Gümrah** / Financial Reporting and Budgeting Manager  
Telephone Number : (0 212) 386 01 32

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**Notes to the unconsolidated financial statements  
as December 31, 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***SECTION ONE  
GENERAL INFORMATION****I. History of the Bank including its corporation date, initial status and amendments to the initial status**

Bank of China Limited (“the Parent Company”) began its activities in Turkey through Bank of China Limited Turkey Representative Office opened in 2011. Banking Regulation and Supervisory Agency (BRSA) authorized the Bank to establish a deposit bank in Turkey with the decision numbered 6880 dated 2 May 2016. As BRSA’s establishment permission, as per the decision numbered 7612 dated 1 December 2017 and published on the Official Gazette no 30263 dated 7 December 2017, the Bank got the official operational license, with 99.99% of shareholding of the Parent Company; the Bank has been announced in the Trade Registry Gazette dated 17 January 2017, numbered 9243 along with the Articles of Association dated 10 January 2017.

The Bank started its banking activities on May 9, 2018.

**II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to**

Besides being one of the biggest public banks in the People’s Republic of China, the Parent Company, Bank of China Limited, who holds 99.99% of the Bank’s shares is also one of the biggest banks in the world and has a respectable reputation for over a hundred years. Since the establishment of the London Branch in 1929, which was the first overseas branch, Bank of China, who represents the People’s Republic of China best in the international arena, established its representative office in 2011, in Istanbul, Turkey. There have not been any changes in the Bank’s partnership structure in 2020.

**III. Information on the Board of Directors, Members of the Audit Committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess**

Members of the Bank’s Board of Directors, Audit Committee Members, General Manager and Deputies as of December 31, 2020 are stated below. None of the members of the Board of Directors (including General Manager) has shareholding interest in the Bank.

The Chairman and the Members of the Board of the Directors:

<b>Name</b>	<b>Title</b>	<b>Assigned Date</b>	<b>Education</b>
Bin CHEN	Chairman of the Board of Directors	January 10, 2017	PHD Degree
Ruojie LI	Member of the Board of Directors and General Manager	January 10, 2017	Master Degree
Xiaoyu LIU	Member of the Board of Directors	January 10, 2017	Master Degree
Pengjun DANG	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	January 10, 2017	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	January 10, 2017	Master Degree

Members of the Audit Committee:

<b>Name</b>	<b>Title</b>	<b>Assigned Date</b>	<b>Education</b>
Pengjun DANG	Chairman of the Audit Committee	May 4, 2017	Master Degree
Özgür DALGIÇ	Member of the Audit Committee Responsible for Internal Systems	May 4, 2017	Master Degree

Assistant General Manager:

<b>Name</b>	<b>Title</b>	<b>Assigned Date</b>	<b>Education</b>
Dalei DING	Deputy of General Manager and Assistant General Manager Responsible for Financial Management and Control, Information Technologies, Credit Allocation, Human Resources and Administrative Affairs of the Bank	June,3 2019	Bachelor Degree

**Notes to the unconsolidated financial statements  
as of December 31, 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***IV. Information on the Banks' Qualified Shareholders**

In accordance with the definition of qualified share in the Banking Law numbered 5411 and Article 13 of the Regulation on the Bank's Transactions Subject to Permission and Indirect Shareholding, qualified shareholders are given below;

<b>Name Surname/Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Capital</b>
Bank of China Limited	1,051,229	99.99%	1,051,229	-

**V. Summary Information on the Bank's Functions and Business Lines**

As it is stated in Article 3 of the Articles of Association, the objective and purpose of the Bank whose General Directorate is located in Istanbul, is that the main field of activity is corporate banking. As of December 31, 2020, the Bank serves with 44 employees (December 31, 2019: 39 employees).

**VI. Differences between the communique on preparation of consolidated financial statements of banks and Turkish accounting standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods**

None.

**VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts**

None.

**SECTION TWO**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Unconsolidated Balance Sheet (Statement of Financial Position)
- II. Unconsolidated Statement of Off-Balance Sheet Items
- III. Unconsolidated Profit/Loss Statement
- IV. Unconsolidated Statement of Profit/Loss and Other Comprehensive Income
- V. Unconsolidated Statement of Changes in Shareholders' Equity
- VI. Unconsolidated Statement of Cash Flows
- VII. Unconsolidated Statement of Profit Distribution

**Unconsolidated balance sheet (statement of financial position)  
as of December 31, 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

ASSETS	Note (Section Five)	Audited Current Period 31.12.2020		
		TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>641,260</b>	<b>114,223</b>	<b>755,483</b>
1.1 Cash and cash equivalents		641,260	114,223	755,483
1.1.1 Cash and balances at central bank	(5.1.1)	6,309	37,089	43,398
1.1.2 Banks	(5.1.4)	635,643	77,142	712,785
1.1.3 Money Market Placements		-	-	-
1.1.4 Expected Credit Losses(-)	(5.1.4)	692	8	700
1.2 Financial assets at fair value through profit or loss		-	-	-
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity securities		-	-	-
1.2.3 Other financial assets		-	-	-
1.3 Financial assets at fair value through other comprehensive income		-	-	-
1.3.1 Government debt securities		-	-	-
1.3.2 Equity securities		-	-	-
1.3.3 Other financial assets		-	-	-
1.4 Derivative financial assets	(5.1.3)	-	-	-
1.4.1 Derivative financial assets at fair value through profit and loss		-	-	-
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
<b>II. LOANS MEASURED AT AMORTISED COST (Net)</b>		<b>820,846</b>	<b>377,473</b>	<b>1,198,319</b>
2.1 Loans	(5.1.6)	207,120	382,600	589,720
2.2 Lease receivables		-	-	-
2.3 Factoring receivables		-	-	-
2.4 Other financial assets measured at amortised cost	(5.1.7)	614,303	-	614,303
2.4.1 Government debt securities		614,303	-	614,303
2.4.2 Other financial assets		-	-	-
2.5 Expected credit losses (-)	(5.1.6,7)	577	5,127	5,704
<b>III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
3.1 Held for sale		-	-	-
3.2 Discontinued operations		-	-	-
<b>IV. EQUITY INVESTMENTS</b>		-	-	-
4.1 Investments in associates (net)		-	-	-
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Unconsolidated associates		-	-	-
4.2 Subsidiaries (net)		-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-
4.3 Joint Ventures (net)		-	-	-
4.3.1 Joint ventures valued based on equity method		-	-	-
4.3.2 Unconsolidated jointly ventures		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>16,186</b>	-	<b>16,186</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.14)	<b>2,680</b>	-	<b>2,680</b>
6.1 Goodwill		-	-	-
6.2 Other		2,680	-	2,680
<b>VII. INVESTMENT PROPERTY (Net)</b>		-	-	-
<b>VIII. CURRENT TAX ASSET</b>		-	-	-
<b>IX. DEFERRED TAX ASSET</b>	(5.1.16)	<b>24,184</b>	-	<b>24,184</b>
<b>X. OTHER ASSETS</b>	(5.1.18)	<b>3,669</b>	<b>3,953</b>	<b>7,622</b>
<b>TOTAL ASSETS</b>		<b>1,508,825</b>	<b>495,649</b>	<b>2,004,474</b>

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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

**Unconsolidated balance sheet (statement of financial position)  
as of December 31, 2019**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

ASSETS	Note (Section Five)	Audited Prior Period 31.12.2019		
		TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>692,109</b>	<b>48,895</b>	<b>741,004</b>
1.1 Cash and cash equivalents		671,665	48,895	720,560
1.1.1 Cash and balances at central bank	(5.1.1)	2,805	40,054	42,859
1.1.2 Banks	(5.1.4)	668,860	8,841	677,701
1.1.3 Money Market Placements		-	-	-
1.2 Financial assets at fair value through profit or loss		-	-	-
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity securities		-	-	-
1.2.3 Other financial assets		-	-	-
1.3 Financial assets at fair value through other comprehensive income		-	-	-
1.3.1 Government debt securities		-	-	-
1.3.2 Equity securities		-	-	-
1.3.3 Other financial assets		-	-	-
1.4 Derivative financial assets	(5.1.3)	20,444	-	20,444
1.4.1 Derivative financial assets at fair value through profit and loss		20,444	-	20,444
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
<b>II. LOANS MEASURED AT AMORTISED COST (Net)</b>		<b>537,558</b>	<b>359,875</b>	<b>897,433</b>
2.1 Loans	(5.1.6)	208,137	359,875	568,012
2.2 Lease receivables		-	-	-
2.3 Factoring receivables		-	-	-
2.4 Other financial assets measured at amortised cost	(5.1.7)	329,421	-	329,421
2.4.1 Government debt securities		329,421	-	329,421
2.4.2 Other financial assets		-	-	-
2.5 Non-performing loans		-	-	-
2.6 Expected credit losses (-)		-	-	-
<b>III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
3.1 Held for sale		-	-	-
3.2 Discontinued operations		-	-	-
<b>IV. EQUITY INVESTMENTS</b>		-	-	-
4.1 Investments in associates (net)		-	-	-
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Unconsolidated associates		-	-	-
4.2 Subsidiaries (net)		-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-
4.3 Joint Ventures (net)		-	-	-
4.3.1 Joint ventures valued based on equity method		-	-	-
4.3.2 Unconsolidated jointly ventures		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>24,746</b>	-	<b>24,746</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.14)	<b>2,648</b>	-	<b>2,648</b>
6.1 Goodwill		-	-	-
6.2 Other		2,648	-	2,648
<b>VII. INVESTMENT PROPERTY (Net)</b>		-	-	-
<b>VIII. CURRENT TAX ASSET</b>		-	-	-
<b>IX. DEFERRED TAX ASSET</b>	(5.1.16)	<b>5,228</b>	-	<b>5,228</b>
<b>X. OTHER ASSETS</b>	(5.1.18)	<b>1,994</b>	<b>3,917</b>	<b>5,911</b>
<b>TOTAL ASSETS</b>		<b>1,264,283</b>	<b>412,687</b>	<b>1,676,970</b>

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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

**Unconsolidated balance sheet (statement of financial position)  
as of December 31, 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

LIABILITIES	Note (Section Five)	Audited Current Period 31.12.2020		
		TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	151,509	52,680	204,189
<b>II. LOAN RECEIVED</b>	(5.II.3)	-	74,203	74,203
<b>III. MONEY MARKET FUNDS</b>		-	-	-
<b>IV. MARKETABLE SECURITIES (Net)</b>		-	-	-
4.1 Bills		-	-	-
4.2 Asset backed securities		-	-	-
4.3 Bonds		-	-	-
<b>V. FUNDS</b>		-	-	-
5.1 Borrower funds		-	-	-
5.2 Other		-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	79,019	-	79,019
7.1 Derivative financial liabilities at fair value through profit or loss		79,019	-	79,019
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-
<b>IX. LEASE LIABILITIES</b>	(5.II.5)	533	19,477	20,010
<b>X. PROVISIONS</b>	(5.II.7)	2,590	10,384	12,974
10.1 General loan loss provisions		-	-	-
10.2 Provisions for restructuring		-	-	-
10.3 Reserve for employee benefits		2,556	4,079	6,635
10.4 Insurance technical reserves (Net)		-	-	-
10.5 Other provisions		34	6,305	6,339
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.8)	11,487	-	11,487
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
13.1 Held for sale		-	-	-
13.2 Related to discontinued operations		-	-	-
<b>XIV. SUBORDINATED DEBTS</b>		-	-	-
14.1 Loans		-	-	-
14.2 Other debt instruments		-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.4)	10,488	492	10,980
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,591,612	-	1,591,612
16.1 Paid-in capital		1,051,230	-	1,051,230
16.2 Capital reserves		-	-	-
16.2.1 Equity share premium		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Other capital reserves		-	-	-
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(12)	-	(12)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5 Profit reserves		395,224	-	395,224
16.5.1 Legal reserves		25,789	-	25,789
16.5.2 Statutory reserves		-	-	-
16.5.3 Extraordinary reserves		369,435	-	369,435
16.5.4 Other profit reserves		-	-	-
16.6 Profit or loss		145,170	-	145,170
16.6.1 Prior years' profits or losses		26,229	-	26,229
16.6.2 Current Period net profit or loss		118,941	-	118,941
16.7 Minority Shares		-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,847,238</b>	<b>157,236</b>	<b>2,004,474</b>

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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

**Unconsolidated balance sheet (statement of financial position)  
as of December 31, 2019**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

LIABILITIES	Note (Section Five)	Audited Prior Period 31.12.2019		
		TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	75,677	8	75,685
<b>II. LOAN RECEIVED</b>	(5.II.3)	-	59,423	59,423
<b>III. MONEY MARKET FUNDS</b>		-	-	-
<b>IV. MARKETABLE SECURITIES (Net)</b>		-	-	-
4.1 Bills		-	-	-
4.2 Asset backed securities		-	-	-
4.3 Bonds		-	-	-
<b>V. FUNDS</b>		-	-	-
5.1 Borrower funds		-	-	-
5.2 Other		-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	-	-	-
7.1 Derivative financial liabilities at fair value through profit or loss		-	-	-
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-
<b>IX. LEASE LIABILITIES</b>	(5.II.5)	330	22,082	22,412
<b>X. PROVISIONS</b>	(5.II.7)	40,626	-	40,626
10.1 General loan loss provisions		35,589	-	35,589
10.2 Provisions for restructuring		-	-	-
10.3 Reserve for employee benefits		5,037	-	5,037
10.4 Insurance technical reserves (Net)		-	-	-
10.5 Other provisions		-	-	-
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.8)	19,484	-	19,484
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
13.1 Held for sale		-	-	-
13.2 Related to discontinued operations		-	-	-
<b>XIV. SUBORDINATED DEBTS</b>		-	-	-
14.1 Loans		-	-	-
14.2 Other debt instruments		-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.4)	10,996	1,909	12,905
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,446,435	-	1,446,435
16.1 Paid-in capital		1,051,230	-	1,051,230
16.2 Capital reserves		-	-	-
16.2.1 Equity share premium		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Other capital reserves		-	-	-
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(19)	-	(19)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5 Profit reserves		200,820	-	200,820
16.5.1 Legal reserves		10,041	-	10,041
16.5.2 Statutory reserves		-	-	-
16.5.3 Extraordinary reserves		190,779	-	190,779
16.5.4 Other profit reserves		-	-	-
16.6 Profit or loss		194,404	-	194,404
16.6.1 Prior years' profits or losses		-	-	-
16.6.2 Current Period net profit or loss		194,404	-	194,404
16.7 Minority Shares		-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,593,548</b>	<b>83,422</b>	<b>1,676,970</b>

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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

**BANK OF CHINA TURKEY A.Ş.**
**Unconsolidated statement of off-balance sheet commitments  
as of December 31, 2020**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

	Note (Section Five)	Audited Current Period 31.12.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>(5.III.1)</b>	<b>446,934</b>	<b>1,584,175</b>	<b>2,031,109</b>	<b>514,047</b>	<b>1,295,976</b>	<b>1,810,023</b>
<b>I. GUARANTEES AND WARRANTIES</b>		<b>245,594</b>	<b>1,280,295</b>	<b>1,525,889</b>	<b>245,594</b>	<b>999,883</b>	<b>1,245,477</b>
1.1 Letters of Guarantee		245,594	160,004	405,598	245,594	26,289	271,883
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		245,594	160,004	405,598	245,594	26,289	271,883
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	-	-	-	-	-
1.3.1 Documentary Letters of Credit		-	-	-	-	-	-
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	1,120,291	1,120,291	-	973,594	973,594
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		-	-	-	-	-	-
2.1 Irrevocable Commitments		-	-	-	-	-	-
2.1.1 Asset Purchase Commitments		-	-	-	-	-	-
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	-	-	-	-	-
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(5.III.2)</b>	<b>201,340</b>	<b>303,880</b>	<b>505,220</b>	<b>268,453</b>	<b>296,093</b>	<b>564,546</b>
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		201,340	303,880	505,220	268,453	296,093	564,546
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		201,340	303,880	505,220	268,453	296,093	564,546
3.2.2.1 Foreign Currency Swap-Buy		201,340	-	201,340	268,453	-	268,453
3.2.2.2 Foreign Currency Swap-Sell		-	303,880	303,880	-	296,093	296,093
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Foreign Currency, Interest Rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		-	<b>163,227</b>	<b>163,227</b>	-	<b>130,680</b>	<b>130,680</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		-	-	-	-	-	-
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		-	-	-	-	-	-
4.3 Cheques Received for Collection		-	-	-	-	-	-
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		-	<b>163,227</b>	<b>163,227</b>	-	<b>130,680</b>	<b>130,680</b>
5.1 Marketable Securities		-	-	-	-	-	-
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		-	163,227	163,227	-	130,680	130,680
5.6 Other Pledged Items		-	-	-	-	-	-
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTS</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>446,934</b>	<b>1,747,402</b>	<b>2,194,336</b>	<b>514,047</b>	<b>1,426,656</b>	<b>1,940,703</b>

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

**BANK OF CHINA TURKEY A.Ş.**
**Unconsolidated statement of profit/loss for the Period ended December 31, 2020**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

INCOME AND EXPENSE ITEMS	Note (section five)	Audited
		Current Period 01.01.2020- 31.12.2020
<b>I. INTEREST INCOME</b>	<b>(5.IV.1)</b>	<b>157,537</b>
1.1 Interest from Loans		36,497
1.2 Interest from Reserve Deposits		301
1.3 Interest from Banks		69,420
1.4 Interest from Money Market Transactions		-
1.5 Interest from Marketable Securities Portfolio		51,319
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		-
1.5.3 Financial Assets Measured at Amortized Cost		51,319
1.6 Interest from Financial Leases		-
1.7 Other Interest Income		-
<b>II. INTEREST EXPENSE</b>	<b>(5.IV.2)</b>	<b>15,275</b>
2.1 Interest on Deposits		12,773
2.2 Interest on Funds Borrowed		1,250
2.3 Interest Expense on Money Market Transactions		-
2.4 Interest on Securities Issued		-
2.5 Lease Interest Expenses		1,089
2.6 Other Interest Expenses		163
<b>III. NET INTEREST INCOME (I - II)</b>		<b>142,262</b>
<b>IV. NET FEES AND COMMISSIONS INCOME / LOSSES</b>		<b>35,447</b>
4.1 Fees and Commissions Received		35,570
4.1.1 Non-cash Loans		32,387
4.1.2 Other		3,183
4.2 Fees and Commissions Paid		123
4.2.1 Non-cash Loans		-
4.2.2 Other		123
<b>V. DIVIDEND INCOME</b>	<b>(5.IV.3)</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	<b>(5.IV.4)</b>	<b>30,233</b>
6.1 Profit / Loss on Securities Trading		-
6.2 Profit / Loss on Derivative Financial Transactions		(66,169)
6.3 Foreign Exchange Gains / Losses		96,402
<b>VII. OTHER OPERATING INCOME</b>	<b>(5.IV.5)</b>	<b>365</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>208,307</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>(5.IV.6)</b>	<b>744</b>
<b>X. OTHER PROVISIONS (-)</b>		<b>-</b>
<b>XI. PERSONEL EXPENSES (-)</b>		<b>26,199</b>
<b>XII. OTHER OPERATING EXPENSES</b>	<b>(5.IV.7)</b>	<b>25,712</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>155,652</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		<b>-</b>
<b>XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>
<b>XVI. GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>
<b>XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>	<b>(5.IV.8)</b>	<b>155,652</b>
<b>XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>(5.IV.9)</b>	<b>(36,711)</b>
18.1 Current Tax Provision		(53,029)
18.2 Expense Effect of Deferred Tax		(5,200)
18.3 Income Effect of Deferred Tax		21,518
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>(5.IV.10)</b>	<b>118,941</b>
<b>XX. PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>
20.1 Income From Assets Held for Sale		-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3 Other Income From Discontinued Operations		-
<b>XXI. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>
21.1 Expenses on Assets Held for Sale		-
21.2 Losses from Sales of Associates, Subsidiaries and Joint Ventures		-
21.3 Other Expenses From Discontinued Operations		-
<b>XXII. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>
23.1 Current Tax Provision		-
23.2 Expense Effect of Deferred Tax		-
23.3 Income Effect of Deferred Tax		-
<b>XXIV. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>
<b>NET PROFIT / LOSS (XVIII±XXIII)</b>	<b>(5.IV.11)</b>	<b>118,941</b>
Profit/Loss per share		0.11314

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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

**BANK OF CHINA TURKEY A.Ş.**
**Unconsolidated statement of profit/loss for the Period ended December 31, 2019**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

INCOME AND EXPENSE ITEMS	Note (section five)	Audited
		Prior Period 01.01.2019- 31.12.2019
<b>I. INTEREST INCOME</b>	(5.IV.1)	235,189
1.1 Interest from Loans		42,916
1.2 Interest from Reserve Deposits		2
1.3 Interest from Banks		174,556
1.4 Interest from Money Market Transactions		-
1.5 Interest from Marketable Securities Portfolio		17,715
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		-
1.5.3 Financial Assets Measured at Amortized Cost		17,715
1.6 Interest from Financial Leases		-
1.7 Other Interest Income		-
<b>II. INTEREST EXPENSE</b>	(5.IV.2)	19,340
2.1 Interest on Deposits		17,838
2.2 Interest on Funds Borrowed		473
2.3 Interest Expense on Money Market Transactions		-
2.4 Interest on Securities Issued		-
2.5 Lease Interest Expenses		1,019
2.6 Other Interest Expenses		10
<b>III. NET INTEREST INCOME (I - II)</b>		215,849
<b>IV. NET FEES AND COMMISSIONS INCOME / LOSSES</b>		17,650
4.1 Fees and Commissions Received		17,723
4.1.1 Non-cash Loans		15,691
4.1.2 Other		2,032
4.2 Fees and Commissions Paid		73
4.2.1 Non-cash Loans		-
4.2.2 Other		73
<b>V. DIVIDEND INCOME</b>	(5.IV.3)	-
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.4)	78,257
6.1 Profit / Loss on Securities Trading		-
6.2 Profit / Loss on Derivative Financial Transactions		46,903
6.3 Foreign Exchange Gains / Losses		31,354
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.5)	60
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		311,816
<b>IX. LOAN PROVISIONS (-)</b>	(5.IV.6)	15,242
<b>X. PERSONEL EXPENSES (-)</b>		18,330
<b>XI. OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	24,622
<b>XII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI)</b>		253,622
<b>XIII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-
<b>XIV. INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		-
<b>XV. GAIN / LOSS ON NET MONETARY POSITION</b>		-
<b>XVI. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)</b>	(5.IV.8)	253,622
<b>XVII. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	(59,218)
17.1 Current Tax Provision		(63,048)
17.2 Expense Effect of Deferred Tax		(1,676)
17.3 Income Effect of Deferred Tax		5,506
<b>XVIII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>	(5.IV.10)	194,404
<b>XIX. PROFIT FROM DISCONTINUED OPERATIONS</b>		-
19.1 Income from Assets Held for Sale		-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3 Other Income from Discontinued Operations		-
<b>XX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-
20.1 Expenses on Assets Held for Sale		-
20.2 Losses from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3 Other Expenses from Discontinued Operations		-
<b>XXI. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-
<b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-
22.1 Current Tax Provision		-
22.2 Expense Effect of Deferred Tax		-
22.3 Income Effect of Deferred Tax		-
<b>XXIII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-
<b>NET PROFIT / LOSS (XVIII+XXIII)</b>	(5.IV.11)	194,404
Profit/Loss per share		0.1849

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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

**BANK OF CHINA TURKEY A.Ş.****Unconsolidated statement of profit/loss and other comprehensive income  
for the Period ended December 31, 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

	Audited Current Period	Audited Prior Period
	01.01.2020-31.12.2020	01.01.2019-31.12.2019
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>118,941</b>	<b>194,404</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>7</b>	<b>(19)</b>
<b>2.1. Other comprehensive income that will not be reclassified to profit or loss</b>	<b>7</b>	<b>(19)</b>
2.1.1 Gains (Losses) on Revaluation of Property and Equipment	-	-
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	9	(25)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5 Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(2)	6
<b>2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>-</b>	<b>-</b>
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investment Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
2.2.6 Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>118,948</b>	<b>194,385</b>

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

**BANK OF CHINA TURKEY A.Ş.**
**Statement of changes in shareholders' equity  
for the Period ended December 31, 2020**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

Current Period (31.12.2020)	Section 5 Note V	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified in Profit and Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
						1	2	3	4	5	6				
I. Balances at beginning of the Period (*)		1,051,230	-	-	-	-	(19)	-	-	-	-	200,820	194,404	-	1,446,435
II. Correction made as per TAS 8 (*)		-	-	-	-	-	-	-	-	-	-	-	26,229	-	26,229
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	26,229	-	26,229
III. Adjusted balances at beginning of the Period (I+II)		1,051,230	-	-	-	-	(19)	-	-	-	-	200,820	220,633	-	1,472,664
IV. Total Comprehensive Income		-	-	-	-	-	7	-	-	-	-	-	-	118,941	648
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution		-	-	-	-	-	-	-	-	-	-	194,404	(194,404)	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	194,404	(194,404)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the Period (III+IV+.....+X+XI)</b>		<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395,224</b>	<b>26,229</b>	<b>118,941</b>	<b>1,591,612</b>

Prior Period (31.12.2019)	Section 5 Note V	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified in Profit and Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
						1	2	3	4	5	6				
I. Balances at beginning of the Period (*)		1,051,230	-	-	-	-	(4)	-	-	-	-	86,086	-	114,734	1,252,046
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 the Period (I+II)		1,051,230	-	-	-	-	(4)	-	-	-	-	86,086	-	114,734	1,252,046
IV. Total Comprehensive Income		-	-	-	-	-	(15)	-	-	-	-	-	-	194,404	194,389
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution		-	-	-	-	-	-	-	-	-	-	114,734	-	(114,734)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	114,734	-	(114,734)	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the Period (III+IV+.....+X+XI)</b>		<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,820</b>	<b>-</b>	<b>194,404</b>	<b>1,446,435</b>

1. Tangible and Intangible Asset Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans

3. Other (Other comprehensive income of Associates and Joint Ventures Accounted for Using Equity Method That Will Not Be Reclassified to Profit or Loss and Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated Gains (Losses) due to revolution and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Other (Accumulated gains or losses on Cash flow hedge, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

Note: In accordance with the transition provisions of TFRS 9 "Financial Instruments" Standard, since the previous period financial statements were not rearranged, they were not disclosed in comparison with the current period financial statements and were shown as previously reported.

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

**Statement of cash flows  
for the Period January 1 - December 31, 2020**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

STATEMENT OF CASH FLOWS	Note	Audited	
		Current Period 01.01.2020-31.12.2020	Prior Period 01.01.2019-31.12.2019
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>5.IV.3</b>	<b>105,786</b>	<b>151,734</b>
1.1.1 Interest received (+)		202,564	222,346
1.1.2 Interest paid (-)		12,084	10,087
1.1.3 Dividend received (+)		-	-
1.1.4 Fees and commissions received (+)		45,644	24,708
1.1.5 Other income (+)		-	59
1.1.6 Collections from previously written off loans and other receivables (+)		-	-
1.1.7 Payments to personnel and service suppliers (-)		43,292	27,424
1.1.8 Taxes paid (-)		87,046	57,868
1.1.9 Other (+/-)		-	-
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>207,341</b>	<b>(54,133)</b>
1.2.1 Net increase (decrease) in financial assets at fair value through profit or loss (+/-)		-	-
1.2.2 Net increase (decrease) in due from banks (+/-)		-	39,574
1.2.3 Net increase (decrease) in loans		79,892	(220,970)
1.2.4 Net increase (decrease) in other assets (+/-)		-	(3,509)
1.2.5 Net increase (decrease) in bank deposits (+/-)		-	-
1.2.6 Net increase (decrease) in other deposits (+/-)		127,663	75,062
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)		-	56,659
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(214)	(949)
<b>I. Net cash provided from banking operations</b>		<b>313,127</b>	<b>97,601</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities (+/-)</b>		<b>(287,898)</b>	<b>(337,556)</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained for acquisition of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment (-)		3,016	25,087
2.4 Disposals of property and equipment (+)		-	-
2.5 Cash paid for purchase of financial assets available- for sale (-)		-	-
2.6 Cash obtained from sale of financial assets available- for sale (+)		-	-
2.7 Cash paid for purchase of investment securities (-)		664,912	312,469
2.8 Cash obtained from sale of investment securities (+)		380,030	-
2.9 Other (+)		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from financing activities (+/-)</b>		<b>-</b>	<b>-</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		-	-
3.2 Cash used for repayment of funds borrowed and securities issued (-)		-	-
3.3 Issued equity instruments (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for financial leases (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>12,096</b>	<b>(6,660)</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>37,325</b>	<b>(246,615)</b>
<b>VI. Cash and cash equivalents at beginning of Period</b>	<b>5.IV.2</b>	<b>716,744</b>	<b>963,359</b>
<b>VII. Cash and cash equivalents at end of Period</b>	<b>5.IV.2</b>	<b>754,069</b>	<b>716,744</b>

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

**Statement of profit distributions  
for the Period January 1 - December 31, 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

	Audited Current period 01.01.2020-31.12.2020(*)	Audited Prior period 01.01.2019-31.12.2019
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	155,652	253,622
1.2 TAXES AND DUTIES PAYABLE (-)	69,347	59,218
1.2.1 Corporate Tax (Income tax)	53,029	63,048
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties(**)	(16,318)	(3,830)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>118,941</b>	<b>194,404</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 LEGAL RESERVES (-)	-	12,681
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>118,941</b>	<b>181,723</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	181,723
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
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 owners 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 (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0.1131	0.1849
3.2 TO OWNERS OF ORDINARY SHARES (%)	11.31	18.493
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 (%)	-	-

(\*) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(\*\*) It is considered by the BRSA that the revenue amount related to deferred tax assets cannot be considered as cash or internal resources and therefore should not be subject to the distribution of the profit for the period. As of December 31, 2020, the Bank has deferred tax expense amounting to TL 16,318 (December 31, 2019: TL 3,830 deferred tax expense).

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

**Notes to unconsolidated financial statements  
as at 31 December 2020**

*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

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**SECTION THREE  
ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

**a. Preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures on the Accounting Practice and Documentation of Banks**

The Bank prepared the accompanying financial statements in accordance with 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").

The format and detail of the publicly announced selected financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and amendments to this Communiqué. The Bank maintains its books of account in Turkish Lira in accordance with the Banking Law, Turkish commercial Code and Turkish Tax Legislation.

The financial statements have been prepared in Turkish Lira (TL), based on the historical cost basis except for the financial assets, liabilities and derivatives, which are expressed with their fair values.

On May 2, 2016, the Bank obtained permission from BRSA to establish as a deposit bank. The Bank obtained its permission to operate on 7 December 2017 and started its banking activities on 9 May 2018.

**Additional paragraph for convenience translation into English of financial statements originally issued in Turkish**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**b. Accounting policies and valuation principles applied in preparation of financial statements**

The accounting policies and valuation principles used in the preparation of the financial statements are selected and applied in accordance with the requirements set out in regulations, communiqués, statements and guidance published by the BRSA and if there is no special regulation by the BRSA, in accordance with the principles within TAS / TFRS. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXII below.

**Notes to unconsolidated financial statements  
as at 31 December 2020**

*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

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**I. BASIS OF PRESENTATION (continued)**

**c. Changes in accounting policy**

The Bank's request for exception for the transition calculations for the "IFRS 9 Financial Instruments" standard, which entered into force on January 1, 2018, it was met positive by the BRSA number 32521522-101.02.02 [68] -E.4652 and dated April 3, 2018. Accordingly, the Bank sets aside general and special provisions within the scope of Articles 10, 11, 13 and 15 of the "Regulation on the Classification of Loans and Provisions and Principles to be Reserved for them", in the accompanying unconsolidated financial statements, dated 22 June 2016. In accordance with the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette No: 29750 and entered into force on 1 January 2018, the standard "IFRS 9 Financial Instruments" (IFRS 9) published by the POA on January 1, 2020 It has started to be applied for the first time since. Pursuant to the transition provisions of IFRS 9, Prior Period financial statements and footnotes have not been rearranged. Therefore, the first application effects of the standard are reflected to the previous profits and the accompanying financial statements are presented separately, not comparative. IFRS 9 started to be implemented as of January 1, 2020 and its effects on the opening balance are explained in Note XXIII of Section Three.

**II. EXPLANATIONS ON THE USAGE STRATEGY OF FINANCIAL INSTRUMENTS AND ON FOREIGN CURRENCY TRANSACTIONS**

The Bank operates in the fields of Corporate Banking and Treasury banking in Turkey. The Bank provides cash, non-cash loans, project financing and corporate finance services to its corporate customers under the umbrella of corporate banking.

The Bank's most important funding source is its capital. Most of the Bank's assets consist of placements to banks. While capital is evaluated in high quality financial assets, an asset-liability management strategy is followed to keep interest, liquidity and exchange rate risks within certain limits. Foreign currency, interest and liquidity risks carried in the balance sheet and off-balance sheet assets and liabilities are managed within the framework of various risk limits and legal limits adopted by the Bank. The position of the Bank as a result of its foreign currency operations is kept at a minimum level and the foreign exchange rate risk is monitored within the framework of the Banking Law.

**Explanation on foreign currency transactions:**

Foreign exchange gains and losses arising from the foreign currency transactions are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the Periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the Period and the related currency conversion differences are recognized as foreign exchange gains and losses.

**III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

The Bank's derivative instruments are classified as "Derivative Financial Assets Measured at Fair Value through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income" in accordance with "IFRS 9".

In accordance with IFRS 9, forward foreign exchange contracts, swaps, options and futures transactions are classified as "Derivative Financial Assets Measured at Fair Value through Profit and Loss". Derivative transactions are recorded at their fair value at the date of the contract. In addition, liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts at contractual amounts.

As of December 31, 2020, the Bank has derivative financial liability is TL 79,019 which is classified as "Derivative Financial Liabilities Measured at Fair Value through Profit and Loss" (December 31, 2019: TL 20,444 asset).

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**IV. INFORMATION ON INTEREST INCOME AND EXPENSES**

Interest income and expenses are recognized as they are accrued using internal rate of return method.

**V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

According to the nature of fees and commissions; commission income / expenses collected for any future transaction are recognized on an accrual basis and other fee and commission income / expenses are recognized in accordance with TFRS 15 in the Period in which they are incurred.

**VI. EXPLANATIONS ON FINANCIAL ASSETS**

Within the framework of the business plan, the Bank classifies and accounts for its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets at amortized cost". Such financial assets are recognized or deducted according to the "Financial Statement Acquisition and Disclosure of Financial Statements" in the third part of TFRS 9 standard on classification and measurement of financial instruments published in the Official Gazette dated 19 January 2017 and numbered 29953. Financial assets are measured at fair value on initial recognition in the financial statements. In the first measurement of financial assets other than "Financial assets at fair value through profit or loss", transaction costs are added to fair value or deducted from fair value.

The Bank recognizes a financial asset only when it is a party to the contractual provisions of the financial instrument. The first time that a financial asset is included in the financial statements, the characteristics of the business model and the contractual cash flows of the financial asset are taken into account by the Bank Management. When the business model determined by the bank management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In such cases, no adjustments are made to the earnings, losses or interests previously recognized in the financial statements.

The Bank has no financial assets at fair value through other comprehensive income as of December 31, 2020.

**Loans and Receivables:**

Loans are financial assets that have fixed or determinable payments and are not quoted on an active market. Such loans are initially recognized at cost with fair value reflecting transaction costs and are measured at amortized cost using the "effective interest rate (internal rate of return) method".

**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 their acquisition cost including the transaction costs, which reflect the fair value of those instruments and are subsequently recognized at "Amortized Cost" by using "Effective Interest (Internal Efficiency) Rate" method. Interest income obtained from financial assets measured at amortized cost is accounted in the income statement.

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**VII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS**

As of 1 January 2020, the Bank started to recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2019, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. 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.

The Bank sets aside the expected loss provision for its financial assets measured at amortized cost and at fair value through other comprehensive income.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Stage 1:**

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

**Stage 2:**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined based on the instrument's lifetime expected credit losses.

**Stage 3:**

Stage 3 includes financial assets that have objective evidence of impairment as of the reporting date. Lifetime expected credit losses are recorded for these assets.

**Use of current conditions, past events and macroeconomic forecasts:**

After making a segment separation according to the counterparty of the receivable, the Bank takes into account the different macroeconomic scenarios created for the corporate portfolio, using past events, current conditions and economic prospects for the future. The Bank uses three macroeconomic scenarios as base, positive and negative for future projections. The macroeconomic model is applied to reflect the outlook of the parameters used in the expected credit loss calculation.

**Expected credit loss provision calculation:**

The Bank uses the "Probability of Default x Loss in Default x Default" amount that takes into account the time value of money in the expected credit loss calculation. For the first stage receivables, 12-month expected credit loss calculation is applied, considering future information. For the second stage receivables, calculations are made for the expected life of the loan. Expected lifetime expected credit loss is calculated by discounting and collecting possible credit losses in every 12-month Period until maturity. The default probability is taken as 100% for non-performing loans and the expected loan losses are calculated in accordance with the expected life approach. Although methodological calculation methods have been determined, there are currently no loans classified in the second and third stages in the Bank's portfolio. The entire loan portfolio is at the first stage.

**VIII. DISCLOSURES ABOUT NETTING and DERECOGNITION of FINANCIAL INSTRUMENTS**

**Explanations on netting of financial instruments:**

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

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**IX. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES**

Funds provided by the Bank for securities sold under agreements for repurchase agreements ("Repo") are followed in the legal records in the "Funds Provided under Repurchase Agreements" and "Funds Provided under Repurchase Agreements-FC" Accounts.

Securities subject to repo (repurchase agreements) are classified as "Financial assets at fair value through profit or loss" or "Financial assets at fair value through other comprehensive income" according to their purposes to be held in the Bank's portfolio. Revenues from securities subject to repo are accounted for in interest income and expenses paid under repurchase agreements are accounted in interest expense accounts.

Funds lent against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. Interest income accruals are calculated according to the "effective interest (internal rate of return) method" for the portion of the difference between repurchase agreements and purchase and resale prices. Difference between the purchase and resale prices determined by reverse repurchase agreements, the interest income accrual is calculated according to the "Effective interest rate method".

As of December 31, 2020, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 2019: None).

**X. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND THE RELATED LIABILITIES**

Assets held for sale, consist of tangible assets due to non-performing loans are accounted for in accordance with "TFRS 5 related to Held for Sale Fixed Assets and Discontinued Operations Turkey Financial Reporting Standards" in the financial statements.

A discontinued operation is part of a bank's business classified as disposed or held-for-sale. It refers to a separate main business line or the geographical area of its activities. It is a part of the sale of a separate main line of business or geographical area of operations alone in a coordinated plan, or is a subsidiary acquired solely for resale.

As of December 31, 2020, the Bank has no assets held for sale and discontinued operations (December 31, 2019: None).

**XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill represents the difference between the cost of goods sold and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree's entity / operation, and represents the payment made by the acquirer to the entity for future benefit recognition. Not included in the financial statements of the business acquired in business combinations; however, assets that are separable from goodwill, intangible assets (such as credit card brand value and customer portfolio) and / or contingent liabilities are recognized in the financial statements at fair value.

Goodwill calculated in accordance with TFRS 3 - Business Combinations Standard is not subject to amortization but instead is tested for impairment in accordance with TAS 36 - Impairment of Assets, more frequently, annually or in cases where the conditional changes in circumstances indicate it may be impaired.

Intangible assets are amortized using the straight-line method over their estimated useful lives. The determination of the useful life of the asset is made by assessing the expected duration of use of the asset, the technical, technological or other type of obsolescence and the maintenance costs required obtaining the expected economic benefit from the asset.

As of December 31, 2020, there is no goodwill in the accompanying financial statements (December 31, 2019: None).

**Notes to unconsolidated financial statements  
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In accordance with the "Accounting Standard for Tangible Fixed Assets" ("TAS 16"), the cost of the tangible assets is determined by adding the initial amounts of the tangible assets and other direct expenses required to make the asset available. Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

For assets that are less than an active accounting Period, depreciation is provided for the amount of the depreciation for the full year, as measured by the proportion of the asset over the life of the asset.

If the carrying amount of an item of property, plant and equipment is greater than its market value, an impairment loss is recognized for the excess amount and the amount is recognized in the financial statements. Gains or losses arising from the disposal of tangible fixed assets are transferred to profit and loss accounts of the related Period.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

<b>Tangible Assets</b>	<b>Estimated Useful Life (Year)</b>	<b>Amortization Rate (%)</b>
Operating Leases	7-9	11.11-14.29
Furniture	5-10	10-20
Office equipment	3-10	10-33.33
Safe	50	2
Vehicles	5	20

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS**

The Bank is a lessee in the offices used for the marketing of operational area services and operations, and there are no financial leasing transactions.

**Explanations on TAS 16 Leases Standard:**

TAS 16 Leases Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements. The Bank has started to apply the related standard on 1 January 2019.

**Measurement, Presentation and Reflection of Financial Leasing into Financial Statement**

The amount of the lease obligation is shown in the balance sheet as gross in proportion to the total of all cash payments under the contract and netted off with the interest expense arising from the contract. The usage right arising from the leasing transactions is capitalized at the date of the rental at the beginning of the lease by measuring the present value of the lease payments that have not been paid at that date. In this measurement, if the interest can be easily determined, the implied interest rate in the lease is used. If this ratio cannot be easily determined, the Bank's alternative borrowing interest rate announced by the Treasury Unit is used.

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

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**XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT ASSETS/LIABILITIES**

Provisions and contingent liabilities except for the financial instruments within the scope of the TFRS 9 or the provisions recognized in accordance with other standards such as TAS 12 and TAS 19 are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provision is made in the financial statements if there is an existing obligation resulting from past events, it is probable that the obligation will be met and the obligation can be reliably measured. Provisions are calculated based on the Bank Management's best estimates of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value where the effect is material.

For liabilities that arise because of past events, provision is made if the probability of occurrence is high and the amount can be reliably estimated at the time when those liabilities are incurred.

Contingent assets usually consist of unplanned or other unexpected events that give rise to the possibility of entry into the business of economic benefits. The presentation of contingent assets in the financial statements is not included in the financial statements, as it may result in the recognition of an income that can never be obtained. Contingent assets are disclosed in the footnotes of financial statements if it is probable that the economic benefits will flow to the enterprise. Contingent assets are assessed on an ongoing basis to ensure that their development is accurately reflected in the financial statements. If it becomes almost certain that the economic benefit will enter the Bank, the related asset and related income are reflected in the financial statements of the Period in which the change occurs.

**XV. EXPLANATION ON LIABILITIES RELATED TO EMPLOYEE RIGHTS**

In accordance with the existing social legislation in Turkey, the Bank 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. In accordance with the revised TAS 19 employee benefits standard ("TAS 19"), such payments are recognized as defined benefit plans.

The retirement pay liability recognized in the balance sheet is calculated according to the present value of the amount of the liability expected to arise in the future due to retirement of all employees and reflected to the financial statements. Amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. Changes require that all actuarial losses and gains be accounted for as other comprehensive income immediately in order to reflect the full value of the net retirement asset or liability in the balance sheet. Changes to TAS 19 should be applied retrospectively.

**a. Defined benefit plans:**

According to the laws and collective agreements existing in Turkey, retirement pay is paid in case of retirement or dismissal. The Bank recognizes the provision for the rights of its employees by estimating the present value of its future probable obligation in the event of retirement or dismissal.

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

**b. Defined contribution plans:**

The Bank, on behalf of its employees, must pay contributions to the Social Security Institution (SSI) in the amount determined by law. Apart from the contribution paid by the Bank, there is no other obligation to pay to its employees or the SSI. These premiums are reflected to the personnel expenses in the Period when they are accrued.

**c. Short-term benefits to employees:**

The liabilities arising from the vacation pay defined as "short-term benefits to employees" within the scope of TAS 19 are accrued and are not discounted at the Periods when they are earned.

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**XVI. EXPLANATIONS ON TAXATION**

**a. Corporate tax:**

As per the provisional article 91 of Law numbered 7061, which is added to Corporate Tax Law numbered 5520 corporate tax rate regarding 2018, 2019 and 2020 fiscal Periods (accounting Periods starting within the related Period for companies which are assigned special accounting Period) has been changed as 22%. Starting from January 1, 2020, deferred tax asset has been calculated for temporary differences of expected credit loss provisions.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of December 31, 2019 for the temporary differences expected to be realized/closed within 2 years (for the years 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020. 20% tax rate has been used in the corporate income tax and deferred tax calculation as of December 31, 2020.

Corporate tax declarations are prepared between 1st and 25th days of 4th month of the related fiscal year and are paid until the end of the following month in one instalment.

The corporations and income tax provisions calculated over the Period profits are recorded in the "Current Tax Liability" account in the liabilities and in the "Current Tax Provision" account in the income statement as expense.

According to the Turkish 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 entries can be examined within five years by tax office.

If there is no dividend distribution planned, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Current tax effect concerning transactions directly accounted for in equity is also reflected to equity.

**b. Deferred tax:**

In accordance with Turkish Accounting Standard on Income Taxes (TAS 12), the Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Bank's deferred tax assets and liabilities are offsetted in unconsolidated balance sheet. As of December 31, 2020, the Bank has TL 24,184 deferred tax asset (December 31, 2019: TL 5,228 deferred tax asset).

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it is highly probable that these will in the future create taxable profit. Starting from January 1, 2020, deferred tax asset has been calculated for temporary differences of expected credit loss provisions.

Deferred tax effect concerning transactions directly accounted for in equity is also reflected to equity and netted with related accounts.

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**XVI. EXPLANATIONS ON TAXATION (continued)**

**c. 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 Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail.

According to this Communiqué, 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 Communiqué’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.

**XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS**

The Bank’s fund resources consist of borrowing from foreign financial institutions. Instrument regarding borrowing are valued with their fair values and other financial liabilities are carried at “amortised cost” using the effective interest method. As of 31 December 2020, the Bank has obtained funds from foreign institutions amounting to TL 74,203 through borrowings. (December 31, 2019: TL 59,423).

**XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED**

None (December 31, 2019: None).

**XIX. EXPLANATIONS ON BANK ACCEPTANCES AND BILLS OF GUARANTEE**

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset (December 31, 2019: None).

**XX. EXPLANATIONS ON GOVERNMENT INCENTIVES**

As of the balance sheet date, the Bank does not have any government incentives (December 31, 2019: None).

**XXI. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION**

Retained earnings as per the statutory financial statements and General Assembly decision other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code (“TCC”), the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital.

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**XXI. EXPLANATIONS ON EARNINGS PER SHARE**

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the Period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the Period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier Period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.

**XXII. EXPLANATIONS ON RELATED PARTIES**

Parties defined in Article 49 of the Banking Law No.5411, Bank's senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Section Five.

**XXIII. EXPLANATIONS ON CASH and CASH EQUIVALENTS**

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity Periods of less than three months.

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**XXIV. EXPLANATIONS ON SEGMENT REPORTING**

The main segment of banking operations is Corporate Banking. As of December 31, 2020, the financial information per banking segments is presented below:

<b>Current Period 31.12.2020</b>	<b>Corporate Banking</b>	<b>Fund Management</b>	<b>Unallocated</b>	<b>Total</b>
Operating income	71,944	217,442	365	289,751
Operating expense	(13,517)	(67,582)	(53,000)	(134,099)
Pre-tax income / (loss)	58,427	149,860	(52,635)	155,652
Tax provision (-)	-	-	(36,711)	(36,711)
<b>Net Profit / (Loss)</b>	<b>58,427</b>	<b>149,860</b>	<b>(89,346)</b>	<b>118,941</b>
Segment assets	584,035	1,369,767	50,672	2,004,474
Segment liabilities	210,528	153,222	49,112	412,862
Equity	-	1,591,612	-	1,591,612
<b>Prior Period 31.12.2019</b>	<b>Corporate Banking</b>	<b>Fund Management</b>	<b>Unallocated</b>	<b>Total</b>
Operating income	58,941	252,815	60	311,816
Operating expense	1,035	14,207	42,952	58,194
Pre-tax income / (loss)	57,906	238,608	(42,892)	253,622
Tax provision (-)	-	-	(59,218)	(59,218)
<b>Net Profit / (Loss)</b>	<b>57,906</b>	<b>238,608</b>	<b>(102,110)</b>	<b>194,404</b>
Segment assets	568,012	1,070,425	38,533	1,676,970
Segment liabilities	153,853	16,844	59,838	230,535
Equity	-	1,446,435	-	1,446,435

**XXV. RECLASSIFICATIONS**

In order to be consistent with the presentation of current Period financial statements, there can be certain reclassifications in case needed. Previous Period financial statements are not reclassified in accordance with TFRS 9 requirements as explained above in note I. Therefore, the Bank does not have any reclassifications in the Prior Period's financial statements.

**XXVI. EXPLANATIONS ON OTHER MATTERS**

On 11 March 2020, the World Health Organization classified it as an epidemic affecting country globally. The COVID-19 epidemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and remain uncertain about the future. The effects of these effects on the Bank's equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators are followed up regularly. The effects of the situation are not fully known. The Bank takes the necessary precautions to keep the negative effects under control and to live at the minimum level.

In order to reduce the negative effects of the epidemic, BRSA decisions 8948, 8949 and 8950 have been published. The BRSA has extended the delays stipulated for the classification of loans as a summary in these decisions, and are classified as live receivables due to restructuring and the principal and / or interest payments are delayed more than 30 days within one year of monitoring or are restructured once more during this monitoring Period eliminated the obligation to classify loans in the third group.

In addition to these measures, the announcement dated 23 March 2020 decided to implement the following measures by 31 December 2020:

- According to the Regulation on Measurement and Assessment of Capital Adequacy of Banks in the calculation of the amount subject to credit risk; the presence of non-monetary and monetary assets, the history of excluding the items in foreign currencies are measured at cost Turkey Accounting Standards pursuant revalued amounts and related provisions are calculated at 31 December in preparing the 2019 financial statements buying foreign exchange will be mainly dry used.

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**XXVII. EXPLANATIONS ON OTHER MATTERS (continued)**

- If the net valuation differences of the securities owned by banks in the portfolio of "Marketable Securities at Fair Value through Other Comprehensive Income" are negative, these differences will be calculated in accordance with the Regulation on Banks' Equity and used for capital adequacy ratio. However, the implementation of the existing provisions of the Regulation for "Marketable Securities at Fair Value through Other Comprehensive Income" obtained after 23 March 2020 continues.
- As of March 23, 2020, Banks may not take the depreciation provisions of the securities owned by banks into account in the calculation of foreign currency net general position within the scope of the Regulation on Calculation and Implementation of Foreign Currency Net General Position / Equity Standard Ratio. However, the existing provisions of this Regulation continue to be applied for portfolios acquired after 23 March 2020.

The Bank has not applied the above-mentioned flexibility in the 31 December 2020 financial statements.

**XXVIII. EXPLANATIONS ON TFRS9 FINANCIAL INSTRUMENTS STANDARD**

BRSA granted the authorization to the Bank numbered 32521522-101.02.02[86]-E.4652 and dated 3 April 2018, as of December 31, 2018, not to apply the provisions regarding the impairment of TFRS 9; as of 1 January 2018, the Bank calculated and accounted allowances for impairment of financial assets in accordance with the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside " published in the Official Gazette No. 29750 dated 22 December 2016 and effective as of 1 January 2018, "General and specific provisions to be allocated to banks that do not apply TFRS 9". As of 1 January 2020 the Bank has applied TFRS 9 Financial Instruments (TFRS 9) published by POA according to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750 for the first time in attached unconsolidated financial statements.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

**Classification and measurement of financial assets:**

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

**Assessment for the business model:**

The business model of the Bank represents how the Bank manages its financial assets for generating cash flows. The business model specifies whether cash flows arise from the collection of contractual cash flows or the sale of financial assets, or both. This assessment is based on scenarios the Bank expects most probably to occur.

**Assessment whether contractual cash flows are solely payments of principal and interest:**

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular Period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making such assessment, the Bank considers contingent events that would change the amount and timing of cash flows, conditions that limit the Bank's claim to cash flows, prepayments and extension terms and features that modify consideration for the time value of money. Such assessments are also briefly defined as contractual cash flow characteristics test.

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**XXVIII. EXPLANATIONS ON TFRS9 FINANCIAL INSTRUMENTS STANDARD (continued)**

The Bank fulfils the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

The information regarding the impacts of TFRS 9 standard is detailed below:

ASSETS	31 December 2019	TFRS-9 Reclassifi- cation impact	TFRS-9 Remeasur- ement impact	1 January 2020
<b>FINANCIAL ASSETS (Net)</b>	<b>1,070,425</b>	-	<b>(753)</b>	<b>1,069,672</b>
Cash and cash equivalents	720,560	-	-	720,560
Cash and balances at Central Bank	42,859	-	-	42,859
Banks	677,701	-	-	677,701
Receivables from Money Markets	-	-	-	-
Financial assets measured at fair value to profit or loss	-	-	-	-
Financial assets measured at fair value to other comprehensive income	-	-	-	-
Financial assets measured at amortised cost	329,421	-	-	329,421
Derivative financial assets	20,444	-	-	20,444
Non-performing financial assets	-	-	-	-
Allowance for expected credit losses (-)	-	-	(753)	(753)
<b>LOANS (Net)</b>	<b>568,012</b>	-	<b>(5,816)</b>	<b>562,196</b>
<b>Loans</b>	<b>568,012</b>	-	-	<b>568,012</b>
Loans measured at amortised cost	568,012	-	-	568,012
Non-performing loans	-	-	-	-
Allowance for expected credit losses (-)	-	-	(5,816)	(5,816)
12-Month expected credit losses (Stage 1)	-	-	(5,816)	(5,816)
Significant increase in credit risk (Stage 2)	-	-	-	-
Credit-Impaired (Stage 3)	-	-	-	-
<b>TANGIBLE ASSETS (Net)</b>	<b>24,746</b>	-	-	<b>24,746</b>
<b>INTANGIBLE ASSETS AND GOODWILL (Net)</b>	<b>2,648</b>	-	-	<b>2,648</b>
<b>TAX ASSET</b>	<b>5,228</b>	-	<b>2,640</b>	<b>7,868</b>
<b>OTHER ASSETS</b>	<b>5,911</b>	-	-	<b>5,911</b>
<b>TOTAL ASSETS</b>	<b>1,676,970</b>	-	<b>(3,929)</b>	<b>1,673,041</b>

LIABILITIES AND EQUITY	31 December 2019	TFRS-9 Reclassific- ation impact	TFRS-9 Remeasur- ement impact	1 January 2020
DEPOSITS	75,685	-	-	75,685
FUNDS BORROWED	59,423	-	-	59,423
MONEY MARKETS	-	-	-	-
SECURITIES ISSUED (Net)	-	-	-	-
FUNDS	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-
DERIVATIVE FINANCIAL LIABILITIES	-	-	-	-
FACTORING LIABILITIES	22,412	-	-	22,412
PROVISIONS	40,626	(35,589)	5,431	10,468
General provision	35,589	(35,589)	-	-
Reserve for Employee Benefits	5,037	-	-	5,037
Other provision	-	-	5,431	5,431
<b>CURRENT TAX LIABILITY</b>	<b>19,484</b>	-	-	<b>19,484</b>
<b>DEFERRED TAX LIABILITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER LIABILITIES</b>	<b>12,905</b>	-	-	<b>12,905</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>1,446,435</b>	-	<b>26,229</b>	<b>1,472,664</b>
Paid in capital	1,051,230	-	-	1,051,230
Capital reserves	-	-	-	-
Other capital reserves	-	-	-	-
Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(19)	-	-	(19)
Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	-	-	-	-
Profit Reserves	200,820	-	-	200,820
Legal Reserves	10,041	-	-	10,041
Status Reserves	-	-	-	-
Extraordinary Reserves	190,779	-	-	190,779
Other Profit Reserves	-	-	-	-
Profit or (Loss)	194,404	-	26,229	220,633
Prior Periods' Profit or (Loss)	-	-	26,229	26,229
Current Period Profit or (Loss)	194,404	-	-	194,404
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,676,970</b>	<b>(35,589)</b>	<b>31,660</b>	<b>1,673,041</b>

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**XXVIII. EXPLANATIONS ON TFRS9 FINANCIAL INSTRUMENTS STANDARD (continued)**

**Reconciliation of the opening balances of the provision to TFRS 9**

The following table summarizes the reconciliation of the general loan loss provision of the Bank as of 31 December 2019 and the provision for the expected loss model as measured in accordance with TFRS 9 as of 1 January 2020.

	Book value before TFRS 9		Book value after TFRS 9
	31 December 2019	Remeasurements	1 January 2020
<b>Loans Provision</b>	<b>18,745</b>	<b>(12,929)</b>	<b>5,816</b>
Stage 1 (*)	18,745	(12,929)	5,816
Stage 2	-	-	-
Stage 3	-	-	-
<b>Financial Assets (**)</b>	<b>-</b>	<b>753</b>	<b>753</b>
<b>Non-Cash Loans</b>	<b>16,844</b>	<b>(11,413)</b>	<b>5,431</b>
Stage 1 and 2	16,844	(11,413)	5,431
Stage 3	-	-	-
<b>Total</b>	<b>35,589</b>	<b>(23,589)</b>	<b>12,000</b>

\* Represents general provisions for stage 1 loans before TFRS 9.

\*\* Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Receivables from Banks and Money Market and other assets.

**Effects on equity with TFRS 9 transition:**

According to paragraph 15 of Clause 2 of Article 7 of TFRS 9 Financial Instruments Standard published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous Period information in accordance with TFRS 9 and if the previous Period information is not restated, the difference between the book value of 1 January 2020 the date of application should be reflected in the opening balance of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are explained below.

TL 23,589 positive difference (income natured) between the provision for impairment of the previous Period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2020 is classified as "Prior years' profits or losses" line under shareholders' equity.

As of January 1, 2020, the Bank has started to calculate deferred tax asset for general provisions (allowance for expected credit losses for Stage 1 and Stage 2 loans) in accordance with "Communique on Uniform Chart of Accounts" published at 20 September 2017. Within this scope, deferred tax asset amounting to TL 2,640 has been accounted in the opening balance sheet of current Period and the related amount is presented in "Prior years' profits or losses" line under shareholders' equity.

"TFRS 9 Financial Instruments" standard became effective instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies that lost their validity with the transition of TFRS 9 are given below:

**XXIX. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT VALID FOR THE CURRENT PERIOD**

**a. Loans and receivables:**

Loans and receivables are financial assets, which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognized at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated 1 November 2006. Apart from specific provisions, the Bank has general loan loss provision within the scope of the stated regulations. Deferred tax asset is not allocated over the amount of general provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

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**SECTION FOUR**

**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT**

**I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY**

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

Based on the press release made by the BRSA on 23 March, 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 31 December, 2019, may be considered in the calculation of Turkish Lira equivalent of credit risk exposures in foreign currencies, and negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which acquired before 23 March, 2020 may not be included in capital calculation. The Bank do not consider these options in its calculations as of December 31, 2020.

As of December 31, 2020, the Bank's total capital has been calculated as TL 1,576,019 (December 31, 2019: TL 1,460,116) and the capital adequacy ratio is 62.71% (December 31, 2019: 63.32%). This ratio is well above the minimum ratio required by the legislation.

**Information on Equity Accounts:**

	Current Period 31.12.2020	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2019	Amounts as per the regulation before 1/1/2014 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>				
Paid-in capital to be entitled for compensation after all creditors	1,563,276	-	1,436,830	-
Share Premium	1,051,230	-	1,051,230	-
Reserves	-	-	-	-
Reserves	395,212	-	200,820	-
Gains recognized in equity as per TAS	-	-	-	-
Profit	145,170	-	194,404	-
Current Period profit	118,941	-	194,404	-
Prior Period profit	26,229	-	-	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current Period's profit	-	-	-	-
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,591,612</b>	<b>-</b>	<b>1,446,454</b>	<b>-</b>
<b>Deductions from Common Equity Tier I Capital</b>				
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-	-	-
Current and Prior Periods' losses not covered by reserves, and losses accounted under equity according to TAS	12	-	19	-
Improvement costs for operating leasing (-)	1,459	-	1,730	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,474	-	2,420	-
Excess amount arising from deferred tax assets from temporary differences	24,390	-	5,455	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-	-	-
Securitization gains	-	-	-	-
Unrealized gains and losses arising from the differences in the credit value of the Bank's liabilities at fair value.	-	-	-	-
Net amount of defined benefit plans	-	-	-	-
Direct and indirect investments of the Bank on its own Tier I Capital (-)	-	-	-	-
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-	-	-
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 (-)	-	-	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-	-	-	-
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	-	-	-	-
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	-	-	-	-
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	-	-	-	-
Excess amount arising from mortgage servicing rights	-	-	-	-
Excess amount arising from deferred tax assets from temporary differences (-)	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>28,336</b>	<b>-</b>	<b>9,624</b>	<b>-</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,563,276</b>	<b>-</b>	<b>1,436,830</b>	<b>-</b>

(\*) In this section, the accounts that are liable to the temporary articles of "Regulation on Equities of Banks" which will be considered at the end of the Transition Period are shown.

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

	Current Period 31.12.2020	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2019	Amounts as per the regulation before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>				
Preferred stock not included in Tier I capital and the related share premiums	-	-	-	-
Debt instruments and the related issuance premiums defined by the BRSA	-	-	-	-
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	-	-	-	-
Shares of third parties in Additional Tier 1 Capital	-	-	-	-
Shares of third parties in Additional Tier 1 Capital (Temporary Article 3)	-	-	-	-
<b>Additional Core Capital before Deductions</b>	-	-	-	-
<b>Deductions from Additional Core Capital</b>	-	-	-	-
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	-	-	-	-
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	-	-	-	-
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 (-)	-	-	-	-
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 (-)	-	-	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-	-	-
<b>Total Additional Tier I Capital</b>	-	-	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity Additional Tier I Capital)</b>	<b>1,563,276</b>	-	<b>1,436,830</b>	-
<b>TIER II CAPITAL</b>				
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	12,743	-	23,286	-
<b>Tier II Capital before Deductions</b>	<b>12,743</b>	-	<b>23,286</b>	-
<b>Deductions from Tier II Capital</b>	-	-	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-	-	-	-
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	-	-	-	-
Net long-term position of investments in capital assets of banks and financial institutions that have 10% or more of their shareholding interests and have not been consolidated	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
<b>Total Deductions from Tier II Capital</b>	-	-	-	-
<b>Total Tier II Capital</b>	<b>12,743</b>	-	<b>23,286</b>	-
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>1,576,019</b>	-	<b>1,460,116</b>	-

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

	Current Period 31.12.2020	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2019	Amounts as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>	1,576,019	-	1,460,116	-
Loans granted against the Articles 50 and 51 of the Banking Law (-)	-	-	-	-
Net book values of movables and immovable 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 (-)	-	-	-	-
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	-	-	-
The portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-	-	-
<b>EQUITY</b>	<b>1,576,019</b>	<b>-</b>	<b>1,460,116</b>	<b>-</b>
Total Capital (Total of Tier I Capital and Tier II Capital)	1,576,019	-	1,460,116	-
Total Risk Weighted Assets	2,513,098	-	2,305,921	-
<b>CAPITAL ADEQUACY RATIOS</b>				
Core Capital Adequacy Ratio (%)	62.21	-	62.31	-
Tier I Capital Adequacy Ratio (%)	62.21	-	62.31	-
Capital Adequacy Ratio (%)	62.71	-	63.32	-
<b>BUFFERS</b>				
Bank-specific total Core Capital Ratio	0.34	-	0.24	-
Capital Conservation Buffer Ratio (%)	2.50	-	2.50	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%) (*)	-	-	-	-
The ratio of Additional Common Equity Tier I 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	57.71	-	58.61	-
<b>Amounts lower than Excesses as per Deduction Rules</b>	-	-	-	-
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	-	-	-	-
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	-	-	-	-
Remaining mortgage servicing rights	-	-	-	-
Net deferred tax assets arising from temporary differences	-	-	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	12,743	-	35,589	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	24,766	-	23,286	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-	-	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0.6% risk weighted assets	-	-	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	-	-	-	-
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	-	-	-	-
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	-	-	-	-
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	-	-	-	-
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	-	-	-	-

(\*) To be filled by systemically important banks which are not obliged to prepare consolidated financial statements under Paragraph 4 of Article 4 of the Regulation on Systemic Banks, will be reported as zero by other banks.

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

**Explanations on reconciliation of shareholder's equity items to balance sheet:**

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from TFRS 9 transition effect of Stage 1 provisions. In the calculation of Total Capital, TFRS 9 Stage 1 expected credit losses up to 1.25% of credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operating leases followed under tangible assets in the balance sheet, and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
<b>Paid in Capital</b>	<b>1,051,230</b>	<b>1,051,230</b>
Capital Reserves	395,212	200,820
Profit	145,170	194,404
<b>Total Equity before Deductions</b>	<b>1,591,612</b>	<b>1,446,454</b>
Deduction made within the scope of the Regulation	28,336	9,624
Common Equity Tier 1 Capital	1,563,276	1,436,830
Tier 1 Capital	1,563,276	1,436,830
General Provisions (Up to 1.25%)	12,743	23,286
<b>Total Equity</b>	<b>1,576,019</b>	<b>1,460,116</b>

**II. EXPLANATIONS ON CREDIT RISK**

Credit risk refers to the risks and losses that may arise from the failure of the counterparty to fulfill its obligations partially or completely in a timely manner by not complying with the Bank's contractual requirements.

The credit allocation is made within the limits set for each debtor and the group of debtors and is updated periodically according to the market conditions. During the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating process of the Bank. To establish a credit risk management framework to manage credit risks; to help maintain a high level of credit portfolio quality; Bank's Credit Policy has been established and approved by the Board of Directors in order to ensure early identification and realization of real and potential credit issues in order to minimize financial losses and to ensure compliance with local legislation and general partnership regulations on general and special loan provisions. With Follow-up Procedure, Credit Allocation Procedure and Collateral Procedure, The Bank's credit risk management framework is formed.

The main principle of the credit risk policy is the risk return structure arising from the credit risk of the bank; the policies set out to monitor, control and, if necessary, correct the nature and level of activities; to identify, measure, report, monitor and control the risks to which the Bank is exposed while determining the procedure and limit and the risks arising from the transactions with the risk group of the Bank is included. Loans marketing, approval, disbursement and monitoring duties; in order to reduce all risks related to errors, deficiencies, irregularities and abuses, and to prevent conflicts of interest, it is ensured that the authorities from different units carry them out. The Bank has a robust credit approval procedure that shares the credit functions of the Bank between the front office and the mid-office functions in order to prevent possible conflicts of interest and to obtain a fair and objective view of the risks faced by new loan disbursements. The Bank's Credit and Risk analysis function is separated from the Corporate Banking Department in order to perform it independently.

Credit limits are determined in line with the risk appetite of the Bank by taking into consideration the activity area of the companies, sector seasonality, risk profile, loss history, collateral structure and maturity of the loan. Credit limits are checked at both the individual debtor level and the total debt group level.

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**II. EXPLANATIONS ON CREDIT RISK (continued)**

Evaluation and examination of credits in the Bank; discovery of early warning signals of deteriorated risks to allow for special monitoring of loans; A system of ratings is used to effectively manage problematic loans and to produce on-site and effective risk-based pricing mechanisms.

In the management of credit risk, the risk and control structure is based on the triple line of defense model. The lines of activity are defined as first stage, independent risk management, legal compliance and internal control activities, second stage and independent internal audit activity are defined as third stage responsibility. Top Management, Risk Committee and Board of Directors are regularly informed about developments in credit portfolio quality, stress test and scenario analysis, the limits and risk appetite.

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

	Current Period		Prior period	
	Current Period Risk Amount (*)	Average Risk Amount (**)	Current Period Risk Amount (*)	Average Risk Amount (**)
<b>Risk Types</b>				
Contingent and Non-Contingent Receivables from central governments or central banks	1,364,142	620,564	372,281	157,230
Contingent and Non-Contingent Receivables from regional or local governments	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables from banks and brokerage houses	984,930	1,386,676	1,382,278	1,309,950
Contingent and Non-Contingent Corporates	948,544	1,145,832	1,010,465	696,701
Contingent and Non-Contingent Retail Receivables	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	-
Past Due Receivables	-	-	-	-
Receivables defined in high risk category by Regulator	-	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	16,633	23,061	25,298	25,210
<b>Total</b>	<b>3,314,249</b>	<b>3,176,133</b>	<b>2,790,322</b>	<b>2,189,091</b>

(\*) It refers to the total risk amount after credit risk mitigation and credit conversion.

(\*\*) The average risk amount is determined by taking the arithmetic average of the values in the report prepared at the end of the month.

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**II. EXPLANATIONS ON CREDIT RISK (continued)**

**Profile of significant exposures in major regions:**

**Risk Categories (\*)**

Current period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	1,364,142	-	-	-	-	696,184	948,545	-	-	-	-	-	-	-	-	16,632	3,025,503
European Union Countries	-	-	-	-	-	12,707	-	-	-	-	-	-	-	-	-	-	12,707
OECD Countries**	-	-	-	-	-	478,835	-	-	-	-	-	-	-	-	-	-	478,835
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	3
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,364,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,187,729</b>	<b>948,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,632</b>	<b>3,517,048</b>

Prior period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	372,281	-	-	-	-	1,101,628	1,010,465	-	-	-	-	-	-	-	-	25,298	2,509,672
European Union Countries	-	-	-	-	-	2,180	-	-	-	-	-	-	-	-	-	-	2,180
OECD Countries**	-	-	-	-	-	278,468	-	-	-	-	-	-	-	-	-	-	278,468
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>372,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,382,278</b>	<b>1,010,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,298</b>	<b>2,790,322</b>

(\*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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

(\*\*\*) Assets and liabilities that are not distributed according to a consistent principle.

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II. EXPLANATIONS ON CREDIT RISK (continued)

Risk profile by sectors or counterparties:

Current period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	TOTAL
<b>Agriculture</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	-	-	-	-	207,120	-	-	-	-	-	-	-	-	-	207,120	-	207,120
Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	207,120	-	-	-	-	-	-	-	-	-	207,120	-	207,120
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Construction</b>	-	-	-	-	-	-	667,212	-	-	-	-	-	-	-	-	-	667,212	-	667,212
<b>Services</b>	706,441	-	-	-	-	1,187,729	74,213	-	-	-	-	-	-	-	-	-	661,574	1,306,809	1,968,383
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel, Tourism, Food and Beverage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Communication	308,386	-	-	-	-	-	74,213	-	-	-	-	-	-	-	-	-	-	382,599	382,599
Financial Institutions	398,055	-	-	-	-	1,187,729	-	-	-	-	-	-	-	-	-	-	661,574	924,210	1,585,784
Real Estate and Renting Services.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	657,701	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,632	636,921	37,412	674,333
<b>Total</b>	<b>1,364,142</b>	-	-	-	-	<b>1,187,729</b>	<b>948,545</b>	-	-	-	-	-	-	-	-	<b>16,632</b>	<b>1,505,615</b>	<b>2,011,433</b>	<b>3,517,048</b>
<b>Prior period</b>																			
<b>Agriculture</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	-	-	-	-	208,137	-	-	-	-	-	-	-	-	-	208,137	-	208,137
Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	208,137	-	-	-	-	-	-	-	-	-	208,137	-	208,137
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Construction</b>	-	-	-	-	-	-	443,978	-	-	-	-	-	-	-	-	-	443,978	-	443,978
<b>Services</b>	372,281	-	-	-	-	1,382,278	358,350	-	-	-	-	-	-	-	-	-	1,754,559	358,350	2,112,909
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel, Tourism, Food and Beverage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	358,350	-	-	-	-	-	-	-	-	-	-	358,350	358,350
Financial Institutions	372,281	-	-	-	-	1,382,278	-	-	-	-	-	-	-	-	-	-	1,754,559	-	1,754,559
Real Estate and Renting Services.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,298	25,298	-	25,298
<b>Total</b>	<b>372,281</b>	-	-	-	-	<b>1,382,278</b>	<b>1,010,465</b>	-	-	-	-	-	-	-	-	<b>25,298</b>	<b>2,431,972</b>	<b>358,350</b>	<b>2,790,322</b>

(\*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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**II. EXPLANATIONS ON CREDIT RISK (continued)**
**Analysis of maturity-bearing exposures according to remaining maturities:**

Risk Types, Current period	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	308,386	-	182,328	-	-	490,714
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	287,167	111,291	-	-	280,632	679,090
Receivables from Corporates	-	207,120	-	-	738,685	945,805
Retail Receivables	-	-	-	-	-	-
Receivables Secured by Mortgages	-	-	-	-	-	-
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total</b>	<b>595,553</b>	<b>318,411</b>	<b>182,328</b>	<b>-</b>	<b>1,019,317</b>	<b>2,115,609</b>

Risk Types, Prior period	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	51,129	5,103	69,919	203,270	-	329,421
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	668,667	-	-	-	-	668,667
Receivables on Banks and Brokerage Houses	41,354	40	-	37,012	510,050	588,456
Receivables from Corporates	-	-	-	-	-	-
Retail Receivables	-	-	-	-	-	-
Receivables Secured by Mortgages	-	-	-	-	-	-
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	38,533	-	-	-	-	38,533
<b>Total</b>	<b>799,683</b>	<b>5,143</b>	<b>69,919</b>	<b>240,282</b>	<b>510,050</b>	<b>1,625,077</b>

**Exposures by risk weights:**

Risk Types, Current period	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Deductions from the shareholders' equity
Amount after the credit risk mitigation	836,125	-	469,635	-	212,866	-	1,768,623	-	-	-	28,336

Risk Types, Prior period	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Deductions from the shareholders' equity
Amount after the credit risk mitigation	332,227	-	677,628	-	169,808	-	1,610,659	-	-	-	9,605

**Movements in value adjustments and provisions:**

	Opening Balance	The amount of provision in the period	Reversal of Provision	Other Provisions(*)	Closing Balance
Stage 2 Provisions	-	-	-	-	-
Stage 1 and Stage 2 Provisions	10,786	4,500	(5,394)	2,851	12,743

	Opening Balance	The amount of provision in the period	Reversal of Provision	Other Provisions	Closing Balance
Specific Provisions	-	-	-	-	-
General Provisions	20,347	15,242	-	-	35,589

\*Includes foreign exchange differences.

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**II. EXPLANATIONS ON CREDIT RISK (continued)**

**Exposures subject to countercyclical capital buffer:**

The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the bank specific circular capital buffer within the scope of the "Regulation on Capital Protection and Cyclic Capital Buffers" and its sub-regulations published in the Official Gazette dated 5 November 2013 and numbered 28812, is explained in the table below:

Since January 1, 2016 as per BRSA decision dated December 24, 2015 cyclical capital buffers for banks, including the current positions of Turkey is considered as 0%.

<b>Current Period</b>			
<b>Country of ultimate risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	2,976,356	-	2,976,356
China	468,525	-	468,525
Hong Kong	244	-	244
US	3	-	3
Germany	12,707	-	12,707

<b>Prior Period</b>			
<b>Country of ultimate risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	2,561,609	-	2,561,609
China	278,469	-	278,469
Germany	2,180	-	2,180

**III. EXPLANATIONS ON CURRENCY RISK**

The difference between the Bank's foreign currency denominated on-balance sheet and off-balance sheet assets and the foreign currency denominated on-balance sheet and off-balance sheet liabilities are defined as "FC Net General Position" and form the basis for exchange rate risk. An important dimension of the exchange rate risk is the risk (cross-currency risk) caused by the exchange of values of the foreign currencies against each other in the FX net general position.

Measurable and manageable risks are taken within legal limits. The Bank applies stress tests against the fluctuations in foreign currency within the year.

The Bank uses the "standard method" which is also used in legal reporting to measure the foreign exchange risk.

There is no significant foreign currency position in relation to the balance sheet size of the Bank and if any exchange rate risk occurs, it is taken counter position and exchange rate risk is not transferred.

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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**III. EXPLANATIONS ON CURRENCY RISK (continued)**

The Bank's current foreign exchange buying rates announced on December 31, 2020 and December 31, 2019 as well as the last five days financial statement valuation rates are as follows:

(All rates presented as full TL).

<b>31.12.2020</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>Rates:</b>	7.4194	9.1164	10.1142	1.1283
1. Day Foreign Exchange Buying Rate	7.5517	9.2037	10.2230	1.1500
2. Day Foreign Exchange Buying Rate	7.5517	9.2037	10.2230	1.1500
3. Day Foreign Exchange Buying Rate	7.4738	9.1370	10.1008	1.1368
4. Day Foreign Exchange Buying Rate	7.4063	9.0697	9.9761	1.1277
5. Day Foreign Exchange Buying Rate	7.3405	9.0079	9.9438	1.1182
Arithmetic mean of last 30 days	7.7138	9.3887	10.3482	1.1729
<b>31.12.2019</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>Rates:</b>	5.9402	6.6621	7.8013	0.8483
1. Day Foreign Exchange Buying Rate	5.9302	6.5759	7.6854	0.8424
2. Day Foreign Exchange Buying Rate	5.9370	6.6117	7.7375	0.8437
3. Day Foreign Exchange Buying Rate	5.9370	6.6117	7.7375	0.8437
4. Day Foreign Exchange Buying Rate	5.9370	6.6117	7.7375	0.8437
5. Day Foreign Exchange Buying Rate	5.9402	6.6506	7.7765	0.8455
Arithmetic mean of last 30 days	5.8357	6.4814	7.6341	0.8273

**Sensitivity analysis on currency risk:**

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 December 2020 and 31 December 2019 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

<b>Current Period 31.12.2020</b>	<b>Change in Foreign Currency</b>	<b>Impact on Profit / Loss (*)</b>	<b>Impact on Equity</b>
EUR	10% Increase	2,834	2,834
	10% Decrease	(2,834)	(2,834)
USD	10% Increase	597	597
	10% Decrease	(597)	(597)
<b>Prior Period 31.12.2019</b>	<b>Change in foreign currency</b>	<b>Impact on Profit / Loss (*)</b>	<b>Impact on Equity</b>
EUR	10% Increase	2,172	2,172
	10% Decrease	(2,172)	(2,172)
USD	10% Increase	1,146	1,146
	10% Decrease	(1,146)	(1,146)

(\*) Pre-tax figures.

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**III. EXPLANATIONS ON CURRENCY RISK (continued)**

**Explanations on currency risk:**

	EUR	USD	Other FC	Total
<b>Current Period 31.12.2020</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	18,689	18,400	-	<b>37,089</b>
Due from Banks (*)	12,706	64,184	244	<b>77,134</b>
Financial Assets at Fair Value through Profit/Loss	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Loans and Receivables (**)	304,253	73,220	-	<b>377,473</b>
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	1,288	2,665	-	<b>3,953</b>
<b>Total Assets</b>	<b>336,936</b>	<b>158,469</b>	<b>244</b>	<b>495,649</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	6	52,661	13	<b>52,680</b>
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	-	74,203	-	<b>74,203</b>
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	4,715	25,638	-	<b>30,353</b>
<b>Total Liabilities</b>	<b>4,721</b>	<b>152,502</b>	<b>13</b>	<b>157,236</b>
<b>Net Balance Sheet Position</b>	<b>332,215</b>	<b>5,967</b>	<b>231</b>	<b>338,413</b>
<b>Net Off-Balance Sheet Position</b>				
	<b>(303,880)</b>	-	-	<b>(303,880)</b>
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	303,880	-	-	303,880
Non-Cash Loans (***)	752,304	527,991	-	1,280,295
<b>Prior Period 31.12.2019</b>				
Total Assets	317,937	94,750	-	<b>412,687</b>
Total Liabilities	127	83,295	-	<b>83,422</b>
Net Balance Sheet Position	317,810	11,455	-	<b>329,265</b>
Net Off-Balance Sheet Position	(296,093)	-	-	<b>(296,093)</b>
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	296,093	-	-	<b>296,093</b>
Non-Cash Loans (***)	700,856	299,027	-	<b>999,883</b>

(\*) Banks include balance of expected loss provisions amounting to TL 8.

(\*\*) Loans and receivables include balance of expected loss provisions amounting to TL 5,127.

(\*\*\*) There is no effect on the net balance sheet position.

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**IV. EXPLANATIONS ON INTEREST RATE RISK**

Interest rate risk is the probability of loss due to changes in interest rates depending on the Bank's position regarding the interest-bearing financial instruments. Interest rate risk arises because of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves.

Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities. Interest rate risk is a key component of the Bank's market risk and asset and liability management. As part of asset and liability management, sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet.

The impact of interest rate volatility to the Bank will be analyzed by presenting the results to the Risk Committee and senior management regularly. In this analysis, it is planned to calculate possible losses in fair value changes on interest rate sensitive products by interest rate shocks.

In the calculation of the Bank's exposure to interest rate risk, standard method is used.

**Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)**

Current Period 31.12.2020	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	14,620	-	-	-	-	28,778	<b>43,398</b>
Banks	631,993	-	-	-	-	80,792	<b>712,785</b>
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	308,386	281,334	-	-	-	-	<b>589,720</b>
Financial Assets Measured at Amortized Cost	-	372,546	241,757	-	-	-	<b>614,303</b>
Other Assets	-	-	-	-	-	44,268	<b>44,268</b>
<b>Total Assets</b>	<b>954,999</b>	<b>653,880</b>	<b>241,757</b>	-	-	<b>153,838</b>	<b>2,004,474</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	151,461	-	-	-	-	52,728	<b>204,189</b>
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	74,203	-	-	-	-	<b>74,203</b>
Other Liabilities (*)	-	-	-	-	-	1,726,082	<b>1,726,082</b>
<b>Total Liabilities</b>	<b>151,461</b>	<b>74,203</b>	-	-	-	<b>1,778,810</b>	<b>2,004,474</b>
Balance sheet long position	803,538	579,677	241,757	-	-	-	<b>1,624,972</b>
Balance sheet short position	-	-	-	-	-	(1,624,972)	<b>(1,624,972)</b>
Off-Balance sheet long position	33,557	-	33,557	134,226	-	-	<b>201,340</b>
Off-Balance sheet short position	(50,647)	-	(50,647)	(202,586)	-	-	<b>(303,880)</b>
<b>Total Position</b>	<b>786,448</b>	<b>579,677</b>	<b>224,667</b>	<b>(68,360)</b>	-	<b>(1,624,972)</b>	<b>(102,540)</b>

(\*) Including TL 1,591,612 shareholders' equity.

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**IV. EXPLANATIONS ON INTEREST RATE RISK (continued)**

**Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)  
(continued)**

Prior Period 31.12.2019	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,025	-	-	-	-	37,834	42,859
Banks	668,667	-	-	-	-	9,034	677,701
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	41,394	8,177	37,012	481,429	-	-	568,012
Financial Assets Measured at Amortized Cost	51,129	5,103	273,189	-	-	-	329,421
Other assets	-	-	-	-	-	58,977	58,977
<b>Total Assets</b>	<b>766,215</b>	<b>13,280</b>	<b>310,201</b>	<b>481,429</b>	<b>-</b>	<b>105,845</b>	<b>1,676,970</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	65,620	-	-	-	-	10,065	75,685
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	23	59,400	-	-	59,423
Other Liabilities (*)	-	-	-	-	-	1,541,862	1,541,862
<b>Total Liabilities</b>	<b>65,620</b>	<b>-</b>	<b>23</b>	<b>59,400</b>	<b>-</b>	<b>1,551,927</b>	<b>1,676,970</b>
Balance sheet long position	700,595	13,240	310,178	422,069	-	-	1,446,082
Balance sheet short position	-	-	-	-	-	(1,446,082)	(1,446,082)
Off-Balance sheet long position	-	33,557	33,557	201,339	-	-	268,453
Off-Balance sheet short position	-	(37,012)	(37,012)	(222,069)	-	-	(296,093)
<b>Total Position</b>	<b>700,595</b>	<b>9,785</b>	<b>306,723</b>	<b>401,339</b>	<b>-</b>	<b>(1,446,082)</b>	<b>(27,640)</b>

(\*) Including TL 1,446,435 shareholders' equity.

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**IV. EXPLANATIONS ON INTEREST RATE RISK (continued)**

**Average interest rates applied to financial instruments (%)**

<b>Current Period 31.12.2020</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	8.57
Banks and Receivables from Other Financial Institutions	0.06	0.20	-	10.45
Financial Assets at Fair Value Through Profit/ Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	3.00	3.40	-	11.61
Financial Assets Measured at Amortized	-	-	-	8.04
<b>Liabilities</b>				
Bank Deposits	(0.30)	-	-	-
Other Deposits	1.35	0.08	-	10.39
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	(0.27)	1.36	-	-
<b>Prior Period 31.12.2019</b>				
	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.99	-	11.36
Banks and Receivables from Other Financial Institutions	0.10	-	-	21.25
Financial Assets at Fair Value Through Profit/ Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	3.00	4.86	-	15.37
Financial Assets Measured at Amortized	-	-	-	16.75
<b>Liabilities</b>				
Bank Deposits	-	-	-	19.10
Other Deposits	0.10	-	-	21.08
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	2.88	-	-

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**IV. EXPLANATIONS ON INTEREST RATE RISK(continued)**

**Nature of interest rate risk resulted from banking book**

Interest rate risk arising from all interest-sensitive and off-balance sheet items is calculated. Interest rate risk arising from banking accounts is calculated monthly and reported to the BRSA.

In accordance with the regulation on measuring and evaluating the interest rate risk arising from banking accounts using the standard shock method, the economic value differences arising from fluctuations in interest rates are specified in the table below.

<b>Current period</b>			
<b>Unit of Currency</b>	<b>Applicable Shock (+ /- base point)</b>	<b>Profit/ Loss</b>	<b>Profit / Equity Capital – Loss / Equity Capital</b>
TL	500	(16,577)	(0.01052)
	(400)	14,450	0.00917
EURO	200	8,271	0.00525
	(200)	-	-
USD	200	-	-
	(200)	-	-
<b>Total (For Positive Shock)</b>		<b>(8,306)</b>	<b>(0.00527)</b>
<b>Total (For Negative Shock)</b>		<b>14,450</b>	<b>0.00917</b>
<b>Prior Period</b>			
<b>Unit of Currency</b>	<b>Applicable Shock (+ /- base point)</b>	<b>Profit/ Loss</b>	<b>Profit / Equity Capital – Loss / Equity Capital</b>
TL	500	(34,937)	(0.0239)
	(400)	31,282	0.0214
EURO	200	10,940	0.00749
	(200)	-	-
USD	200	-	-
	(200)	-	-
<b>Total (For Positive Shock)</b>		<b>(23,997)</b>	<b>(0.0164)</b>
<b>Total (For Negative Shock)</b>		<b>31,282</b>	<b>0.0214</b>

**V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES**

**1. Balance sheet values, fair value and market value comparison of equity investments**

None (December 31, 2019: None).

**2. Information on realized gains or losses on revaluation surplus, unrealized gains or losses and their included amounts in Tier 1 and 2 capital**

None (December 31, 2019: None).

**VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO**

The Bank established Liquidity Management Principles in order to monitor, audit and manage its liquidity position and liquidity requirement. Liquidity risk of the Bank is managed through taking potential funding sources, unexpected situation plans and legal limits into consideration within the framework of limits which are updated at least annually. It is aimed to carry out activities through ensuring a liquidity level which can provide to make payments at any time to sustain the trustable bank image of the Bank in the sector via taking risk/return balance of the Bank into consideration. Cash inflow and outflows in Turkish Lira and foreign currencies are tried to be kept under control continuously in liquidity risk management approach, long-term cash flow tables are formed and scenario analysis based on expectations and stress tests are performed to determine the resistance against the sudden crisis.

The Bank determines the liquidity risk appetite and strategy written under the Liquidity Risk Policy. In this context, the Bank controls maturity mismatch between assets and liabilities to be protected from liquidity risk and maintains liquid values in order to ensure the liquidity needs that can arise because of market fluctuations.

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**VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

**Presentation of assets and liabilities according to their remaining maturities:**

<b>Current Period 31.12.2020</b>								
<b>Assets</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated</b>	<b>Total</b>
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	28,778	14,620	-	-	-	-	-	<b>43,398</b>
Banks	80,792	631,993	-	-	-	-	-	<b>712,785</b>
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	55,154	207,139	61,246	266,181	-	-	<b>589,720</b>
Financial Assets Measured at Amortized Cost	-	-	372,546	241,757	-	-	-	<b>614,303</b>
Other Assets (*)	-	-	-	-	-	-	44,268	<b>44,268</b>
<b>Total assets</b>	<b>109,570</b>	<b>701,767</b>	<b>579,685</b>	<b>303,003</b>	<b>266,181</b>	-	<b>44,268</b>	<b>2,004,474</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	52,728	151,461	-	-	-	-	-	<b>204,189</b>
Funds Borrowed from Other Financial Institutions	-	-	9	10,599	63,595	-	-	<b>74,203</b>
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	1,726,082	<b>1,726,082</b>
<b>Total Liabilities</b>	<b>52,728</b>	<b>151,461</b>	<b>9</b>	<b>10,599</b>	<b>63,595</b>	-	<b>1,726,082</b>	<b>2,004,474</b>
<b>Net Liquidity Gap</b>	<b>56,842</b>	<b>550,306</b>	<b>579,676</b>	<b>292,404</b>	<b>202,586</b>	-	<b>(1,681,814)</b>	-
<b>Net Off-Balance Sheet Position</b>	-	<b>(17,090)</b>	-	<b>(17,090)</b>	<b>(68,360)</b>	-	-	<b>(102,540)</b>
Financial Derivative Assets	-	33,557	-	33,557	134,226	-	-	<b>201,340</b>
Financial Derivative Liabilities	-	50,647	-	50,647	202,586	-	-	<b>303,880</b>
<b>Non-Cash Loans</b>	<b>13,675</b>	-	<b>111,291</b>	<b>463,981</b>	<b>272,471</b>	<b>664,471</b>	-	<b>1,525,889</b>

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets and prepaid expenses are included in this column.

(\*\*) Shareholders' equity, provisions and unallocated part of sundry creditors are classified in other liabilities in unallocated column.

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**VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Prior Period 31.12.2019								
Assets	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	37,834	5,025	-	-	-	-	-	42,859
Banks	9,033	668,668	-	-	-	-	-	677,701
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	41,355	8,177	37,012	464,498	16,971	-	568,013
Financial Assets Measured at Amortized Cost	-	51,129	5,103	273,189	-	-	-	329,421
Other Assets (*)	-	-	-	26,279	-	32,512	185	58,976
<b>Total assets</b>	<b>46,867</b>	<b>766,177</b>	<b>13,280</b>	<b>336,480</b>	<b>464,498</b>	<b>49,483</b>	<b>185</b>	<b>1,676,970</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	10,065	65,620	-	-	-	-	-	75,685
Funds Borrowed from Other Financial Institutions	-	-	-	23	42,429	16,971	-	59,423
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	1,746	465	2,155	12,935	6,857	1,517,704	1,541,862
<b>Total Liabilities</b>	<b>10,065</b>	<b>67,366</b>	<b>465</b>	<b>2,178</b>	<b>55,364</b>	<b>23,828</b>	<b>1,517,704</b>	<b>1,676,970</b>
<b>Net Liquidity Gap</b>	<b>36,802</b>	<b>698,811</b>	<b>12,815</b>	<b>334,302</b>	<b>409,134</b>	<b>25,655</b>	<b>(1,517,519)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	(3,455)	-	(3,455)	(20,730)	-	-	(27,640)
Financial Derivative Liabilities	-	33,557	-	33,557	201,339	-	-	268,453
Financial Derivative Liabilities	-	37,012	-	37,012	222,069	-	-	296,093
<b>Non-Cash Loans</b>	<b>16,322</b>	<b>-</b>	<b>535</b>	<b>535,867</b>	<b>252,128</b>	<b>440,625</b>	<b>-</b>	<b>1,245,477</b>

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets and prepaid expenses are included in this column.

(\*\*) Shareholders' equity, provisions and unallocated part of sundry creditors classified in other liabilities in unallocated column.

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**VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**
**Liquidity coverage ratio:**

The liquidity coverage ratio is calculated by dividing the high-quality liquid assets to the Bank's net cash outflows in the next 30 days period. Important balance sheet items that determine the ratio are required reserves held by the CBRT, corporate deposits and receivables from banks. These items have higher impact on the liquidity coverage ratio than the other items due to high share of liquid assets and net cash outflows, higher rate of consideration and variability.

<b>Current Period 31.12.2020</b>		<b>Total Unweighted Value (Average)(*)</b>		<b>Total Weighted Value (Average)(*)</b>	
		<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>High-Quality Liquid Assets</b>					
1	Total high-quality liquid assets (HQLA)			616,299	74,940
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	239,742	98,150	99,801	39,580
6	Operational deposits	-	-	-	-
7	Non-operational deposits	233,235	97,618	93,294	39,047
8	Unsecured funding	6,507	533	6,507	533
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	7,968	3,961	7,968	3,961
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	<b>Total Cash Outflows</b>			<b>107,769</b>	<b>43,541</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	762,488	77,477	762,488	77,477
19	Other cash inflows	-	-	-	-
20	<b>Total Cash Inflows</b>	<b>762,488</b>	<b>77,477</b>	<b>762,488</b>	<b>77,477</b>
21	Total HQLA			616,299	74,940
22	Total Net Cash Outflows			40,011	33,892
23	<b>Liquidity Coverage Ratio (%)</b>			<b>1.844</b>	<b>358</b>

(\*) The arithmetic average of the last three months weekly-unconsolidated Liquidity Coverage Ratios are used.

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**VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**
**Liquidity coverage ratio:**

Prior Period 31.12.2019		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
High-Quality Liquid Assets		TL+FC	FC	TL+FC	FC
1	Total high-quality liquid assets (HQLA)			323,726	41,235
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	153,859	7,978	62,506	3,327
6	Operational deposits	-	-	-	-
7	Non-operational deposits	152,255	7,753	60,902	3,101
8	Unsecured funding	1,604	226	1,604	226
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
<b>16</b>	<b>Total Cash Outflows</b>			<b>62,506</b>	<b>3,327</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	778,083	15,792	778,083	15,792
19	Other cash inflows	15,280	70	15,280	70
<b>20</b>	<b>Total Cash Inflows</b>	<b>793,363</b>	<b>15,862</b>	<b>793,363</b>	<b>15,862</b>
				Values applied upper limit	
21	Total HQLA			323,726	41,235
22	Total Net Cash Outflows			18,478	2,556
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>1,833</b>	<b>19,430</b>

(\*) The arithmetic average of the last three months weekly-unconsolidated Liquidity Coverage Ratios are used.

In accordance with the BRSA's letter dated 18 April 2020 and the Article 93 and the second paragraph of Article 43 of the Banking Law No.5411, the weekly Asset Ratio (AR) calculations of the banks, as of the end of each month, the monthly average of AR 100% for banks and 80% for participation banks, for banks with an AR value of less than 100% as of the end of the relevant month and the amount of excess to be taken as a basis in accordance with subparagraph (a) of the first paragraph of Article 148 of the Law. For participation banks below 80, it has been decided to be calculated as the amount of change in the share that will bring the ratio to 100% and 80%, respectively.

The relevant rates for AR calculation have been changed to 95% for deposit banks and 75% for participation banks with the decision dated August 10, 2020, effective as of August 1, 2020. According to the data reported to the BRSA, as of March 31, 2020, banks with a total of Turkish Lira (TL) Deposits + Foreign Currency (FX) Deposits below TL 25 billion, excluding bank deposits, have been given time to comply with this regulation until December 31, 2020. In this context, the Bank is exempt from the relevant regulation as of the reporting period until the end of the year. With the Banking Regulation and Supervision Board Decision dated in November, 242020 and numbered 9271, Asset Ratio calculation application was terminated as of 31 December 2020.

**Notes to unconsolidated financial statements  
as at 31 December 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Liquidity coverage ratios are calculated on a weekly and monthly basis as of January 1, 2015 in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette No. 28948 dated March 21, 2014 and are subject to legal reporting. Liquidity coverage ratio must be at least 80% for foreign currency assets and liabilities for 2020, and at least 100% for total assets and liabilities. The dates and values of the lowest and highest foreign currency and total unconsolidated liquidity coverage ratios calculated weekly for the last three months are explained in the table below:

<b>Current Period 31.12.2020</b>						
	<b>Highest</b>	<b>Date</b>	<b>Lowest</b>	<b>Date</b>	<b>Average</b>	
<b>TL+FC</b>	3,340	27 November 2020	869	6 November 2020	1,844	
<b>FC</b>	834	18 December 2020	87	30 October 2020	358	
<b>Prior Period 31.12.2019</b>						
	<b>Highest</b>	<b>Date</b>	<b>Lowest</b>	<b>Date</b>	<b>Average</b>	
<b>TL+FC</b>	2,688	1 November 2019	1,382	4 October 2019	1,833	
<b>FC</b>	70,702	1 November 2019	422	13 December 2019	19,430	

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**VII. EXPLANATIONS ON LEVERAGE RATIO**

The leverage ratio calculated by the Bank in accordance with the “Regulation on Measurement and Evaluation of Leverage Level of Banks” is 43.05% (31 December 2019: 49.19%). This rate is above the minimum rate, and the regulation stipulated the minimum leverage rate as 3%.

The table of leverage ratio calculated in accordance with the Regulation on Assessment and Calculation of Banks’ Leverage ratio published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below.

	Current Period 31.12.2020 (*)	Prior Period 31.12.2019 (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	2,052,862	1,699,746
2 (Assets deducted in determining Tier 1 capital)	32,314	6,277
3 Total balance sheet risks (sum of lines 1 and 2)	2,020,548	1,693,469
<b>Derivative financial instruments and credit derivatives</b>		
4 Replacement cost associated with all derivative financial instruments and credit derivatives	-	-
5 Potential credit risk associated with all derivative financial instruments and credit derivatives	10,067	42,896
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	10,067	42,896
<b>Securities or commodity financing transactions (SCFT)</b>		
7 Risks from SCFT assets (except for on-balance sheet)	-	-
8 Risks from brokerage activities related exposures	-	-
9 Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	-	-
<b>Off-balance sheet transactions</b>		
10 Gross notional amounts of off-balance sheet transactions	1,574,375	1,172,070
11 (Adjustments for conversion to credit equivalent amounts)	-	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	1,574,375	1,172,070
<b>Capital and total risks</b>		
13 Tier 1 capital	1,548,767	1,429,777
14 Total risks (sum of lines 3, 6, 9 and 12)	3,604,990	2,908,435
15 <b>Leverage ratio</b>	<b>43.05</b>	<b>49.19</b>

(\*) Represents yearly weighted average amounts.

**VIII. EXPLANATIONS ON SECURITIZATION POSITIONS**

None.

**IX. EXPLANATIONS ON RISK MANAGEMENT**

Footnotes and related explanations are given in this section prepared based on “Communiqué on Public Disclosures Regarding to Banks Risk Management” published in Official Gazette No. 29511 at 23 October 2015 and became effective as at 31 March 2016. Based on this communique, the tables, which are to be prepared according to Internal rating-based (IRB) approach must be presented on quarterly basis, are not presented because standard approach is used in calculation of the Bank’s capital adequacy.

**1. Explanations on Risk Management and Risk Weighted Assets**

**1.1. Bank’s Risk Management Approach**

Risk management covers the measurement and monitoring of risks, the control and reporting of risks within certain limits. These activities are carried out by the Risk Management, directly reporting to Internal Systems Officer. The Risk Management function is independent from the executive units and fulfils its responsibilities to the Board of Directors through the Audit Committee and the Risk Committee.

Policies and procedures related to each of the quantifiable risks such as General Risk Policy and Credit Risk, Market Risk, Liquidity Risk, Operational Risk have been formed and identified for approval and measurement and control of the risks that the Bank may be exposed to due to its activities and approved by the Board of Directors. Furthermore, the Bank has also Reputational Risk Policy,

Credit and operational risk constitute the main risk factors in terms of the types of risks the Bank is exposed to.

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

For these risks, written limits, early warning thresholds and risk appetite indicators were determined by the General Risk Limit Policy and approved by the Board of Directors.

The Internal Capital Adequacy Assessment Procedure for the determination of the internal capital requirements and the adequacy of the Bank was approved by the Board of Directors.

Risk appetite and limits are reviewed regularly by the Internal Systems Officer, Risk Management Director, Risk Committee and the Bank's top management in a manner not to exceed the legal limits stated in the legislation and if deemed necessary, re-determined with the approval of the Board of Directors.

Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress tests and scenario analyses are conducted and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

The risk reports prepared for assessing the risks of the Bank are regularly shared with the Board of Directors and senior management. Within the scope of the reports; information on compliance with the limits and risk appetite indicators defined on the basis of each type of risk, results related to capital adequacy and results of stress tests.

**1.2. Overview of Risk Weighted Amounts**

		Risk Weighted Amounts		Minimum Capital Liability	
		Current Period 31.12.2020	Prior Period 31.12.2019	Current Period 31.12.2020	Prior Period 31.12.2019
1	Credit risk (excluding counterparty credit risk) (CCR)	1,974,383	1,831,089	157,951	146,487
2	Standardized approach (SA)	1,974,383	1,831,089	157,951	146,487
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk	6,922	31,795	554	2,544
5	Standardized approach for counterparty credit risk (SACCR)	6,922	31,795	554	2,544
6	Internal Model method (IMM)	-	-	-	-
7	Basic risk weight approach to internal modals 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	Securitization positions in banking accounts	-	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-	-
16	Market risk	34,533	33,172	2,763	2,654
17	Standardized approach (SA)	34,533	33,172	2,763	2,654
18	Internal model approaches (IMM)	-	-	-	-
19	Operational risk	497,260	409,866	39,781	32,789
20	Basic indicator approach	497,260	409,866	39,781	32,789
21	Standard approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor Adjustments	-	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>2,513,098</b>	<b>2,305,922</b>	<b>201,049</b>	<b>184,474</b>

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**2. Linkages between financial statements and risk amounts**

**2.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation**

Current period 31.12.2020	Valued amount according to TAS within legal consolidation	Carrying values of items in accordance with TAS			Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	
<b>Assets</b>					
Cash and balances with the Central Bank	43,398	43,398	-	-	-
Trading Financial Assets	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-
Banks	712,785	712,785	-	-	-
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale (net)	-	-	-	-	-
Loans and Receivables	589,720	589,720	-	-	-
Factoring Receivables	-	-	-	-	-
Held-to-maturity investments (net)	614,303	614,303	-	-	-
Investment in Associates (net)	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-
Property And Equipment (net)	16,186	16,186	-	-	1,459
Intangible Assets (net)	2,680	-	-	-	2,680
Investment Property (net)	-	-	-	-	-
Tax Asset	24,184	-	-	-	24,184
Assets Held For Resale And Related To Discontinued Operations (net)	-	-	-	-	-
Other Assets	1,218	1,218	-	-	-
<b>Total assets</b>	<b>2,004,474</b>	<b>1,977,610</b>	-	-	<b>28,323</b>
<b>Liabilities</b>					
Deposits	204,189	-	-	-	-
Derivative Financial Liabilities Held Trading	-	-	-	-	-
Funds Borrowed	74,203	-	-	-	-
Money Markets	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Other Liabilities	10,980	-	-	-	-
Factoring Payables	-	-	-	-	-
Lease Payables	20,010	-	-	-	-
Derivative Financial Liabilities Held For Hedging	79,019	-	-	-	-
Provisions	12,974	-	-	-	-
Tax Liability	11,487	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-
Subordinated Loans	-	-	-	-	-
Shareholder's Equity	1,591,612	-	-	-	-
<b>Total liabilities</b>	<b>2,004,474</b>	-	-	-	-

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**2.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation (continued)**

Current period 31.12.2019	Valued amount according to TAS within legal consolidation	Carrying values of items in accordance with TAS			Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	
<b>Assets</b>					
Cash and balances with the Central Bank	42,859	42,859	-	-	-
Trading Financial Assets	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	20,444	-	20,444	-	-
Banks	677,701	677,701	-	-	-
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale (net)	-	-	-	-	-
Loans and Receivables	568,012	568,012	-	-	-
Factoring Receivables	-	-	-	-	-
Held-to-maturity investments (net)	329,421	329,421	-	-	-
Investment in Associates (net)	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-
Property And Equipment (net)	24,746	23,016	-	-	1,730
Intangible Assets (net)	2,648	-	-	-	2,648
Investment Property (net)	-	-	-	-	-
Tax Asset	5,228	-	-	-	5,228
Assets Held For Resale And Related To Discontinued Operations (net)	-	-	-	-	-
Other Assets	5,911	5,911	-	-	-
<b>Total assets</b>	<b>1,676,970</b>	<b>1,646,920</b>	<b>20,444</b>	<b>-</b>	<b>9,606</b>
<b>Liabilities</b>					
Deposits	75,685	-	-	-	-
Derivative Financial Liabilities Held Trading	-	-	-	-	-
Funds Borrowed	59,423	-	-	-	-
Money Markets	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Other Liabilities	12,905	-	-	-	-
Factoring Payables	-	-	-	-	-
Lease Payables	22,412	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-	-
Provisions	40,626	-	-	-	-
Tax Liability	19,484	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-
Subordinated Loans	-	-	-	-	-
Shareholder's Equity	1,446,435	-	-	-	-
<b>Total liabilities</b>	<b>1,676,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**
**2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

Current period 31.12.2020		Total	Subject To CreditRisk	Subject to the Securitisation	Subject to Counterparty Credit Risk(*)	Subject To Market Risk (*)
1	Asset carrying value amount under scope of regulatory consolidation	1,991,159	1,981,092	-	10,067	-
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	1,991,159	1,981,092	-	10,067	-
4	Off-Balance Sheet Amounts	1,525,889	1,525,889	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	<b>Risk Amounts</b>	<b>3,517,048</b>	<b>3,506,981</b>	-	<b>10,067</b>	-

Prior Period 31.12.2019		Total	Subject To Credit Risk	Subject to the Securitisation	Subject to Counterparty Credit Risk(*)	Subject To Market Risk (*)
1	Asset carrying value amount under scope of regulatory consolidation	1,676,970	1,645,175	-	31,795	-
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	1,676,970	1,645,175	-	31,795	-
4	Off-Balance Sheet Amounts	1,513,930	1,513,930	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	<b>Risk Amounts</b>	<b>3,190,900</b>	<b>3,159,105</b>	-	<b>31,795</b>	-

(\*) Potential risk arising from derivative transactions

**2.3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposure**

The differences between the risk amounts and revalued assets in the financial statements arises from tangible and intangible assets those are subject to deduction from capital and the off-balance sheet items which are subject to different credit conversion rates, and the derivative transactions followed in banking accounts.

**3. Credit quality of assets**

	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non- defaulted exposures		
<b>Current Period 31.12.2020</b>				
1	Loans	-	589,720	589,720
2	Debt Securities	-	-	-
3	Off-balance sheet exposures	-	1,525,889	1,525,889
4	<b>Total</b>	-	<b>2,115,609</b>	<b>2,115,609</b>

	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non- defaulted exposures		
<b>Prior Period 31.12.2019</b>				
1	Loans	-	569,839	569,839
2	Debt Securities	-	-	-
3	Off-balance sheet exposures	-	1,245,477	1,245,477
4	<b>Total</b>	-	<b>1,815,316</b>	<b>1,815,316</b>

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**4. Changes in stock of defaulted loans and debt securities**

The Bank does not have any default receivables or borrowing instruments.

**5. Additional disclosures related to credit quality of assets**

**a. Scope and descriptions of “overdue” receivables and “provisioned” receivables which are used for accounting and differences between descriptions of “overdue” and “provisioned” if available**

The Bank has no overdue receivables.

**b. Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application**

The Bank has no overdue receivables.

**c. Descriptions of methods used while determining provision amounts**

The general provision amount is specified in accordance with the rules stated in the “Regulation on the Principles and Procedures for the Determination of the Qualifications of Loans and Other Receivables and the Provisions to be Reserved for the Banks”.

**d. Descriptions of restructured receivables**

The Bank has no restructured receivables.

**e. Breakdown of receivables according to geographical regions, sector and residual maturity**

Separation of receivables according to geographical area (cash and non-cash loans and follow-up receivables):

<b>Current year</b>		<b>TL</b>	<b>%</b>	<b>FC</b>	<b>%</b>
1	Domestic	207,120	45.75%	1,502,891	90.38%
2	European Union Countries	-	-	-	-
3	OECD Countries *	245,594	54.25%	160,004	9.62%
4	Off-shore Banking Regions	-	-	-	-
5	USA, Canada	-	-	-	-
6	Other Countries	-	-	-	-
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
8	Unallocated Assets / Liabilities	-	-	-	-
<b>9</b>	<b>Total</b>	<b>452,714</b>	<b>100%</b>	<b>1,662,895</b>	<b>100%</b>

(\*) Including OECD countries except EU countries, USA and Canada.

<b>Prior year</b>		<b>TL</b>	<b>%</b>	<b>FC</b>	<b>%</b>
1	Domestic	208,137	45.87%	1,333,469	98.07%
2	European Union Countries	-	-	-	-
3	OECD Countries *	245,594	54.13%	26,289	1.93%
4	Off-shore Banking Regions	-	-	-	-
5	USA, Canada	-	-	-	-
6	Other Countries	-	-	-	-
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
8	Unallocated Assets / Liabilities	-	-	-	-
<b>9</b>	<b>Total</b>	<b>453,731</b>	<b>100%</b>	<b>1,359,758</b>	<b>100%</b>

(\*) Including OECD countries except EU countries, USA and Canada.

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**e. Breakdown of receivables according to geographical regions, sector and residual maturity  
(continued)**

Breakdown of receivables by sector (Cash and non-cash loans and follow-up receivables):

Current period		TL	%	FC	%
1	<b>Agriculture</b>	-	-	-	-
2	Farming and Stockbreeding	-	-	-	-
3	Forestry	-	-	-	-
4	Fishery	-	-	-	-
5	<b>Manufacturing</b>	207,120	45.75%	-	-
6	Mining and Quarrying	-	-	-	-
7	Production	-	-	-	-
8	Electricity, Gas and Water	207,120	45.75%	-	-
9	<b>Construction</b>	-	-	664,471	39.96%
10	<b>Services</b>	245,594	54.25%	998,424	60.04%
11	Wholesale and Retail Trade	-	-	-	-
12	Accommodation and Dining	-	-	-	-
13	Transportation and Telecom	-	-	382,600	23.01%
14	Financial Institutions	245,594	54.25%	615,824	37.03%
15	Real Estate and Rental Services	-	-	-	-
16	Professional Services	-	-	-	-
17	Educational Services	-	-	-	-
18	Health and Social Services	-	-	-	-
19	Other	-	-	-	-
20	<b>Total</b>	<b>452,714</b>	<b>100%</b>	<b>1,662,895</b>	<b>100%</b>

Prior period		TL	%	FC	%
1	<b>Agriculture</b>	-	-	-	-
2	Farming and Stockbreeding	-	-	-	-
3	Forestry	-	-	-	-
4	Fishery	-	-	-	-
5	<b>Manufacturing</b>	208,137	45.87%	440,626	32.40%
6	Mining and Quarrying	-	-	-	-
7	Production	-	-	-	-
8	Electricity, Gas and Water	208,137	45.87%	-	-
9	<b>Construction</b>	-	-	440,626	32.40%
10	<b>Services</b>	245,594	54.13%	859,692	63.22%
11	Wholesale and Retail Trade	-	-	-	-
12	Accommodation and Dining	-	-	-	-
13	Transportation and Telecom	-	-	300,435	22.09%
14	Financial Institutions	245,594	54.13%	559,257	41.13%
15	Real Estate and Rental Services	-	-	-	-
16	Professional Services	-	-	-	-
17	Educational Services	-	-	-	-
18	Health and Social Services	-	-	-	-
19	Other	-	-	59,440	4.37%
20	<b>Total</b>	<b>453,731</b>	<b>100%</b>	<b>1,359,758</b>	<b>100%</b>

**Breakdown of Receivables by Remaining Maturity (Cash, Non-Cash and Non-Performing Loans)**

Current period	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
<b>Cash and Non-cash Loans</b>	55,154	318,430	525,227	538,652	664,471	13,675	<b>2,115,609</b>

Prior period	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
<b>Cash and Non-cash Loans</b>	41,354	8,177	37,012	464,498	1,262,448	-	<b>1,813,489</b>

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**f. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions**

There is no amount written-off from assets through related provisions.

**g. Aging analysis for overdue receivables**

The Bank has no overdue receivables.

**h. Breakdown of restructured receivables based on being provisioned or not**

There is no amount written-off from assets through related provisions.

**6. Credit Risk Mitigation**

**6.1. Qualitative disclosure on credit risk mitigation techniques**

During the lending process, the Bank considers the cash flow of the activity or investment that is subject to credit as the primary source of reimbursement.

Calculation of the collateral amount is based on margins determined by market and currency risk.

If the loan is established with a guarantee condition, the collaterals must be entered into the banking system.

The credit risk that the Bank is exposed to and the credit risk mitigation techniques used to mitigate this risk are taken into account in accordance with the standards specified in the legislation in the event that there is a collateral for the loan.

There are no netting-off on-balance sheet and off-balance sheet items within the Bank.

**6.2. Credit risk mitigation techniques**

Current Period 31.12.2020		Exposures unsecured: carrying amounts 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	589,720	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	<b>Total</b>	<b>589,720</b>	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-

Prior Period 31.12.2019		Exposures unsecured: carrying amounts 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	569,839	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	<b>Total</b>	<b>569,839</b>	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**7. Credit Risk if the Standard Approach is used**

Bank of China Turkey uses external ratings provided by Fitch Ratings when calculating the credit risk by the standard method. Within this scope, the Bank's risk weights in the Receivables from Central Governments or Central Banks risk class are determined by taking into consideration the matching table provided by Fitch Ratings and determined by the BRSA for the said CRA.

Credit Quality Stage	Long Term Credit Ratings	
	Fitch Ratings	Receivables from Central Government and Central Banks Risk Weight (%)
1	AAA and AA-	0
2	A+ and A-	20
3	BBB+ and BBB-	50
4	BB+ and BB-	100
5	B+ and B-	100
6	CCC+ and below	150

**7.1. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects**

The institutions which are members of Turkey Wealth Fund (TWF) are classified under Sovereign Asset Class according to regulation as of 2020 year-end.

Current Period 31.12.2020		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		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	1,181,814	182,328	1,181,814	182,328
2	Exposures to regional governments or local Authorities	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	508,639	679,090	508,639	476,291	481,189	49%
7	Exposures to corporates	284,073	664,471	284,073	664,471	948,544	100%
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	-
10	Exposures secured by commercial real estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	16,633	-	16,633	-	16,633	100%
17	Equity Investment	-	-	-	-	-	-
18	<b>Total</b>	<b>1,991,159</b>	<b>1,525,889</b>	<b>1,991,159</b>	<b>1,323,090</b>	<b>1,974,383</b>	<b>60%</b>

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**
**7.1. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects (continued)**

Previous Period 31.12.2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		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	372,281	-	372,281	-	40,054	11%
2	Exposures to regional governments or local Authorities	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	713,368	804,851	713,368	668,910	755,272	55%
7	Exposures to corporates	569,839	440,626	569,839	440,626	1,010,465	100%
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	-
10	Exposures secured by commercial real estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	25,298	-	25,298	-	25,298	100%
17	Equity Investment	-	-	-	-	-	-
18	<b>Total</b>	<b>1,680,786</b>	<b>1,245,477</b>	<b>1,680,786</b>	<b>1,109,536</b>	<b>1,831,089</b>	<b>66%</b>

**7.2. Standardised approach – exposures by asset classes and risk weights**

Current Period 31.12.2020												Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others		
1	Exposures to central governments or central banks	836,125	-	-	-	-	528,017	-	-	-	1,364,142	
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	
6	Exposures to institutions	-	496,635	-	212,866	-	275,429	-	-	-	984,930	
7	Exposures to corporates	-	-	-	-	-	948,544	-	-	-	948,544	
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	
9	Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-	
10	Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	
11	Past-due loans	-	-	-	-	-	-	-	-	-	-	
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	
16	Investments in equities	-	-	-	-	-	-	-	-	-	-	
17	Other receivables	-	-	-	-	-	16,633	-	-	-	16,633	
18	<b>Total</b>	<b>836,125</b>	<b>496,635</b>	<b>212,866</b>	<b>1,768,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,314,249</b>	

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**7.2. Standardised approach – exposures by asset classes and risk weights(continued)**

Prior period 31.12.2019												Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others		
1 Exposures to central governments or central banks	332,227	-	-	-	-	-	40,054	-	-	-	372,281	
2 Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-	
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	
6 Exposures to institutions	-	-	677,628	-	169,808	-	534,842	-	-	-	1,382,278	
7 Exposures to corporates	-	-	-	-	-	-	1,010,465	-	-	-	1,010,465	
8 Retail exposures	-	-	-	-	-	-	-	-	-	-	-	
9 Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-	-	
10 Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-	
11 Past-due loans	-	-	-	-	-	-	-	-	-	-	-	
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	-	
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	-	
16 Investments in equities	-	-	-	-	-	-	-	-	-	-	-	
17 Other receivables	-	-	-	-	-	-	25,298	-	-	-	25,298	
<b>18 Total</b>	<b>332,227</b>	<b>-</b>	<b>677,628</b>	<b>-</b>	<b>169,808</b>	<b>-</b>	<b>1,610,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,790,322</b>	

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**8. Disclosures regarding Counterparty Credit Risk**

**8.1. Qualitative Disclosures on Counterparty Credit Risk**

The management, measurement and monitoring activities of counterparty credit risk are carried out within the scope of market risk appetite approved by Risk Committee and Board of Directors. Counterparty credit risk and credit value adjustments related to this risk are calculated by valuation method according to fair value in capital adequacy regulation and included in capital adequacy ratio.

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

Current Period 31.12.2020		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	-	10,067		-	10,067	5,034
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
<b>6</b>	<b>Total</b>						<b>5,034</b>

Prior period 31.12.2019		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	20,444	13,422		-	33,866	16,933
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
<b>6</b>	<b>Total</b>						<b>16,933</b>

**8.3. Credit Valuation Adjustment (CVA) Capital Charge**

	Current Period 31.12.2020		Prior period 31.12.2019	
	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy				
1 (i) Value at risk component (including 3*multiplier)		-		-
2 (ii) Stressed Value at Risk (including 3*multiplier)		-		-
3 All portfolios subject to Standardised CVA capital obligation	10,067	5,034	33,866	16,933
<b>4 Total amount of CVA capital adequacy</b>	<b>10,067</b>	<b>5,034</b>	<b>33,866</b>	<b>16,933</b>

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**IX. EXPLANATIONS ON RISK MANAGEMENT (continued)**

**8.4. Standardised approach – CCR exposures by regulatory portfolio and risk weights**

Current Period 31.12.2020 Asset classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total risk
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	10,067	-	-	-	-	10,067
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>10,067</b>	-	-	-	-	<b>10,067</b>

Prior period 31.12.2019 Asset classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total risk
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	33,866	-	-	-	-	33,866
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>33,866</b>	-	-	-	-	<b>33,866</b>

**8.5. Composition of collateral for CCR exposure**

The Bank has no collaterals used for counterparty credit risk.

**8.6. Credit derivatives**

The Bank has no credit derivative.

**8.7. Risks to Central Counterparty**

The Bank has no risks to central counterparty.

**9. Securitization disclosures**

The Bank has no securities.

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**X. EXPLANATIONS ON MARKET RISK**
**1.1. Qualitative information which shall be disclosed to public related to market risk**

Market risk; is defined as the risk of loss in the value of assets and returns in the balance sheet and off-balance sheet as a result of changes in rates and prices in financial markets.

The Bank's market risk is determined, evaluated and managed within the framework of Market Risk Management Policy Bank. This policy covers the basic principles of the Bank in relation to market risk management, the duties and responsibilities of the parties involved in market risk management and the process related to the measurement, monitoring and reporting of market risk. Within the scope of market risk, the Bank has interest rate risk and currency risk. Standard method is used to measure market risk and to be the basis for capital allocation.

The Bank measures market risk within the framework of legal regulations. In addition, the Bank conducts stress tests and monitors the management of the risk.

The Bank carries out the stress test by applying negative and positive shocks on the yield curve and the interest rate risk arising from the on-balance sheet and off-balance sheet positions.

The Bank carries out stress tests and evaluates currency risk by applying changes in foreign exchange risk on foreign currency net general position.

The Bank has determined the risk appetite and limits related to market risk taking into account the activities and product structure.

**1.2. Market risk under standardised approach**

		Current Period 31.12.2020 Risk Weighted Asset	Prior period 31.12.2019 Risk Weighted Asset
	<b>Outright products</b>		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	34,533	33,172
4	Commodity risk	-	-
	<b>Options</b>		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	<b>Securitisation</b>	-	-
9	<b>Total</b>	<b>34,533</b>	<b>33,172</b>

**XI. EXPLANATIONS ON OPERATIONAL RISK**

The Bank used the "Basic Indicator Method" in computation of its operational risk. The amount subject to operational risk is calculated annually in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 29111 dated 6 September 2014. In the basic indicator method, the amount subject to operational risk is calculated by multiplying the average of 15% of the gross revenue amounts of the last three years by 12.5. Since the Bank started operations as of May 9, 2018, there is no gross income for the last three years. In current period calculated operational risk amount is TL 497.260 (31 December 2019: TL 409,866).

Current Period	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross income	-	218,595	311,816	265,206	15	39,781
The amount subject to operational risk (Total*12.5)	-					497,260

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**XI. EXPLANATIONS ON OPERATIONAL RISK (continued)**

Previous Period	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross income	-	-	218,595	218,595	15	32,789
The amount subject to operational risk (Total*12.5)	-					409,866

**XII. EXPLANATIONS REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES**

The following table summarizes the book values and fair values of some financial assets and liabilities of the Bank;

	Current period		Prior period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>1,916,808</b>	<b>1,916,808</b>	<b>1,575,134</b>	<b>1,575,134</b>
Due from Money Market	-	-	-	-
Due from Banks	712,785	712,785	677,701	677,701
Financial Assets That Fair Value Difference is Reflected on Their Comprehensive Income	-	-	-	-
Financial Assets Valued at Their Amortized Cost	614,303	614,303	329,421	329,421
Loans	589,720	589,720	568,012	568,012
<b>Financial Liabilities</b>	<b>302,853</b>	<b>302,853</b>	<b>195,218</b>	<b>195,218</b>
Bank Deposits	-	-	-	-
Other Deposits	204,189	204,189	75,685	75,685
Funds borrowed from other financial institutions	74,203	74,203	59,423	59,423
Subordinated loans	-	-	-	-
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	24,461	24,461	60,110	60,110

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Quoted market prices (non-adjusted) (1st level)
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

Current period	1st Level	2nd Level	3rd Level	Total
<b>Financial Assets</b>	-	-	-	-
<b>Financial Assets at Fair Value Through Profit or Loss</b>	-	-	-	-
Trading Derivative Financial Assets	-	-	-	-
<b>Financial Liabilities</b>	-	<b>79,019</b>	-	<b>79,019</b>
Trading Derivative Financial Liabilities	-	79,019	-	79,019
Prior period	1st Level	2nd Level	3rd Level	Total
<b>Financial Assets</b>	-	<b>20,444</b>	-	<b>20,444</b>
<b>Financial Assets at Fair Value Through Profit or Loss</b>	-	-	-	-
Trading Derivative Financial Assets	-	20,444	-	20,444
<b>Financial Liabilities</b>	-	-	-	-
Trading Derivative Financial Liabilities	-	-	-	-

**XIII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES**

None.

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**SECTION FIVE**

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS**

**1. Information on cash and balances with the Central Bank of Turkey**

**1.1. Information on cash and cash equivalents**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	-	-	-	-
Balances with the Central Bank of Turkey	6,309	37,089	2,805	40,054
Other	-	-	-	-
<b>Total</b>	<b>6,309</b>	<b>37,089</b>	<b>2,805</b>	<b>40,054</b>

**1.2. Information related to account of Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6,309	22,589	2,805	35,179
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	14,500	-	4,875
<b>Total</b>	<b>6,309</b>	<b>37,089</b>	<b>2,805</b>	<b>40,054</b>

According to the CBRT's "Communiqué on Required Reserves No. 2013/15", the Bank establishes a reserve requirement at the CBRT for Turkish currency and foreign currency liabilities. According to the "Communiqué on Required Reserves" at the CBRT, Turkish Lira can be kept in USD, EUR and standard gold. According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira required reserves. This practice has been terminated according to the CBRT's notification numbered 2417 dated 10 December 2020.

As of December 31, 2020, valid rates for required reserves established in the CBRT are between 1% and 6% according to the maturity structure in Turkish currency (31 December 2019: between 1% and 7%); in foreign currency, 5% to 21% depending on the maturity structure range (31 December 2019: 5% to 21%).

**2. Information on financial assets at fair value through profit or loss**

**2.1. Information on financial assets at fair value through profit or loss subject to repurchase agreement**

As of December 31, 2020, there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2019: None).

As of December 31, 2020, the Bank does not have any collateral assets in exchange for Istanbul Stock Exchange (December 31, 2019: None).

**2.2. Positive differences related to financial assets at fair value through profit or loss**

None (December 31, 2019: None).

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as at 31 December 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**

**3. Positive differences related to derivative financial assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	-	20,444	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>20,444</b>	<b>-</b>

**4. Information on Banks**

**4.1. Information on Banks and Other Financial Institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	635,643	77,142	668,860	8,841
<i>Domestic</i>	635,643	1,261	668,860	73
<i>Foreign</i>	-	75,881	-	8,768
<i>Foreign head-offices and branches</i>	-	-	-	-
<b>Total</b>	<b>635,643</b>	<b>77,142</b>	<b>668,860</b>	<b>8,841</b>

**4.2. Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	12,707	2,180	-	-
USA, Canada	3	0	-	-
OECD Countries *	63,171	6,588	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>75,881</b>	<b>8,768</b>	<b>-</b>	<b>-</b>

(\*) OECD countries other than European Union countries, USA and Canada

**4.3. Expected credit losses for cash and cash equivalents**

Current Period	Stage 1	Stage 2	Stage 2	Total
<b>Balances at End of Prior Period</b>	<b>729</b>	<b>-</b>	<b>-</b>	<b>729</b>
Additions during the Period	524	-	-	524
Disposal	(553)	-	-	(553)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>700</b>

**5. Information on Financial Assets Valued at Fair value Through Other Comprehensive Income**

**5.1. Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked**

As of December 31, 2020, there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2019: None). As of December 31, 2020, there are no financial assets given as collateral/blocked (December 31, 2019: None).

**5.2. Information on Financial Assets Measured at Fair value Through Other Comprehensive Income**

None (December 31, 2019: None).

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as at 31 December 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**

**6. Information on Loans**

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

None (December 31, 2019: None).

**6.2. Information on the first and second group loans and other receivables including rescheduled or restructured loans**

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	Re-finance
<b>Non-Specialized Loans</b>	<b>589,720</b>	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	207,120	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	382,600	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Loans</b>	-	-	-	-
<b>Total</b>	<b>589,720</b>	-	-	-

Expected Credit Losses	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	5,684	-
Significant Increase in Credit Risk	-	-
<b>Total</b>	<b>5,684</b>	-

**6.3. Distribution of cash loans according to their maturities**

	Loans Under Close Monitoring		
	Standard Loans	Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	-	-	-
Medium and Long-term Loans	589,720	-	-
<b>Total</b>	<b>589,720</b>	-	-

**6.4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

None (December 31, 2019: None).

**6.5. Information on commercial installment loans and corporate credit cards**

None (December 31, 2019: None).

**Notes to unconsolidated financial statements  
as at 31 December 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**

**6.6. Loans according to types of borrowers**

	Current Period	Prior Period
Public	-	-
Private	589,720	568,012
<b>Total</b>	<b>589,720</b>	<b>568,012</b>

**6.7. Distribution of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	589,720	568,012
Foreign Loans	-	-
<b>Total</b>	<b>589,720</b>	<b>568,012</b>

**6.8. Loans given to associates and subsidiaries**

None (December 31, 2019: None).

**6.9. Explanations on non-performing loans**

None (December 31, 2019: None).

**6.10. Liquidation policies 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 bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the 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.

**6.11. Explanations on write-off policy**

In order to ensure the collection and liquidation of the Bank's receivables, which are given legal follow-up instructions due to the loss of credit worthiness, the subjects such as the quality of the loan, the condition of the loan, the good will of the debtor and the urgency of the follow-up are determined and the most appropriate action style is determined. Although the elimination of the risk is preferred through the administrative interventions and negotiations in the debtors, the liquidation method of the receivable is used by directly initiating legal follow-up procedures. However, the fact that legal proceedings have been initiated does not mean that administrative interviews have ended. An agreement can be made with the debtor regarding the liquidation of the Bank's receivables at each stage, if it is agreed.

**6.12. Explanations on expected credit losses for loans**

Current Period	Stage 1	Stage 2	Stage 3	Total
<b>Balances at End of Prior Period</b>	<b>4,602</b>	-	-	<b>4,602</b>
Additions during the Period	-	-	-	-
Disposal	(1,231)	-	-	(1,231)
Debt Sale	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	2,313	-	-	2,313
<b>Balances at End of Period</b>	<b>5,684</b>	-	-	<b>5,684</b>

**Notes to unconsolidated financial statements  
as at 31 December 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**

**6.13. Information on interest accruals, discounts, valuation differences and their provisions calculated for non-performing loans in accordance with TFRS 9**

None (December 31, 2019: None).

**7. Information on financial assets measured at amortized cost**

**7.1. Information on financial assets that are subject to repo transactions and are given as collateral / blocked, and measured financial assets**

There are no financial assets subject to repurchase agreements in the current Period (December 31, 2019: None). As of December 31, 2020, the Bank does not have securities given as collateral (December 31, 2019: None).

**7.2. Information on government debt securities measured at amortized cost**

	Current Period	Prior Period
Government Bond	614,303	329,421
Treasury Bonds	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>614,303</b>	<b>329,421</b>

**7.3. Information on investments measured at amortized cost**

	Current Period	Prior Period
Debt Securities	614,303	329,421
<i>Quoted at Stock Exchange</i>	<i>614,303</i>	<i>329,421</i>
<i>Unquoted at Stock Exchange</i>	-	-
Value Increases/Impairment Losses (-)	-	-
<b>Total</b>	<b>614,303</b>	<b>329,421</b>

**7.4. Movements of investments measured at amortized cost during the year**

	Current Period	Prior Period
<b>Opening balance</b>	<b>329,421</b>	-
Foreign exchange differences in monetary assets	-	-
Purchases during the year	664,912	340,071
Disposals through Sales and Redemptions	(380,030)	(10,650)
Value decrease equivalent	-	-
<b>Period end balance</b>	<b>614,303</b>	<b>329,421</b>

**7.5. Explanations on expected credit losses for financial assets measured at amortised cost**

Current Period	Stage 1	Stage 2	Stage 2	Total
<b>Balances at End of Prior Period</b>	<b>24</b>	-	-	<b>24</b>
Additions during the Period	20	-	-	20
Disposal	(24)	-	-	(24)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>20</b>	-	-	<b>20</b>

**8. Information on associates**

The Bank has no associates as of December 31, 2020 (December 31, 2019: None).

**Notes to unconsolidated financial statements  
as at 31 December 2020**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*
**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**
**9. Information on subsidiaries (net)**

The Bank has no subsidiaries as of December 31, 2020 (December 31, 2019: None).

**10. Information on entities under common control (Joint Ventures)**

The Bank does not have investments in entities under common control as of December 31, 2020 (December 31, 2019: None).

**11. Information on lease receivables**

The Bank does not have lease receivables as of December 31, 2020 (December 31, 2019: None).

**12. Information on derivative financial assets held for hedging purposes**

There are no derivative financial instruments for hedging purposes (December 31, 2019: None).

**13. Information on tangible assets**

	Buildings	Leased Tangible Assets	Right-of-use Assets (*)	Vehicles	Other tangible assets(**)	Securities acquired through financial leasing	Total
<b>Prior Period</b>							
Cost	-	-	22,078	150	8,817	-	<b>31,045</b>
Accumulated depreciation (-)	-	-	2,983	35	3,281	-	<b>6,299</b>
<b>Net book value</b>	-	-	<b>19,095</b>	<b>115</b>	<b>5,536</b>	-	<b>24,746</b>
<b>Current Period</b>							
<b>Net book value at beginning of the period</b>	-	-	<b>19,095</b>	<b>115</b>	<b>5,536</b>	-	<b>24,746</b>
Additions	-	-	-	-	889	-	<b>889</b>
Transfers	-	-	-	-	-	-	-
Disposals (-) (net)	-	-	4,672	-	-	-	<b>4,672</b>
Impairment (-)	-	-	-	-	-	-	-
Depreciation (-)	-	-	2,968	30	1,779	-	<b>4,777</b>
<b>Closing Net Book Value at Period End</b>	-	-	<b>11,455</b>	<b>85</b>	<b>4,646</b>	-	<b>16,186</b>
Cost at the end of current period	-	-	17,406	150	9,706	-	<b>27,262</b>
Accumulated depreciation at end of current period(-)	-	-	5,951	65	5,060	-	<b>11,076</b>
<b>Current Period</b>	-	-	<b>11,455</b>	<b>85</b>	<b>4,646</b>	-	<b>16,186</b>

(\*) Includes office and car leases accounted within scope of TFRS 16.

(\*\*) Other tangible assets consist of office machinery, furniture and furnishing and operating lease development costs.

**Notes to unconsolidated financial statements  
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*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*
**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**
**14. Information on intangible assets**

<b>Costs</b>	<b>Rights</b>	
	<b>Current Period</b>	<b>Prior Period</b>
Opening Balance, January 1	9,020	7,654
Additions	1,790	1,366
<b>Closing Balance, December 31</b>	<b>10,810</b>	<b>9,020</b>
<b>Accumulated Depreciation</b>	<b>Current Period</b>	<b>Prior Period</b>
Opening Balance, January 1	(6,372)	(3,679)
Depreciation	(1,758)	(2,693)
<b>Closing Balance, December 31</b>	<b>(8,130)</b>	<b>(6,372)</b>
<b>Net Book Value, December 31</b>	<b>2,680</b>	<b>2,648</b>

**15. Information on investment properties (net)**

None (December 31, 2019: None).

**16. Information on Deferred Tax asset**

According to the provisions of TAS 12 "Income Taxes" of the Bank and the provisions of the BRSA General Regulation No, DZM,2 / 13/1-a-3 of 8 December 2004, it is possible to obtain a financial profit that can be deducted in the following periods according to tax legislation, deferred tax asset on deductible temporary differences except for provisions and deferred tax asset on taxable temporary differences.

As of 31 December 2020, net deferred tax liabilities amounted to TL 24,184 (December 31,2019: TL 5,228) has been reflected in the financial statements of the Bank after netting the deferred tax asset amounting to TL 25,647 (December 31: 2019: TL 5,640) and the tax liability amounting to TL 1,463 (December 31,2019: TL 412).

Current and prior period deferred tax assets and liabilities movements are as follows:

	<b>Current Period</b>	
	<b>Deferred Tax Base</b>	<b>Deferred Tax Asset/ (Liability)</b>
Retirement Pay and Unused Vacation Provision	888	178
Bonus Provision	5,747	1,149
Tangible Assets Amortization Differences	(2,013)	(403)
Differences Arising from Market Value of Derivative Financial Instruments	97,039	19,408
Commission charged in advance	10,174	2,035
MTM – SL securities interest difference	(5,301)	(1,060)
Expected Credit Loss According to TFRS 9	12,744	2,549
MTM-TFRS16 difference	1,423	285
MTM-TFRS difference for interest income/expense	217	43
<b>Total</b>	<b>120,918</b>	<b>24,184</b>
	<b>Prior Period</b>	
	<b>Deferred Tax Base</b>	<b>Deferred Tax Asset/ (Liability)</b>
Retirement Pay and Unused Vacation Provision	432	91
Bonus Provision	4,605	1,013
Tangible Assets Amortization Differences	(1,875)	(412)
Differences Arising from Market Value of Derivative Financial Instruments	3,314	729
Commission charged in advance	10,689	2,352
MTM – SL securities interest difference	6,093	1,340
Other	523	115
<b>Total</b>	<b>23,781</b>	<b>5,228</b>

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**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)**

**17. Information on assets held for sale and non-current assets related to discontinued operations**

None (December 31, 2019: None).

**18. If the other assets item of the balance sheet exceeds 10% of the total balance sheet excluding commitments in the off-balance sheet accounts, the names and amounts of the sub-accounts constituting at least 20% of the balance sheet**

Other assets do not exceed 10% of total assets excluding the off-balance sheet items (December 31, 2019: None).

**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES**

**1. Information on deposits**

**1.1. Information on maturity structure of deposits**

Current Period	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6-1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	52,680	50,649	100,812	-	-	-	-	-	204,141
Residents in Turkey	52,680	50,649	100,812	-	-	-	-	-	204,141
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	48	-	-	-	-	-	-	-	48
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan.	-	-	-	-	-	-	-	-	-
Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>52,728</b>	<b>50,649</b>	<b>100,812</b>	-	-	-	-	-	<b>204,189</b>

Prior Period	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6-1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	8	-	-	-	-	-	-	-	8
Residents in Turkey	8	-	-	-	-	-	-	-	8
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	10,057	65,620	-	-	-	-	-	-	75,677
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan.	-	-	-	-	-	-	-	-	-
Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,065</b>	<b>65,620</b>	-	-	-	-	-	-	<b>75,685</b>

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**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)**

**1.2. Information on saving deposits under insurance**

**1.2.1. Amounts exceeding the insurance limit**

None (December 31, 2019: None).

**1.3. Saving deposits that are not under the guarantee of deposit insurance fund**

There are no saving deposits that are not under the guarantee of deposit insurance fund as of December 31, 2020 (December 31, 2019: None).

**2. Information on derivative financial liabilities**

**2.1. Negative differences table related to derivative financial liabilities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	79,019	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>79,019</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information on borrowings**

**3.1. Banks and other financial institution**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From domestic Banks and Institutions	-	-	-	-
From Foreign Banks, Institutions and Funds	-	74,203	-	59,423
<b>Total</b>	<b>-</b>	<b>74,203</b>	<b>-</b>	<b>59,423</b>

**3.2. Maturity structure of borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	-	-	-
Medium and Long-term	-	74,203	-	59,423
<b>Total</b>	<b>-</b>	<b>74,203</b>	<b>-</b>	<b>59,423</b>

**4. If the foreign liabilities of the balance exceed 10% of the total balance sheet excluding the penalty and off-balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20%**

Other foreign liabilities do not exceed 10% of the balance sheet total (December 31, 2019: Not exceeding).

**5. Information on Lease Obligations**

**5.1. Criteria used in the determination of lease installments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts**

The Bank does not have any financial lease agreement (December 31, 2019: None).

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**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)**

**5.2. Detailed explanation of contract amendments and new obligations of these amendments to the Bank**

The Bank does not have any financial lease agreement (December 31, 2019: None).

**5.3. Information on lease liabilities**

As of December 31, 2020, total net lease liability amount of the Bank is TL 20,010 (31 December 2019: TL 22,412).

**5.4. Information on “Sale -and- lease back” agreements**

The Bank does not have any sale-and-lease back transactions in the current Period (December 31, 2019: None).

**6. Information on derivative financial liabilities for hedging purposes**

There are no derivative financial liabilities for hedging purposes (December 31, 2019: None).

**7. Information on Provisions**

**7.1. Information on General Provisions**

As of 1 January 2020, the Bank has applied TFRS 9 regulation and has started to calculate allowance for expected credit losses.

The information on the general provisions of the Bank as of 31 December 2019 before adoption of TFRS 9 is presented below:

	Prior Period
I. Loans and Receivables in Group I	18,745
-Additional Provision for Loan and Receivables with Extended Maturities	-
II. Loans and Receivables in Group II	-
-Additional Provision for Loan and Receivables with Extended Maturities	-
Non-Cash Loans	16,844
Others	-
<b>Total</b>	<b>35,589</b>

**7.2. Information on other provisions**

	Current Period	Prior Period(*)
Provisions for Non-cash Loans	6,339	-
<b>Total</b>	<b>6,339</b>	<b>-</b>

\*The expected loss provisions for non-cash loans are included in other provisions in the liabilities with IFRS 9.

**7.2.1. Provision for probable losses**

None (December 31, 2019: None).

**7.2.2. The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions**

Other provisions do not exceed 10% of the total provisions (December 31, 2019: Not exceed).

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**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)**

**7.2.3. Explanations on reserves for employee benefit**

The table of current and prior period retirement pay provision is as follows:

	Current Period	Prior Period
Opening Balance, January 1	201	92
Period expenses	114	90
Payments made	-	-
Actuarial Difference	(7)	19
<b>Closing Balance, December 31</b>	<b>308</b>	<b>201</b>

In accordance with the current labour law in Turkey, the Bank is required to pay termination benefits to the personnel who are dismissed from work due to retirement or who are terminated for reasons other than resignation and abuse. These compensations are the 30-day Gross wage for each year of work based on the wage on the date of dismissal. As of December 31, 2020, and December 31, 2019, the ceiling of the provision for employment termination benefits is TL 7,638.96 (full TL) and TL 7,117.17 (full TL).

In the financial statements of December 31, 2020 and December 31, 2019, the Bank calculates the termination indemnity by discounting the annual inflation and interest rate usage. The inflation and interest rates used are as follows:

	Current Period	Prior Period
Inflation Rate	9.24%	5.90%
Interest Rate	13.35%	9.39%

As of December 31, 2020, total provision for employee benefits amounting to TL 6,635 (December 31, 2019: TL 5,037) is composed of TL 580 unused vacation provision (December 31, 2019: TL 231), TL 5,747 bonus provision (December 31, 2019: TL 4,605), TL 308 provision for employee termination benefits (December 31, 2019: 201 TL).

**8. Explanations on Tax Liability**

As of December 31, 2020, the Bank has current tax liability of TL 11,487 (December 31, 2019: TL 19,484).

The Bank has a corporate tax amount of TL 53,973 (December 31, 2019: TL 63,703) to be paid after the deduction of the prepaid corporate tax of TL 44,634 (December 31, 2019: 45,828) from the corporate tax calculated as TL 9,338 (December 31, 2019: 17,785).

**8.1. Information on tax payables**

	Current Period	Prior Period
Corporate taxes payable	9,339	17,875
Taxation on securities	70	344
Property tax	7	11
Banking and Insurance Transaction Tax (BITT)	156	454
Taxes on foreign exchange transactions	-	-
Value added taxes payable	101	124
Other	1,509	463
<b>Total</b>	<b>11,182</b>	<b>19,271</b>

**Notes to unconsolidated financial statements  
as at 31 December 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)****8.2. Information on premium**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums- Employee	130	92
Social Security Premiums- Employer	148	101
Unemployment Insurance- Employee	9	7
Unemployment Insurance- Employer	18	13
Other	-	-
<b>Total</b>	<b>305</b>	<b>213</b>

**8.3. Explanations on deferred tax liabilities**

None (December 31, 2019: None).

**9. Information on liabilities regarding assets held for sale and discontinued operations**

None (December 31, 2019: None).

**10. Explanations on Subordinated loans**

None (December 31, 2019: None).

**11. Information on Shareholders' equity****11.1. Paid in Capital**

The Bank's paid-in capital is TL 1,051,230 as of December 31, 2020 (December 31, 2019: TL 1,051,230). The capital does not have a share certificate.

**11.2. Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling**

Registered share capital system is not applied.

**III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS****1. Information on off-balance sheet commitments****1.1. Nature and amount of irrevocable loan commitments**

None (December 31, 2019: None).

**1.2. Possible losses and commitments related to off-balance sheet items, including the ones listed below****1.2.1. Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits**

	<b>Current Period</b>	<b>Prior Period</b>
Guarantees	1,120,291	973,594
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
<b>Total</b>	<b>1,120,291</b>	<b>973,594</b>

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**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)**
**1.2.2. Revocable, irrevocable guarantees and other similar commitments and contingencies**

	Current Period	Prior Period
Temporary letter of guarantees	124,966	16,857
Revocable letters of guarantee	794	794
Letters of guarantee given in advance	252,961	251,333
Guarantees given to customs	-	-
Other letter of guarantees	26,877	2,899
<b>Total</b>	<b>405,598</b>	<b>271,883</b>

**1.3. Explanation on Non-cash loans**
**1.3.1. Total amount of non-cash loans**

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	1,120,291	973,594
With Original Maturity of 1 Year or Less Than 1 Year	-	532,968
With Original Maturity of More Than 1 Year	1,120,291	440,626
Other Non-Cash Loans	405,598	271,883
<b>Total</b>	<b>1,525,889</b>	<b>1,245,477</b>

**1.3.2. Information on sectoral risk breakdown of non-cash loans irrevocable loan commitments (excluding forward asset sales and purchase commitments)**

	December 31, 2020			
	TL	(%)	FC	(%)
Agricultural	-	-	-	-
Farming and Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Production	-	-	-	-
Electric, Gas, Water	-	-	-	-
Construction	-	-	-	-
Services	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Hotel and Food Services	-	-	-	-
Transportation and Telecommunication	-	-	664,471	51.90
Financial Institutions	245,594	100	615,824	48.10
Real Estate and Leasing Ser.	-	-	-	-
Professional Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>245,594</b>	<b>100</b>	<b>1,280,295</b>	<b>100</b>
	December 31, 2019			
	TL	(%)	FC	(%)
Agricultural	-	-	-	-
Farming and Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Production	-	-	-	-
Electric, Gas, Water	-	-	-	-
Construction	-	-	-	-
Services	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Hotel and Food Services	-	-	-	-
Transportation and Telecommunication	-	-	440,626	44.07
Financial Institutions	245,594	100	559,257	55.93
Real Estate and Leasing Ser.	-	-	-	-
Professional Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>245,594</b>	<b>100</b>	<b>999,883</b>	<b>100</b>

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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (continued)**

**1.3.3. Information on non-cash loans classified in 1st and 2nd group**

<b>31.12.2020</b>	<b>Group 1</b>		<b>Group 2</b>	
<b>Non-cash loans</b>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Letters of Guarantee	245,594	160,004	-	-
Acceptance and Acceptance Loans	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	1,120,291	-	-
<b>Total</b>	<b>245,594</b>	<b>1,280,295</b>	<b>-</b>	<b>-</b>

  

<b>31.12.2019</b>	<b>Group 1</b>		<b>Group 2</b>	
<b>Non-cash loans</b>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Letters of Guarantee	245,594	26,289	-	-
Acceptance and Acceptance Loans	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	973,594	-	-
<b>Total</b>	<b>245,594</b>	<b>999,883</b>	<b>-</b>	<b>-</b>

**1.4. Explanation on expected losses for non-cash loans and irrevocable commitments**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>5,431</b>	<b>-</b>	<b>-</b>	<b>5,431</b>
Additions during the Period	3,956	-	-	3,956
Disposal	(3,586)	-	-	(3,586)
Sold Credits	-	-	-	-
Deleted from Active	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	538	-	-	538
<b>Balances at End of Period</b>	<b>6,339</b>	<b>-</b>	<b>-</b>	<b>6,339</b>

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**III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (continued)**

**2. Explanations on financial derivatives**

	Current period		Prior period	
	Types of Derivative Transactions		Types of Derivative Transactions	
Current period	Trading	Hedging	Trading	Hedging
<b>Types of Trading Transactions</b>				
<b>Foreign currency related derivative transactions (I)</b>	<b>505,220</b>	-	<b>564,546</b>	-
Currency forward transactions	-	-	-	-
Currency swap transactions	505,220	-	564,546	-
Futures transactions	-	-	-	-
Options	-	-	-	-
<b>Interest related derivative transactions (II)</b>	-	-	-	-
Forward rate agreements	-	-	-	-
Interest rate swaps	-	-	-	-
Interest rate options	-	-	-	-
Interest rate futures	-	-	-	-
<b>Other derivative transactions for trade (III)</b>	-	-	-	-
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>505,220</b>	-	<b>564,546</b>	-
<b>Types of hedging transactions</b>	-	-	-	-
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Foreign currency investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	-	-
<b>Total derivative transactions (A+B)</b>	<b>505,220</b>	-	<b>564,546</b>	-

**3. Explanation on credit derivatives and risk exposures due to these credit derivatives**

None (December 31, 2019: None).

**4. Explanation on contingent liabilities and assets**

None (December 31, 2019: None).

**5. Off-balance sheet items related to assets held for sale and discontinued operations**

None (December 31, 2019: None).

**Notes to unconsolidated financial statements  
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**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT**

**1. Information on interest income**

**1.1. Information on interest on loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans	24,553	11,944	32,650	10,266
<i>Short-term Loans</i>	-	-	-	-
<i>Medium/Long-term Loans</i>	24,553	11,944	32,650	10,266
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>24,553</b>	<b>11,944</b>	<b>32,650</b>	<b>10,266</b>

**1.2. Information on interest income received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	301	-	518	271
Domestic Banks	69,265	61	173,758	3
Foreign Banks	-	94	-	6
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>69,566</b>	<b>155</b>	<b>174,276</b>	<b>280</b>

\* The interest income on Required Reserves amounting to TL 2 is not included into interest income on Banks (December 2019: 2).

**1.3 Interest received from marketable securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Financial Assets Measured at Amortized Cost	51,319	-	17,715	-
<b>Total</b>	<b>51,319</b>	<b>-</b>	<b>17,715</b>	<b>-</b>

**1.4. Information on interest income received from associates and subsidiaries**

None (December 31, 2019: None).

**2. Information on Interest Expense**

**2.1. Information on interest on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	-	1,250	-	473
TR Central Bank	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	1,250	-	473
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,250</b>	<b>-</b>	<b>473</b>

**2.2. Information on interest expenses to associates and subsidiaries**

None (December 31, 2019: None).

**2.3. Information on interest expenses to marketable securities**

None (December 31, 2019: None).

**Notes to unconsolidated financial statements  
as at 31 December 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT (continued)**

**2.4. Information on interest expense to maturity structure of deposits**

Current Period 31.12.2020								
Time Deposit								
Account Name	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year	Accum. Deposit	Total
<b>Turkish Currency</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	4,221	6,888	-	-	-	-	11,109
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>4,221</b>	<b>6,888</b>	-	-	-	-	<b>11,109</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	-	1,664	-	-	-	-	1,664
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>1,664</b>	-	-	-	-	<b>1,664</b>

Prior Period 31.12.2019								
Time Deposit								
Account Name	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year	Accum. Deposit	Total
<b>Turkish Currency</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	9,063	8,763	-	-	-	-	17,826
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>9,063</b>	<b>8,763</b>	-	-	-	-	<b>17,826</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	-	12	-	-	-	-	12
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>12</b>	-	-	-	-	<b>12</b>

**2.5. Interest expense on lease liabilities**

	Current Period	Prior Period
Lease Interest Expenses	1,089	1,019
<b>Total</b>	<b>1,089</b>	<b>1,019</b>

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**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT (continued)**

**3. Information on dividend income**

None (December 31, 2019: None).

**4. Information on net trading income / loss**

	Current Period	Prior Period
<b>Income</b>	<b>493,593</b>	<b>326,029</b>
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	45,805	52,913
Foreign Exchange Gains	447,788	273,116
<b>Loss (-)</b>	<b>463,360</b>	<b>247,772</b>
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	111,974	6,010
Foreign Exchange Losses	351,386	241,762
<b>Total</b>	<b>30,233</b>	<b>78,257</b>

**5. Information on other operating income**

	Current Period	Prior Period
Adjustment to previous years expenses	340	32
Other	25	28
<b>Total</b>	<b>365</b>	<b>60</b>

**6. Impairment provisions on loans and other receivables**

	Current Period
<b>Expected Credit Losses</b>	<b>744</b>
12 Month Expected Credit Loss (Stage 1)	744
Significant increase in credit risk (Stage 2)	-
Non-Performing Loans (Stage 3)	-
<b>Marketable Securities Impairment Provision</b>	<b>-</b>
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets At Fair Value Through Other Comprehensive Income	-
<b>Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease</b>	<b>-</b>
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
<b>Total</b>	<b>744</b>

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**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT (continued)**

**6. Impairment provisions on loans and other receivables (continued)**

	Prior Period
<b>Specific Provisions</b>	-
Loans with limited collectability	-
Loans with doubtful collectability	-
Uncollectible loans	-
<b>General Provisions</b>	<b>15,242</b>
<b>Impairment Losses on Securities</b>	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	-
<b>Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities</b>	-
Subsidiaries	-
Joint Ventures	-
Investments Held to Maturity	-
Other	-
<b>Total</b>	<b>15,242</b>

**7. Information related to other operational expenses**

	Current Period	Prior Period
Provision for Employee Termination Benefits	116	90
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	4,777	4,478
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	1,758	2,694
Impairment Losses on Investment Accounted for under Equity Method	-	-
Impairment of Assets to be Disposed	-	-
Depreciation of Assets to be Disposed	-	-
Impairment of Assets Held for Sale	-	-
Other Operating Expenses	9,567	8,792
Operational Leases Expenses	-	62
Repair and Maintenance Expenses	117	72
Advertisement Expenses	-	-
Other Expenses (*)	9,450	8,658
Losses on Sale of Assets	-	-
Taxes	1,555	2,413
Other (**)	7,939	6,155
<b>Total</b>	<b>25,712</b>	<b>24,622</b>

(\*) The amount of TL 9,450 in the "Other Expenses" title consists of TL 4,650 IT services expenses, TL 1,450 outsource services, TL 1,625 data line service expenses, TL 1,724 other operating expenses.

(\*\*) The amount of TL 7,939 in the "Other" title consists of TL 6,097 employee benefits provisions, TL 1,542 auditing services and advisory services, TL 300 operational costs.

**8. Information on profit/loss before tax from continued and discontinued operations**

As of December 31, 2020, Profit before tax from continued operations is TL 155,652 (December 31, 2019: TL 253,622).

**9. Explanations on tax provision for continued and discontinued operations**

The tax expense for the Period ended December 31, 2020 is TL 36,711 (December 31, 2019: TL 59,218).

**10. Information on profit/loss after tax from continued and discontinued operations**

As of December 31, 2020, operating profit after-tax is TL 118,941 (December 31, 2019: TL 194,404).

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**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT (continued)**

**11. Information on net profit/loss for the Period**

Interest income from ordinary banking transactions amounted to TL 157,537 (December 31, 2019: TL 235,189). Interest expenses arising from ordinary banking transactions are TL 15,275 (December 31, 2019: TL 19,340). As of December 30, 2020, operating profit after-tax is TL 118,941 (December 31, 2019: TL 114,734).

There are no changes in the estimates made by the Bank regarding the financial statement items.

There is no profit or loss related to minority shares.

**12. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement**

Other items in the statement of income do not exceed 10% of the statement of income.

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**V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY**

**1. Information on distribution of profit**

The legal reserves are allocated to the first and second reserves in accordance with Turkish Commercial Code (TTK). First legal reserves are allocated as 5% of the profit until the total reserves reach 20% of the paid-in capital.

The Bank's Ordinary General Assembly Meeting was held on 29 June 2020. At the Ordinary General Assembly Meeting, it was decided to transfer the unconsolidated net profit amounting to 194,404 TL from the activities of 2019 to 12,681 TL to general legal reserves and 181,723 TL to undistributed profits as extraordinary reserves. On June 30, 2020, 194,404 TL was transferred to reserve funds account.

The authorized body of the Bank regarding the distribution of profit is the General Assembly and as of the date of these financial statements, the annual ordinary General Assembly has not been held yet. As of the report date, there is no decision taken regarding the profit distribution of year 2020.

**2. Explanations on increase / decrease balance due to merger**

None.

**3. Explanations on available-for-sale financial assets**

None.

**4. Information on increases in cash flow hedges**

None.

**5. Settlement of exchange rate differences at the beginning and end of the period**

None.

**6. Information on issuance of shares**

The Bank does not have any instruments representing the borrowing issued by the Bank itself. The Bank does not have any dividends related to the shares announced after the balance sheet date.

**7. Other Explanations**

The Bank recorded the actuarial difference amounting to TL 7 arising from the changes in the actuarial assumptions used in the calculation of the provision for severance pay under total comprehensive income (December 31, 2019 - TL 25).

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**VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**1. Information on cash and cash equivalent assets**

**a) Components of cash and cash equivalents and the accounting policy applied in their determination**

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents"

**2. Information on cash and cash equivalents at the beginning and end of the period**

The components of cash and cash equivalents, the accounting policy used in the determination of these elements, the effect of any change in accounting policy in the current period and the amounts recorded in the balance sheet and cash flow statement of the items that make up the cash and cash equivalents:

**a) Cash and cash equivalents at the beginning of period**

	01.01.2020	01.01.2019
Cash	-	-
Cash equivalents	716,744	963,359
<i>Receivables from banks and money market</i>	674,034	946,990
<i>CBRT</i>	42,710	16,369
<b>Total</b>	<b>716,744</b>	<b>963,359</b>

**b) Cash and cash equivalents at the end of the period**

	31.12.2020	31.12.2019
Cash	-	-
Cash equivalents	754,069	716,744
<i>Receivables from banks and money market</i>	710,792	674,034
<i>CBRT</i>	43,277	42,710
<b>Total</b>	<b>754,069</b>	<b>716,744</b>

**3. Disclosures for "other" items and "effect of change in foreign currency rates cash and cash equivalents" in statements of cash flows**

"Net Increase (Decrease) in Other Payables" item, which is included in the "Change in Assets and Liabilities on Banking Activities" amounting to TL 214 (31 December 2019: TL -949.) mainly consists of other liabilities.

The effect of the change in foreign exchange rate on cash and cash equivalents consists of the sum of the exchange differences resulting from the conversion of the average balances of cash and cash equivalents in foreign currencies to TL at the beginning and end of the period on a monthly basis, and as of 31 December 2020, it is calculated as TL 12,096 (31 December 2019 - (TL 6,660)).

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**VII. EXPLANATIONS AND DISCLOSURES ON THE RISK GROUP OF THE BANK**

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

**a) Explanations and disclosures on the risk group of the Bank**

December 31, 2020:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash (**)	Non-Cash	Cash (**)	Non-Cash	Cash (**)	Non-Cash
<b>Current Period</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	8,768	271,883	-	-
Balance at the End of the Period	-	-	75,878	405,598	-	-
Interest and Commission Income Received	-	-	94	34,018	-	-

(\*) It is defined in paragraph 2 of Article 49 of the Banking Act No. 5411.

(\*\*) The information in the above table includes the receivables from banks as well as the commissions to be received in the maturity.

December 31, 2019:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash (**)	Non-Cash	Cash (**)	Non-Cash	Cash (**)	Non-Cash
<b>Prior Period</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	8,768	271,883	-	-
Interest and Commission Income Received	-	-	6	16,878	-	-

(\*) It is defined in paragraph 2 of Article 49 of the Banking Act No. 5411.

(\*\*) The information in the above table includes the receivables from banks as well as the commissions to be received in the maturity.

**Notes to unconsolidated financial statements  
as at 31 December 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**VII. EXPLANATIONS AND DISCLOSURES ON THE RISK GROUP OF THE BANK (continued)**

**b) Information on deposits of the Bank's risk group**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit (**)						
Balance at the Beginning of the Period	-	-	59,423	-	-	-
Balance at the End of the Period	-	-	74,203	59,423	-	-
Interest Paid	-	-	1,250	483	-	-

(\*) It is defined in article 49, paragraph 2, of Banking Law No.

(\*\*) As of December 31, 2020, the above table consists of the borrowings, foreign banks deposits and the interest paid to them. As of December 31, 2019, there is no deposit accepted by the Bank from the risk group, the balance consists entirely of loans received.

**c) Information on forward and option agreements and similar agreements made with Bank's risk group**

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets at Fair Value Through Profit and Loss:</b>						
Balance at the Beginning of the Period	-	-	564,546	604,120	-	-
Balance at the End of the Period	-	-	505,220	564,546	-	-
Total Income/Loss	-	-	(66,169)	46,903	-	-
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

**d) Information on the benefits provided to the Bank's top management**

As of December 31, 2020, TL 4,832 (December 31, 2019: TL 3,180) was paid to the top management of the Bank.

**e) Other transactions with the Bank's risk group**

As of December 31, 2020, the Bank has no other liabilities to the risk group arising from banking transactions (December 31, 2019: None).

**BANK OF CHINA TURKEY A.Ş.****Notes to unconsolidated financial statements  
as at 31 December 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VIII. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR INVESTMENTS IN ASSOCIATES AND FOREIGN REPRESENTATIVE OFFICES**

	Number	Number of Employees			
Domestic Branch	-	44			
			Country of Incorporations		
Foreign Representation Office					
				Total Assets	Statutory Share Capital
Foreign Branch					
Off-shore Banking Region Branches					

**SECTION SIX**

**OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS ON THE OPERATIONS OF THE BANK**

None.

**II. EVENTS AFTER THE BALANCE SHEET DATE**

None.

**Notes to unconsolidated financial statements  
as at 31 December 2020**

*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

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**SECTION SEVEN**

**EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

The unconsolidated financial statements as of December 31, 2020 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor's independent audit report has been presented prior to the unconsolidated financial statements

**II. OTHER FOOTNOTES AND EXPLANATIONS PREPARED BY INDEPENDENT AUDITORS'**

None.