

Albaraka Türk Katılım Bankası Anonim Şirketi

**Consolidated financial statements
and related disclosures at December 31, 2020
together with independent auditors' report**

*(Convenience translation of the independent auditors' report and
financial statements originally issued in Turkish – see section three Note I.b)*



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**Convenience Translation of the Independent Auditor's Report originally issued in Turkish
(See Note 1.b of Section Three)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Albaraka Türk Katılım Bankası A.Ş

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Albaraka Türk Katılım Bankası A.Ş. (the "Bank") and its subsidiaries(together will be referred as "the Group"), which comprise the statement of consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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



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Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures</i></p> <p>As disclosed in footnote VII of Section 3; the Group measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;</p> <ul style="list-style-type: none"> - Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Group’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex - Complex and comprehensive disclosure requirements of TFRS 9. 	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group's past performance, and local and global practices - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions. - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group's business model - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis - Testing the fair value calculations of real estates included in profit and loss project loans by the valuation experts of another company included in the network which we are affiliated. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process <p>Auditing of disclosures related to TFRS 9.</p>

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

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

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

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

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

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

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

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

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



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- In order to provide an opinion on consolidated financial statements, adequate and appropriate audit evidence is obtained about the financial information of the operating segments and entities in the Group. We are responsible for directing, supervising and conducting the Group audit. We are also responsible for the audit opinion that we provide by ourselves.

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

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

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

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; 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, 2020 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

Additional paragraph for convenience translation to English

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

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



Emre Çelik, SMMM
Partner

March 5, 2021
Istanbul, Turkey

CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR YEAR ENDED DECEMBER 31, 2020

Parent Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdenez Cad. No: 6
34768 Ümraniye/İstanbul
Parent Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00
Parent Bank's website : www.albaraka.com.tr
Electronic mail contact info : albarakatürk@albarakatürk.com.tr

The consolidated year ended financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITORS' REPORT

Investments in subsidiaries, real estate investment funds, venture capital investment funds, security funds, joint ventures and associates whose financial statements have been consolidated in this consolidated financial report are as follows:

	Subsidiaries	Real Estate Investment Funds	Venture Capital Investment Funds	Security Funds	Joint Ventures	Associates
1.	Bereket Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	Katılım Emeklilik ve Hayat A.Ş.	-
2.	Değer Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Kıra Sertifikaları Katılım Fonu	-	-
3.	Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu	-	-
4.	Insha Gmbh	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	-	-
5.	-	-	Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu	-	-	-

Bereket One Ltd and Albaraka Sukuk Ltd, which are not a subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

The consolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, Banking Regulation and Supervision Agency regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and in compliance with the records of our Bank, have been independently audited and presented as attached.

March 5, 2021

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Melekşah UTKU
General Manager

Mustafa ÇETİN
Assistant General Manager

Kemaleddin DİLBAZ
Financial Reporting Manager

Mustafa BÜYÜKABACI
Chairman of the Audit Committee

Mehmet Ali GÖKCE
Member of the Audit Committee

Mohamed Ali CHATTI
Member of the Audit Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:
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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

General Information

I. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status:

Albaraka Türk Katılım Bankası Anonim Şirketi ("The Parent Bank") was incorporated on November 5, 1984 with the name of Albaraka Türk Özel Finans Kurumu A.Ş., based on the decision of the Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained the operating permission from the Central Bank of Turkey with the letter numbered 10912 and dated January 21, 1985.

Special Finance Houses, operating in accordance with the Communiqués of Under Secretariat of Treasury and the Central Bank of Turkey based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of "Communiqué Related to the Incorporation and Activities of Special Finance Houses" published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency ("BRSA"). "Communiqué Related to the Incorporation and Activities of Special Finance Houses" has been superseded by the "Communiqué Related to Credit Operations of Banks" published in the Official Gazette dated November 1, 2006 numbered 26333 and the Parent Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

The decision regarding the change in the title of the Parent Bank, in relation with the provisions of the Banking Law numbered 5411, was agreed in the Extraordinary General Meeting dated December 21, 2005 and the title of the Parent Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

The Parent Bank together with its consolidated ownerships is referred to as the "Group" in the accompanying consolidated financial statements.

The Parent Bank's head office is located in Istanbul and is operating through 228 (December 31, 2019: 228) local branches and 2 (December 31, 2019: 2) foreign branches and with 3.390 (December 31, 2019: 3.791) staff as of December 31, 2020. The Group has 3.415 (December 31, 2019: 3.811) staff as of December 31, 2020.

II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Parent Bank and the disclosures on related changes in the current year, if any:

As of December 31, 2020, 36,29% (December 31, 2019: 54,06%) of the Parent Bank's shares are owned by Albaraka Banking Group, 15,38% (December 31, 2019: 0%) owned by Dallah Albaraka Group, 7,84% (December 31, 2019: 7,84%) owned by Islamic Development Bank, 36,81% (December 31, 2019: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

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III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Parent Bank, if any:

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0,0000
Members of BOD:	Süleyman KALKAN	II.Chairman of BOD (Independent)	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Ghassan Ahmed M. AMODI	Independent Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mehmet Ali GÖKCE	Independent Member of BOD	Master	-
	Housseem BEN HAJ AMOR	Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Assistant General Manager Responsible for Credit Risks	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Mehmet Fatih YORULMAZ	Assistant General Manager Responsible for Marketing	Master	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Sales	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Volkan EVCİL	Assistant General Manager Responsible for Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Süleyman ÇELİK (Deputy)	Assistant General Manager Responsible for Information Technologies	Bachelor	-
Chief Legal Consultancy	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

(*) The share amounts of these persons are between TL 1-10 (full).

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Parent Bank's share capital (December 31, 2019: 0,0000%).

IV. Information on the Parent Bank's qualified shareholders:

The Parent Bank's paid in capital amounting to TL 1.350.000 consists of 1.350.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 697.546 of the paid in capital is owned by qualified shareholders who are listed below:

Name/Commercial Name	Share amount (nominal)	Share ratio(*)	Paid shares	Unpaid shares
Albaraka Banking Group	489.961	36,29%	489.961	-
Dallah Albaraka Holding	207.585	15,38%	207.585	-

(*)Shares purchased from Stock Exchange is not included.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

V. Summary on the Parent Bank's service activities and field of operations:

The Parent Bank operates in accordance with the principles of interest-free banking as a participation bank. The Parent Bank mainly collects funds through current accounts and participation accounts based on profit and loss sharing agreements and investment agency agreements, which are only for legal entities. The Parent Bank lends such funds through corporate finance support, retail finance support, profit/loss sharing investment, finance lease, financing commodity against document and joint investments.

The Parent Bank classifies current and profit sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under six different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included), one year and more than one year (with monthly, quarterly, semi-annual and annual profit share payment) and accumulated participation accounts.

The Bank may determine the profit rate following operating the participation accounts or estimated rates for investment agencies. The rate of participation accounts' participation to the loss is one hundred percent.

The Parent Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Parent Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Türkiye Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Generali Sigorta, Bereket Katılım Sigorta, HDI Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Parent Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

Moreover, the Parent Bank is involved in providing non-cash loans, which mainly comprise letters of guarantee, letters of credit and acceptances.

Transactions, which can be carried out by the Parent Bank, are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Parent Bank, the application must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities, which then needs to be approved by the Ministry of Trade since such applications, are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions, which are deducted from equity or not included in these three methods:

Albaraka Kültür Sanat ve Yayıncılık A.Ş., Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. and Insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. which are the subsidiaries of "Inovasyon Girişim Sermayesi Yatırım Fonu" and Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, have not been consolidated since they are non-financial subsidiaries. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş. and Insha Gmbh, the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions, which are deducted from equity or not included in these three methods (continued):

Real Estate Investment Funds “Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu” and Venture Capital Investment Funds “Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu and other security (investment) funds controlled by the Parent Bank along with Bereket One Ltd, and Albaraka Sukuk Ltd, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are “Structured Entity”.

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the parent bank and its subsidiaries:

There is no immediate transfer of equity between the Parent Bank and its subsidiaries. There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Parent Bank and its subsidiaries.

SECTION TWO

The consolidated financial statements

- I. Consolidated balance sheet (Statement of financial position)
- II. Consolidated statement of off-balance sheet
- III. Consolidated statement of profit or loss
- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Consolidated statement of profit appropriation

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.610.559	18.080.122	21.690.681	3.467.753	12.065.923	15.533.676
1.1 Cash and Cash Equivalents	(1)	2.117.138	14.507.009	16.624.147	2.519.444	10.453.621	12.973.065
1.1.1 Cash and Balances with Central Bank		1.371.053	11.873.379	13.244.432	1.426.702	7.369.207	8.795.909
1.1.2 Banks		781.048	2.634.093	3.415.141	1.109.920	3.084.627	4.194.547
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		34.963	463	35.426	17.178	213	17.391
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	724.424	3.257.849	3.982.273	134.498	437.979	572.477
1.2.1 Government Securities		552.653	3.236.130	3.788.783	99.148	435.174	534.322
1.2.2 Equity Securities		12.921	10.774	23.695	-	-	-
1.2.3 Other Financial Assets		158.850	10.945	169.795	35.350	2.805	38.155
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	755.313	315.264	1.070.577	813.673	1.174.064	1.987.737
1.3.1 Government Securities		745.044	306.067	1.051.111	813.658	1.150.767	1.964.425
1.3.2 Equity Securities		7.667	9.197	16.864	15	23.297	23.312
1.3.3 Other Financial Assets		2.602	-	2.602	-	-	-
1.4 Derivative Financial Assets	(5)	13.684	-	13.684	138	259	397
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		13.684	-	13.684	138	259	397
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		23.290.701	20.517.445	43.808.146	16.998.174	14.745.234	31.743.408
2.1 Loans	(6)	23.254.473	18.801.331	42.055.804	17.019.728	13.617.465	30.637.193
2.2 Lease Receivables	(7)	291.476	68.673	360.149	227.356	16.322	243.678
2.3 Financial Assets Measured at Amortised Cost	(4)	832.051	2.392.749	3.224.800	638.021	1.356.298	1.994.319
2.3.1 Government Securities		832.051	2.392.749	3.224.800	638.021	1.296.462	1.934.483
2.3.2 Other Financial Assets		-	-	-	-	59.836	59.836
2.4 Expected Credit Losses (-)	(6)	1.087.299	745.308	1.832.607	886.931	244.851	1.131.782
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	130.757	293	131.050	124.196	284	124.480
3.1 Asset Held for Resale		130.757	293	131.050	124.196	284	124.480
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	327.378	-	327.378	286.470	-	286.470
4.1 Associates (Net)		-	-	-	8.258	-	8.258
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	8.258	-	8.258
4.2 Subsidiaries (Net)		268.696	-	268.696	240.236	-	240.236
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		268.696	-	268.696	240.236	-	240.236
4.3 Joint Ventures (Net)		58.682	-	58.682	37.976	-	37.976
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		58.682	-	58.682	37.976	-	37.976
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(10)	1.372.244	17.226	1.389.470	1.496.680	19.905	1.516.585
VI. INTANGIBLE ASSETS (Net)	(11)	40.535	6.352	46.887	30.538	5.272	35.810
6.1 Goodwill		-	4.783	4.783	-	3.970	3.970
6.2 Others		40.535	1.569	42.104	30.538	1.302	31.840
VII. INVESTMENT PROPERTY (Net)	(12)	1.261.475	-	1.261.475	1.419.315	-	1.419.315
VIII. CURRENT TAX ASSET		3.750	-	3.750	1.231	-	1.231
IX. DEFERRED TAX ASSET	(13)	191.360	-	191.360	166.345	-	166.345
X. OTHER ASSETS	(14)	640.871	28.943	669.814	397.149	251.499	648.648
TOTAL ASSETS		30.869.630	38.650.381	69.520.011	24.387.851	27.088.117	51.475.968

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	15.389.368	36.148.001	51.537.369	14.672.926	25.066.274	39.739.200
II. FUNDS BORROWED	(2)	72.778	2.987.107	3.059.885	100.219	1.691.379	1.791.598
III. BORROWINGS FROM MONEY MARKETS		1.246.687	1.029.766	2.276.453	18.237	-	18.237
IV. SECURITIES ISSUED (Net)	(3)	4.042.163	-	4.042.163	2.519.419	-	2.519.419
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	142.596	-	142.596	504	345	849
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		142.596	-	142.596	504	345	849
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(5)	314.684	13.711	328.395	287.755	12.905	300.660
VIII. PROVISIONS	(6)	200.073	2.451	202.524	134.069	1.627	135.696
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		145.872	-	145.872	100.138	-	100.138
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		54.201	2.451	56.652	33.931	1.627	35.558
IX. CURRENT TAX LIABILITY	(7)	74.012	11.018	85.030	69.726	4.874	74.600
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(9)	-	1.732.562	1.732.562	-	1.375.164	1.375.164
12.1 Loans		-	1.732.562	1.732.562	-	1.375.164	1.375.164
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	1.573.899	190.199	1.764.098	1.281.404	207.875	1.489.279
XIV. SHAREHOLDERS' EQUITY	(11)	4.343.628	5.308	4.348.936	3.995.233	36.033	4.031.266
14.1 Paid-In Capital		1.350.000	-	1.350.000	900.000	-	900.000
14.2 Capital Reserves		960.566	-	960.566	1.344.905	-	1.344.905
14.2.1 Share Premium		14.855	-	14.855	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		945.711	-	945.711	1.344.905	-	1.344.905
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		254.045	-	254.045	243.404	-	243.404
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		93.130	5.308	98.438	76.995	36.033	113.028
14.5 Profit Reserves		1.494.079	-	1.494.079	1.430.839	-	1.430.839
14.5.1 Legal Reserves		131.703	-	131.703	136.641	-	136.641
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.362.171	-	1.362.171	1.294.198	-	1.294.198
14.5.4 Other Profit Reserves		205	-	205	-	-	-
14.6 Profit or Loss		(27.128)	-	(27.128)	(158.346)	-	(158.346)
14.6.1 Prior Years Profit/(Loss)		(329.432)	-	(329.432)	(248.391)	-	(248.391)
14.6.2 Current Year Profit/(Loss)		302.304	-	302.304	90.045	-	90.045
14.7 Minority Shares		218.936	-	218.936	157.436	-	157.436
TOTAL LIABILITIES		27.399.888	42.120.123	69.520.011	23.079.492	28.396.476	51.475.968

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I-II+III)		11.377.799	9.281.131	20.658.930	6.884.242	5.792.399	12.676.641
I. GUARANTEES AND SURETIES	(1)	5.710.137	5.411.694	11.121.831	5.128.502	5.302.936	10.431.438
1.1. Letters of Guarantees		5.647.191	3.555.738	9.202.929	5.099.099	3.619.295	8.718.394
1.1.1. Guarantees Subject to State Tender Law		876.326	77.888	954.214	697.926	62.581	760.507
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.043.724	1.043.739	15	835.718	835.733
1.1.3. Other Letters of Guarantee		4.770.850	2.434.126	7.204.976	4.401.158	2.720.996	7.122.154
1.2. Bank Loans		-	49.363	49.363	-	14.463	14.463
1.2.1. Import Letter of Acceptances		-	49.363	49.363	-	14.463	14.463
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		39.522	1.731.270	1.770.792	257	1.329.663	1.329.920
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		39.522	1.731.270	1.770.792	257	1.329.663	1.329.920
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. Other Guarantees		-	75.323	75.323	-	339.515	339.515
1.7. Other Collaterals		23.424	-	23.424	29.146	-	29.146
II. COMMITMENTS	(1)	2.395.012	850.025	3.245.037	1.722.506	389.607	2.112.113
2.1. Irrevocable Commitments		2.391.012	850.025	3.241.037	1.722.506	389.607	2.112.113
2.1.1. Asset Purchase and Sale Commitments		359.047	850.025	1.209.072	47.797	389.607	437.404
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		429.887	-	429.887	262.517	-	262.517
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		667.621	-	667.621	631.606	-	631.606
2.1.7. Tax And Fund Liabilities from Export Commitments		13.538	-	13.538	10.381	-	10.381
2.1.8. Commitments for Credit Card Expenditure Limits		919.974	-	919.974	769.342	-	769.342
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		398	-	398	335	-	335
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		547	-	547	528	-	528
2.2. Revocable Commitments		4.000	-	4.000	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		4.000	-	4.000	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	3.272.650	3.019.412	6.292.062	33.234	99.856	133.090
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		3.272.650	3.019.412	6.292.062	33.234	99.856	133.090
3.2.1. Forward Foreign Currency Buy/Sell Transactions		128.188	114.937	243.125	33.234	41.953	75.187
3.2.1.1. Forward Foreign Currency Transactions-Buy		83.763	39.298	123.061	27.547	10.149	37.696
3.2.1.2. Forward Foreign Currency Transactions-Sell		44.425	75.639	120.064	5.687	31.804	37.491
3.2.2. Other Forward Buy/Sell Transactions		3.144.462	2.904.475	6.048.937	-	57.903	57.903
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		87.262.122	24.652.412	111.914.534	72.616.853	16.137.385	88.754.238
IV. ITEMS HELD IN CUSTODY		5.519.997	8.677.435	14.197.432	3.812.406	3.053.641	6.866.047
4.1. Assets Under Management		2.911.168	-	2.911.168	1.522.915	-	1.522.915
4.2. Investment Securities Held in Custody		137.652	344.021	481.673	72	26.320	26.392
4.3. Cheques Received for Collection		1.696.146	275.497	1.971.643	1.480.111	285.800	1.765.911
4.4. Commercial Notes Received for Collection		526.549	83.168	609.717	543.651	76.306	619.957
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		215.254	1.519.560	1.734.814	210.617	341.146	551.763
4.8. Custodians		33.125	6.455.189	6.488.314	54.937	2.324.069	2.379.006
V. PLEDGED ITEMS		81.742.125	15.974.977	97.717.102	68.804.447	13.083.744	81.888.191
5.1. Marketable Securities		11.668.013	4.659.421	16.327.434	10.007.092	3.875.114	13.882.206
5.2. Guarantee Notes		1.438.998	219.572	1.658.570	1.223.615	193.710	1.417.325
5.3. Commodity		6.545.244	1.758.326	8.303.570	3.520.395	1.194.171	4.714.566
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		56.903.781	6.988.385	63.892.166	51.035.646	5.913.841	56.949.487
5.6. Other Pledged Items		4.924.606	2.341.372	7.265.978	2.763.503	1.898.042	4.661.545
5.7. Pledged Items-Depository		261.483	7.901	269.384	254.196	8.866	263.062
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		98.639.921	33.933.543	132.573.464	79.501.095	21.929.784	101.430.879

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Audited CURRENT PERIOD January 1- December 31, 2020	Audited PRIOR PERIOD January 1- December 31, 2019
I. PROFIT SHARE INCOME	(1)		3.594.052	3.308.530
1.1 Profit Share on Loans			3.065.363	2.960.036
1.2 Income Received from Reserve Deposits			14.777	51.897
1.3 Income Received from Banks			631	2.273
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			482.344	270.472
1.5.1 Financial Assets at Fair Value Through Profit and Loss			118.222	6.237
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income			167.162	155.654
1.5.3 Financial Assets Measured at Amortised Cost			196.960	108.581
1.6 Finance Lease Income			28.550	20.202
1.7 Other Profit Share Income			2.387	3.650
II. PROFIT SHARE EXPENSE	(2)		1.856.988	2.462.446
2.1 Expense on Profit Sharing Accounts			1.114.179	1.594.918
2.2 Profit Share Expense on Funds Borrowed			261.175	222.674
2.3 Profit Share Expense on Money Market Borrowings			79.520	103.162
2.4 Profit Share Expense on Securities Issued			297.535	475.134
2.5 Finance Lease Expense			56.986	59.485
2.6 Other Profit Share Expense			47.593	7.073
III. NET PROFIT SHARE INCOME (I – II)			1.737.064	846.084
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			233.567	299.245
4.1 Fees and Commissions Received			394.977	394.901
4.1.1 Non-Cash Loans			128.295	123.572
4.1.2 Other			266.682	271.329
4.2 Fees and Commissions Paid (-)			161.410	95.656
4.2.1 Non-Cash Loans			296	431
4.2.2 Other			161.114	95.225
V. DIVIDEND INCOME	(3)		-	-
VI. TRADING INCOME/LOSS(net)	(4)		245.832	224.827
6.1 Capital Market Transaction Income/(Loss)			53.851	63.296
6.2 Profit/(Loss) from Derivative Financial Instruments			(142.128)	(21.992)
6.3 Foreign Exchange Income/(Loss)			334.109	183.523
VII. OTHER OPERATING INCOME	(5)		665.995	724.444
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	(6)		2.882.458	2.094.600
IX. EXPECTED CREDIT LOSS (-)	(7)		1.162.439	773.996
X. OTHER PROVISION EXPENSES (-)			22.974	16.411
XI. PERSONNEL EXPENSES (-)			731.506	675.898
XII. OTHER OPERATING EXPENSES (-)	(8)		602.043	517.797
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)			363.496	110.498
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER			-	-
XV. PROFIT/(LOSS) ON EQUITY METHOD			21.398	13.963
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION			-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)		384.894	124.461
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)		73.788	27.682
18.1 Provision for Current Taxes			15.702	8.535
18.2 Deferred Tax Expense Effect (+)			366.579	220.539
18.3 Deferred Tax Income Effect (-)			308.493	201.392
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)		311.106	96.779
XX. INCOME FROM DISCONTINUED OPERATIONS	(11)		-	-
20.1 Income from Assets Held For Sale			-	-
20.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)			-	-
20.3 Income from Other Discontinued Operations			-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-
21.1 Loss from Assets Held for Sale			-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)			-	-
21.3 Loss from Other Discontinued Operations			-	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XXI-XXI)			-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
23.1 Provision for Current Taxes			-	-
23.2 Deferred Tax Expense Effect (+)			-	-
23.3 Deferred Tax Income Effect (-)			-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)			-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(12)		311.106	96.779
25.1 Group's Income/Loss			302.304	90.045
25.2 Minority Shares Profit/Loss (-)			8.802	6.734
Earnings Per Share			0,22	0,10

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF DECEMBER 31, 2020

(Thousand of Turkish Lira (TL) unless otherwise stated)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited	Audited
	CURRENT PERIOD January 1- December 31, 2020	PRIOR PERIOD January 1- December 31, 2019
I. CURRENT PERIOD PROFIT/LOSS	311.106	96.779
II. OTHER COMPREHENSIVE INCOME	8.640	93.791
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	10.641	8.696
2.1.1 Revaluation Surplus on Tangible Assets	41.708	31.588
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(22.642)	(13.716)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(3.906)	(6.497)
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(4.519)	(2.679)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	(2.001)	85.095
2.2.1 Translation Differences	22.716	16.782
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(33.852)	87.581
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	9.135	(19.268)
III. TOTAL COMPREHENSIVE INCOME (I+II)	319.746	190.570

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD (January 1 - December 31, 2020)																	
I. Closing balance	(V)	900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	30.533	-	1.430.839	(239.392)	90.045	3.873.830	157.436	4.031.266
IV. Total Comprehensive Income		-	-	-	-	29.460	(18.819)	-	22.716	(24.717)	-	-	-	302.304	310.944	8.802	319.746
V. Capital Increase in Cash		450.000	14.855	-	(464.855)	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	65.661	-	-	-	-	(3.590)	-	223	(117.068) ^(**)	-	(54.774)	52.698	(2.076)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	63.017	27.028	(90.045)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	63.017	(63.017)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	90.045	(90.045)	-	-	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936	4.348.936

^(*) The Parent Bank has recognized perpetual additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves " as per TAS 32: "Financial Instruments: Presentation" standart.

^(**) The Parent Bank has paid TL 138.241 in February and August 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 29.649, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves (*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD (January 1 - December 31, 2019)																	
I. Closing balance	(V)	900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(178.311)	158.014	3.289.518	262.064	3.551.582
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)	-	(17.304)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)	-	(17.304)
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(195.615)	158.014	3.272.214	262.064	3.534.278
IV. Total Comprehensive Income		-	-	-	-	19.021	(10.325)	-	16.782	68.313	-	-	-	90.045	183.836	6.734	190.570
V. Capital Increase in Cash		-	-	-	464.855 (**)	-	-	-	-	-	-	-	-	-	464.855	-	464.855
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	34.074	-	-	-	-	-	-	(130)	(81.019) (**)	-	(47.075)	(111.362)	(158.437)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	129.771	28.243	(158.014)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	129.771	(129.771)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	158.014	(158.014)	-	-	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266

(*) The Parent Bank has recognized perpetual additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves " as per TAS 32: "Financial Instruments: Presentation" standart.

(**) The Parent Bank has paid TL 112.284 in February and August 2019, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 25.746, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

(***) Under "other capital reserves" the Parent Bank has represented TL 450.000, the amount related to capital increase through rights issues which is completed but not registered as of December 2019 and premium on issued shares amount to TL 14.855

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Audited CURRENT PERIOD January 1- December 31, 2020	Audited PRIOR PERIOD January 1- December 31, 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		2.216.768	1.578.108
1.1.1 Profit Share Income Received		3.409.799	3.032.230
1.1.2 Profit Share Expense Paid		(1.781.221)	(1.620.675)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		266.682	271.913
1.1.5 Other Income		628.358	458.309
1.1.6 Collections from Previously Written Off Loans	(V-I-6,h2)	608.331	375.756
1.1.7 Payments to Personnel and Service Suppliers		(912.882)	(827.187)
1.1.8 Taxes Paid		(132.320)	(50.191)
1.1.9 Others	(V-VI-3)	130.021	(62.047)
1.2 Changes In Operating Assets And Liabilities		(7.186.880)	4.264.800
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.236.981)	(520.779)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(2.178.742)	(1.886.205)
1.2.3 Net (Increase) Decrease in Loans		(9.830.159)	(3.887.979)
1.2.4 Net (Increase) Decrease in Other Assets		(993.462)	(89.576)
1.2.5 Net Increase (Decrease) in Bank Deposits		(1.600.976)	617.972
1.2.6 Net Increase (Decrease) in Other Deposits		10.868.959	9.696.731
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	(215.519)	334.636
I. Net Cash Flow From Banking Operations		(4.970.112)	5.842.908
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		807.643	(2.143.919)
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(708)	(173.307)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(173.884)	(295.930)
2.4 Disposals of Property and Equipment		505.245	162.876
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(78.509)	(3.402.388)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1.339.025	2.875.207
2.7 Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(1.740.999)	(1.442.377)
2.8 Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	957.473	132.000
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		4.693.467	(3.854.988)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		32.924.345	22.571.042
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(28.007.100)	(26.696.471)
3.3 Issued Capital Instruments		-	464.855
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(85.538)	(82.130)
3.6 Other		(138.240)	(112.284)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	336.393	235.821
V. Net (Decrease) Increase in Cash and Cash Equivalents		867.391	79.822
VI. Cash and Cash Equivalents at the Beginning of the Period	(V-VI-a)	7.189.681	7.109.859
VII. Cash and Cash Equivalents at the End of the Period	(V-VI-b)	8.057.072	7.189.681

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT APPROPRIATION	Audited	Audited
	CURRENT PERIOD December 31, 2020	PRIOR PERIOD December 31, 2019
I. Distribution of current year income		
1.1. Current year income	323.735	87.293
1.2. Taxes and duties payable (-)	68.998	23.864
1.2.1. Corporate tax (Income tax)	10.912	4.722
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (*)	58.086	19.142
A. Net income for the year (1.1-1.2)	254.737	63.429
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	3.172
1.5. Other statutory reserves (-)	-	1.082
B. Distributable net period income [(A-(1.3+1.4+1.5))] (**)	254.737	59.175
1.6. First dividend to shareholders (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	-	-
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. Second legal reserve (-)	-	-
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	-	59.175
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares (***) (Full TL)	0,189	0,070
3.2. To owners of ordinary shares (%)	18,86	7,05
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

(*) Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income is not subject to profit appropriation; thus it is classified under extraordinary reserves.

(**) General Assembly of the Bank is the authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of the preparation of these financial statements. Statement of profit appropriation is prepared according to the unconsolidated financial statements of the Parent Bank.

(***) Calculated by using the number of share certificates as of year-end.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

a) The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Safeguarding of Documents:

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

b) Additional paragraph for convenience translation:

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

c) Accounting policies and valuation principles applied in the preparation of consolidated financial statements:

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS. As of December 31, 2020, ownership investment accounted using equity method is Katılım Emeklilik ve Hayat A.Ş. The subsidiaries, real estate funds, venture capital investment funds, security funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha GmbH, Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu, Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu respectively.

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I. Explanations on basis of presentation (continued):

c) Accounting policies and valuation principles applied in the preparation of consolidated financial statements (continued):

The preparation of the consolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Group's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies applied for December 31, 2019 financial statements except that are stated in part Three, note VII.

The covid 19 pandemia showed up in China, spreaded in various countries and caused upper respiratory infections. The pandemia has affected economical conditions locally and globally in especially the countries, which are most exposed to it and caused operational malfunctions. As a result of World wide spread of the pandemia, like all over the World, the measurements have been taken in our country in order to prevent viral shedding. Beside these measurements, economical measurements are being taken to minimise the effects of pandemia for individuals and firms in the world and in our country.

While preparing December 31, 2020 financials, the Parent Bank has reflected the possible impacts of covid 19 pandemia to the estimates and assumptions used in preparing financial statements. The estimates and assumptions used in expected credit loss provisions are explained under information on expected credit losses.

d) Restatement of the financial statements according to the current purchasing power of money:

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies" until December 31, 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

e) Comparative information and classifications:

The changes in accounting policies are applied retrospectively and previous term financial statements are restated. The Financial statements of the Parent bank are prepared comparative to the previous term in order to determine its financial position and performans trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current term financial statements.

II. Explanations on strategy of using financial instruments and foreign currency transactions:

The Group creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Parent Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Parent Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Parent Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Parent Bank. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

If the loans recognized in the foreign currency accounts are switched to non performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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II. Explanations on strategy of using financial instruments and foreign currency transactions (continued):

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.

The balance sheet items of the foreign branches and foreign subsidiary of the Parent Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Parent Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities, which do not have fixed maturity, are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates:

Consolidated financial statements are prepared in accordance with the decrees, notes and explanations set forth in Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006, numbered 26340 and “Turkish Accounting Standard for Consolidated Financial Statements” (“IFRS 10”).

a) Consolidation principles on joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is private pension and insurance and operates according to special legislation with permission and license and is established in Turkey. The related joint venture has been consolidated through equity method. Where necessary, accounting policies of the joint venture have been harmonized to ensure consistency with the policies adopted by the Parent Bank.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the joint venture amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	Private pension and insurance	50,00	50,00

b) Consolidation principles on subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method considering materiality principle, taking account the operation results, size of asset and shareholders' equity. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control is accepted as when Parent Bank has power over its investee, or exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, and income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

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III. Information on consolidated associates (continued):

b) Consolidation principles on subsidiaries (continued):

The subsidiaries included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	Sukuk Issue	100,00	100,00
Değer Varlık Kiralama A.Ş.	Istanbul/Turkey	Sukuk Issue	100,00	100,00
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	Investment Fund Foundation and Management	100,00	100,00
Insha Gmbh	Berlin/Germany	Providing digital participation banking services with the banking license of Solarisbank AG in Germany, collecting funds with this license through mudaraba method and evaluating the funds in accordance with the principles of interest-free finance and contract signed.	100,00	100,00

c) Consolidation principles on investment funds:

The investment funds, founded by the Parent Bank's subsidiary "Albaraka Portföy Yönetimi A.Ş." over which the Group has control as per procedures and principles stated in TFRS 10 "Turkish Financial Reporting Standards on consolidated Financial Statements", are accounted as per full consolidation method. For investment funds over which the Parent Bank does not have full control, minority shares are calculated separately under income statement and shareholders' equity. The information on the funds is represented as follows:

Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	89,86	89,86
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	92,76	92,76
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	88,88	88,88
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	47,26	100,00
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To invest in company shares that can be financially and institutionally structured and developed, and to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To invest in the initial stages of technology and innovation companies that provide products or services to Fintech venture companies or financial companies or to terminate the investment in the advanced stages by methods such as sale, merger and public offering.	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To incorporate innovative fintech projects inside the Parent Bank as co-founder or make the fintech projects more flexible and active in present companies by becoming their partner ,to invest these companies' shares and terminate the investment in the development or advanced phase by sale, merger, public offer.	13,86	25,53
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To invest in the initial stages or growth stages of new generation start-up companies or to be founder of them, to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	0,00	100,00
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To invest in civilian Technology companies such as information technology, game, Finance, cyber security, mobility, agriculture, health, energy, Firstly in Technopark (IT Valley) founded and operated by Muallim Köy Teknoloji Geliştirme Bölgesi Yönetici A.Ş. If these companies' centers are not in IT Valley, they must guarantee that their trade center or branches must be moved to IT Valley in 6 months (following the investment term) and register in common financial reporting system directed by IT Valley to report legal obligations. Requirements for the companies are that they are to be technology-based companies, have good accord to product and market and target market should be sound and ready for rapid growth.	12,73	12,73

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III. Information on consolidated associates (continued):

c) Consolidation principles on investment funds (continued):

Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	Istanbul/Turkey	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency, to the other part of the portfolio to the gold, promises agreement, participation accounts and similar interest-free investment instruments.	18,11	18,11
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	Istanbul/Turkey	To invest in gold and gold backed capital market instruments, beside , involving in partneships, participation accounts, promissory agreements, public or private sector lease certificates, and other interest free Money and capital market instruments approved by the Board.	24,17	24,17
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	Istanbul/Turkey	Lease certificates issued by the public and private sectors, as well as shareholding interests, gold, participation accounts, promised contracts and other interest-free money and capital market instruments deemed appropriate by the Regulator.	20,47	20,47
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu(*)	Istanbul/Turkey	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency or gold based capital market instruments, participation accounts, promised contracts and other interest-free investment instruments approved by the Board to the portfolio between the range of 0% and 100%.	0,00	100,00

(*) Relevant funds are controlled by the funds which are consolidated and controlled by the Parent Bank that has indirect control over these funds.

d) Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in consolidated associates and subsidiaries are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements ("TAS 27")" in the consolidated financial statements.

In the consolidated financial statements, credit institutions, which are not included in consolidation, or subsidiaries, which are not financial institutions, are accounted at cost value, less any impairment in the consolidated financial statements.

If the cost amount exceeds the recoverable amount (the higher of an asset's fair value less costs of disposal and its value in use) the value of the related associates and subsidiaries is equal to the recoverable amount.

IV. Explanations on forward, option contracts and derivative instruments:

The derivative financial instruments of the Group generally consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

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V. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in TFRS 9 and reflected to the accrual basis.

Profit-loss Investment projects are recognized under the “Loans” account in the balance sheet. Profit and loss investment projects are subject to valuation periodically every year and positive differences related to valuation are represented under “Profit Share on Loans”. Negative ones are represented under “Expected Credit Losses” account.

The Parent Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value - Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

Profit share expense

The Parent Bank records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account “Funds Collected” in the balance sheet.

VI. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

The commissions and fees other than those, whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

In accordance with provisions of TAS and TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account “Unearned Revenues” and included in “Other Liabilities” in the balance sheet. The commission received from cash loans corresponding to the current period is presented in “Profit Share from Loans” in the income statement.

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Parent Bank records the related cash and non-cash loans commissions directly as income.

VII. Explanations on financial assets:

Financial assets are recognized or derecognized according to TFRS 9 section three: “Recognition and Derecognition”. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition 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. They are included in the balance sheet of the Parent Bank, if the Parent Bank is a legal party to these instruments.

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

Assessment of business model:

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

The Parent Bank’s business model does not depend on management’s intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Parent Bank’s business models are divided into three categories. These categories are defined below:

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VII. Explanations on financial assets (continued):

a) The Business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets of The Parent Bank in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

b) The Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

c) Other business models:

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

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Parent Bank recognizes profit and loss investments under "loans" as per BRSA uniform chart of accounts and measures them at fair value considering TFRS 9 provisions.

The revaluation reports as of December 31, 2020 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. In evaluating profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to COVID 19's effect to market, economical conjuncture, and sectoral position, and other market conditions.

Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and

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VII. Explanations on financial assets (continued):

c) Other business models (continued):

Financial assets at fair value through other comprehensive income (continued):

impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss" under shareholders' equity. The accumulated fair value differences that are reflected in shareholders' equity are reflected in the income statement when the stated securities are collected or disposed.

Equity securities, which are classified as financial assets at fair value through other comprehensive income are accounted for at fair value when they are traded in an organized market and / or the fair value can be reliably measured and these financial assets are not subject to expected losses recognition.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows within the scope of business model where those cash flows represent solely payments of principal and profit share on certain dates are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs, which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are non derivative financial assets that have fixed or determinable payments terms and are not quoted in an active market. Stated loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

The Parent Bank's all loans except profit and loss investments are recorded under the "Measured at Amortized Cost" account. As per BRSA uniform chart of accounts, the Parent Bank recognizes profit and loss investments under "loans" and considering TFRS 9 provisions, measures them at fair value.

Granted cash loans are accounted by using the relevant accounts in accordance with the principles set out in the "Uniform Chart of Accounts to be Applied by the Participation Banks" and published in the Official Gazette dated September 20, 2017 and numbered 30186.

The Parent Bank periodically evaluates the provisions allocated for loans and other receivables as per TFRS 9 retrospectively and as a result of those evaluations, if appropriate, updates the classification rules and parameters on allocation of provisions.

VIII. Explanations on expected credit losses:

The Parent Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Parent Bank recognizes 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 January 1, 2018, 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 provisions written back are credited to "provision expenses", and if such write backs are arising from previous year they are accounted under "other operating income". The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

Because of the malfunction in economical and commercial operations as a result of the Covid-19 epidemic, BRSA has taken decisions dated March 17, 2020 numbered 8948 and March 27, 2020 numbered 8970 within the context of clause 4 and 5 of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" which will be valid as of March 17, 2020. As a result of those decisions, it has been determined that 30 days overdue will be 90 days to classify first group loans as second group loans and 90 days overdue will be 180 days to classify first and second group loans as non performing loans. All changes will be applied until June 30, 2021.

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VIII. Explanations on expected credit losses (continued):

In this context;

- Temporarily it is possible that loans which are not collected up to 90 days to be classified under first group, up to 180 days classified under second group.
- The Customers who have rescheduled loans have been enabled to postpone the installments without breaking existing rescheduled contracts within the mentioned period.
- In finalizing the Pro rata banks protocols, the operations which will take time will be extended with common accord.

As a result, the provisions to be allocated for such receivables will continue as per the risk models under TFRS 9 the banks use in calculating expected credit losses.

As of December 31, 2020, under these flexibilities mentioned above, the Parent Bank has cash receivables amount to TL 383.417 over 30 days due and TL 108.762 over 90 days due, these receivables are classified under first and second group and TL 1.390 and TL 18.472 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 603.718 which was classified as Stage 3 loan before December 31, 2020, has been classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

As stated under the note of significant estimates and assumptions in preparing financial statements, the Parent Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemia to its financial statements as of December 31, 2020. In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been revoked. In order to calculate the impact of macroeconomical factors to lifelong expected credit losses, the model has been set by using the data from first quarter of 2010 to third quarter of 2020. In this model NPL rates of the banks operating in the same sector has been used and supportive data from previous terms have been received. As a result of model update works, the parameters of unemployment, gross domestic product and consumer price index have been found meaningful. Under this context, this approach used for the fourth quarter of 2020, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemia, credit portfolio and expectations related to the future.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. Credit risk parameters used in the calculations are as follows:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Parent Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

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VIII. Explanations on expected credit losses (continued):

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

Financial Assets are divided into the following three categories depending on observable increases in their credit risks:

12 Month Expected Credit Losses (Stage 1):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until June 30, 2021, the cash loans which are between 30 and 90 days overdue are classified under first group loans.

Significant Increase in Credit Risk (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 on the basis of the instrument's lifetime expected credit losses.

The Parent Bank classifies financial assets as Level 2 by considering the following criteria:

- Loans with a delay over 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the Parent Bank will make in this case
- The Parent Bank management's conclusion that there is significant increase in credit risk. At this point the Parent Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until June 30, 2021, the loans that are between 90 and 180 days overdue are classified under second group loans.

Default (Stage 3/Specific Provision):

If the following conditions exist in accordance with the Parent Bank's internal procedures, the related financial asset is evaluated as default:

-Loans past 90 days from the last installment date (In this case, default status starts on the 91st day. In addition, as per the decision by BRSA dated March 17, 2020 numbered 8948, which is valid from March 17,2020 until June 30, 2021, the definition of "default" is that the receivable is 180 days overdue instead of 90 days).

- Loans restructured and classified as performing receivables and restructured in the 1-year monitoring period at least once again and & or loans whose principal / profit payment is 30 days overdue.

IX. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Group has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Group which are repurchased has been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

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X. Explanations on sale and repurchase agreements and lending of securities:

Securities subject to repurchase agreement are classified as “Financial Assets Measured at Fair Value through Profit/Loss”, “Financial Assets Measured at Fair Value through Other Comprehensive Income” and “Financial Assets Measured at Amortised Cost” according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under “Borrowings from Money Markets” in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under “Profit Share Expense on Money Market Borrowings” in the income statement.

XI. Explanations on assets held for sale and discontinued operations and liabilities related to these assets:

Assets held for sale (or disposal group) are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset shall be actively marketed in conformity with its fair value.

In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

The Group has assets that are possessed due to receivables and debtors' obligations to the Parent Bank and classified as assets held for sale. In the case that the Group has not disposed of such assets within a year of receipt or failed to produce a solid plan for sale of the assets, they are reclassified as fixed assets

and are amortized. The Group transfers such assets from assets held for sale and discounted operations to tangible assets.

A discontinued operation is a part of the Group's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has not any discontinued operations.

XII. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 “Turkish Accounting Standards for Intangible Assets”. The Group's intangible assets consist of softwares, intangible rights and goodwill.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Parent Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Parent Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

If there is objective evidence of group impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 “Turkish Accounting Standard for Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

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XIII. Explanations on tangible assets:

The cost of the tangible assets purchased before December 31, 2004 have been restated by inflationary index from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets are recorded at cost less accumulated depreciation and provision for impairment, if any in compliance with the ("TAS 16") "Turkish Accounting Standards for Tangible Assets" in the financial statements.

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2020, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated economic useful life of the assets. The annual rates used are as follows:

	Depreciation Rate %
Buildings	2
Motor vehicles	20 – 25
Furniture, fixture and office equipment	4 – 33
Safe-deposit boxes	2 – 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years
Leased assets	1- 10 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Group estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss. Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

Gain or loss resulting from disposals of the tangible assets is calculated as the difference between the net proceeds from the sale and the net book value of the related asset.

The repair and maintenance costs of the tangible assets are capitalized, if the expenditure increases the economic life of the asset. Other repair and maintenance costs are expensed.

In accordance with TFRS 16, right-of-use asset is represented under tangible assets in the balance sheet.

XIV. Explanations on investment property:

Investment properties are retained in order to benefit for administrative purposes and production and supply of goods or services either or both obtain rental income or appreciation gain instead of selling them in ordinary workflow. Investment properties are accounted initially at cost then at fair value for the coming periods and changes are recognized in statement of profit or loss.

The cost includes the expenses directly associated with the purchase.

If the investment property is sold, all profits and losses incurred (referring the difference between sale price and carrying value of the asset) are recognized in statement of profit or loss. If the investment properties

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XIV. Explanations on investment property (continued):

which are recognized as fixed assets beforehand are sold, their revaluation differences (if there are any) under equity are transferred to prior year profits.

If a real estate's intended purpose amended and it is recognized again under fixed assets, the fair value at the date of the amendment becomes the cost for the next accounting transaction.

XV. Explanations on leasing transactions:

Assets acquired under finance lease contracts are recorded both as an asset and as a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined. The Parent Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Parent Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

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

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same.

The Parent Bank has the exemption for not applying this standard to short-term leaseings (leases with a rental period of 12 months or less) or to leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). At the effective date of the lease, the Parent Bank measures its leasing liability at the present value of the lease payments not paid at that time and depreciates the existence of the right to use as of the same date and is amortized over the lease term. If this ratio can be determined easily, lease payments are discounted using the Parent Bank's average profit rate.

If the ratio cannot be easily determined, the Parent Bank uses its own alternative borrowing rate. The profit share expense on the lease liability and the depreciation charge of the right to use is recorded separately. The lessee re-measures the lease obligation if certain events occur (for example, changes in lease duration, forward lease payments due to changes in a particular index or rate, etc.). In this case, the lessee records the reassignment effect of the lease obligation as a correction on the right to use.

Right to use asset:

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Parent Bank and

When applying the cost method, the existence of the right to use:

- Accumulated depreciation and accumulated impairment losses are deducted and
- Measures the restatement of the lease obligation at the restated cost.

While the Parent Bank is depreciating the right- to- use asset it utilizes the provisions for depreciation in TAS 16 Tangible Assets Standard.

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XV. Explanations on leasing transactions (continued):

The lease liabilities:

At the effective date of the lease, the Parent Bank measures its leasing liability at the present value of the lease payments not paid at that time. If this ratio can be determined easily, lease payments are discounted using the Parent Bank's average profit rate. If the ratio cannot be easily determined, the Parent Bank uses its own alternative borrowing rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Parent Bank measures the leasing liability as follows:

- Increases the book value to reflect the profit share rate on the lease obligation,
- Reduces the book value to reflect the lease payments made
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed. The profit rate on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic profit rate to the remaining balance of the lease liability.

XVI. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans, are accounted in accordance with TAS 37: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Parent Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Parent Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XVII. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

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

i) *Defined benefit plans (continued):*

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation.

The retirement pay is calculated for every working year within the group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income. As of December 31, 2020, there is an actuarial loss amounts to TL 57.906 before deferred tax calculation. (December 31, 2019: TL 35.264 actuarial loss).

The Group, provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

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

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XVII. Explanations on liabilities regarding employee rights (continued):

ii) *Defined contribution plans:*

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees. The Group has not any further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

In accordance with TAS 19, the Group measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

XVIII. Explanations on taxation:

Current tax:

The Group is subject to tax laws and legislation effective in Turkey.

While the corporate tax rate was at the rate of 20% since January 1, 2006, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

Dividends paid to the resident institutions are not subject to withholding tax in Turkey. Withholding tax rate on the dividend payments other than these is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

The prepaid taxes are calculated based on quarterly profits of the Parent Bank using current rate which must be announced by the 14th day and paid by the 17th day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 "Law related to granting tax exemption to Islamic Development Bank" dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Parent Bank is exempt from corporate tax and income tax withholding.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns to their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings and carry out sectorial investigations.

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Parent Bank. As of report date, there is no information or written report transmitted to the Parent Bank.

Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with ("TAS 12") "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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XVIII. Explanations on taxation (continued):

Deferred tax (continued):

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

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. The tax rate of 22% valid for 3 years beginning from 1 January 2018, will be applied as 20% beginning from 1 January 2021. Therefore, the rate of 20% was used in the deferred tax calculation as of December 31, 2020 (December 31, 2019: 22% for the temporary differences expected to be realized/ closed within 2020, the corporate tax rate applicable after 2020 is 20%).

As explained in detailed note under "XIX." Additional explanations on borrowings, deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses.

Transfer pricing:

Transfer pricing is regulated through the article 13 of Corporate Tax Law titled "Disguised Profit Distribution by way of Transfer Pricing". Detailed information for the practice regarding the subject is found in the "General Communiqué on Disguised Profit Distribution by way of Transfer Pricing".

According to the related regulation, in the case of making purchase or sales of goods or services with related persons/corporations at a price that is determined against "the arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not deductible in calculation of corporate tax.

XIX. Additional explanations on borrowings:

The Group accounts its debt instruments in accordance with TFRS 9 "Financial Instruments". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Parent Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

There are no debt securities issued by the Parent Bank. The Parent Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Ltd. and Albaraka Sukuk Ltd.

The Parent Bank has subordinated loans borrowed through sukuk issuance, which has convertible nature to the shares.

Additional tier 1 capital borrowings:

Unmatured sukuk transaction in foreign currency is issued and included in the additional capital account by the Parent Bank's structured entity "Bereket One Ltd.". Stated transaction evaluated as non-monetary item and accounted over historical cost in Turkish Lira under equities in the "other capital reserves" accordance with TAS 32.

XX. Explanations on issued share certificates:

None.

XXI. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously by the Parent Bank with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XXII. Explanations on government grants:

As of the balance sheet date, there are no government grants received by the Group.

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XXIII. Explanations on segment reporting:

Business segment is a component of the Parent Bank that engages in business activities from which the Group may earn revenues and incur expenses, whose operating results are regularly reviewed by the Parent Bank's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial available.

Segment reporting is disclosed in Section Four, Note XI.

XXIV. Explanations on other matters:

There is no other matter.

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SECTION FOUR

Information on Consolidated Financial Structure and Risk Management of the Group

I. Explanations on consolidated capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of December 31, 2020, the Parent Bank's total capital has been calculated as TL 5.642.560 and capital adequacy standard ratio is 14,18%. As of December 31, 2019, the Parent Bank's total capital amounted to TL 5.182.122 and capital adequacy ratio was 15,91%. The Parent Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

a. Information on consolidated capital:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	900.000
Share issue premiums	14.855	-
Reserves	1.164.647	1.182.456
Gains recognized in equity as per TAS	568.785	953.069
Profit	302.304	90.045
Current Period Profit	302.304	90.045
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minority Share	-	-
Common Equity Tier 1 Capital Before Deductions	3.400.591	3.125.570
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	46.311	27.223
Improvement costs for operating leasing	20.340	24.273
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	44.312	33.949
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	222.414	196.896
Total Common Equity Tier 1 Capital	3.178.177	2.928.674

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I. Explanations on consolidated capital adequacy standard ratio (continued):

a. Information on consolidated capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.953.897	3.704.394
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.374.112	1.362.486
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	321.443	116.745
Tier II Capital Before Deductions	1.695.555	1.479.231
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.695.555	1.479.231
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.649.452	5.183.625
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	6.892	1.503

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I. Explanations on consolidated capital adequacy standard ratio (continued):

a. Information on consolidated capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	5.642.560	5.182.122
Total risk weighted amounts	39.792.959	32.572.892
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	7,99	8,99
Consolidated Tier 1 Capital Adequacy Ratio (%)	9,94	11,37
Consolidated Capital Adequacy Ratio (%)	14,18	15,91
BUFFERS		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,49	4,49
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	279.792	231.614
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	321.443	116.745
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	321.443	116.745
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

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I. Explanations on consolidated capital adequacy standard ratio (continued):

In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that last 252 working days (before calculation date) arithmetical averages of central bank buying exchange rates can be used in calculating the revalued amounts of monetary and non-monetary items and their specific provisions. The items, which are carried at cost, is out of scope. In addition, if the net revaluation amounts are negative for "Financial Assets Measured at Fair Value through Other Comprehensive Income", these negative amounts may not be considered in calculating equity calculated as per "Regulation on Equity of Banks". However, if the financial Assets Measured at Fair Value through Other Comprehensive Income acquired after March 23, 2020, then the existing clauses of the regulation is applied. As of December 31, 2020, the Bank utilized the facilities mentioned above.

b. Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.374.112	TL 775.720 ⁽¹⁾
Par Value of Instrument	TL 1.717.640	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 year), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share for 5 years: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years: 10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

⁽¹⁾ Represented as historical cost.

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I. Explanations on consolidated capital adequacy standard ratio (continued):

c. Information on reconciliation of total capital and equity:

The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. Explanations on consolidated credit risk:

- (1) Credit risk represents the Parent Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Parent Bank not fulfilling the terms of their agreements partially or in full. Limit assignment authority primarily belongs to the Board of Directors and based on the authority given by the Board of Directors, the risk limits of the Parent Bank are determined by Head-office Loan Committee, Loan Committee and Board of Directors. Head-office Loan Committee may exercise such authority partially through units of the Parent Bank or branches. Proposal for loans are presented in a written format to the Loan Committee and Board of Directors.

Regarding the credit risk, debtors or group of debtors is subject to risk limitations. Credit limits are determined separately for each individual customer, company, group of companies, and risk groups. While determining credit risk several criteria such as the customers' financial strength, commercial capacities, sectors, geographical areas and capital structure are evaluated collectively.

In accordance with the decision taken by the Board of Directors of the Parent Bank, the Parent Bank cannot grant loans above 15% of its equity to a real person or legal entity (Exception to this decision is subject to the decision of the Board of Directors). Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversee the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

The credibility of the debtors of loans are monitored periodically in accordance with related legislation. The financial documents for loans are obtained, audited and updated as necessary as stipulated in the related legislation. Credit limits of customers are renewed periodically according to the Parent Bank's credit limit renewal procedure. The Parent Bank obtains necessary collaterals for loans by analyzing the creditworthiness of corporate and individual loans according to its credit policy. Main collaterals obtained for credit risk are mortgage on real estate, cash blockage, pledges on vehicle and machinery.

Limits defined by the Board of Directors and Loan Committee for each bank are followed-up by Treasury Management on a daily basis for the transactions related with placements or treasury operations like foreign currency purchase and sales with domestic and foreign correspondent banks.

As of 1 January 2018, the Parent Bank 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. Related classifications are mentioned in the third section under the heading of Accounting Policies, in VIII. No. "Explanations on expected credit loss provisions".

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II. Explanations on consolidated credit risk (continued):

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

Risk Categories	Current Period Risk Amount	Average Risk Amount^(*)
Receivables from central governments or central banks	12.076.435	8.824.029
Receivables from regional or local governments	263.340	109.083
Receivables from administrative units and non-commercial enterprises	71.654	103.530
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	4.529.116	4.922.036
Receivables from corporates	22.272.637	18.926.859
Retail receivables	7.450.300	6.347.644
Receivables secured by mortgages on property	3.892.785	3.110.637
Past due receivables	515.372	651.073
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	2.603	1.467
Other receivables	6.251.513	5.522.591
Equity share investments	98.679	104.632
TOTAL	57.424.434	48.623.581

^(*) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2020.

- (2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements
- (3) The risks of forwards, options and similar agreements are followed regularly and the Parent Bank utilizes risk mitigation methods if needed.
- (4) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Parent Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.
The Parent Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.
- (5) The Parent Bank has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines. For the Parent banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent Parent bank and the size of Bank itself and concentration of risk is avoided. The Parent Bank does not carry any serious risk in this respect.
- (6) Share of cash receivables of the Parent Bank from its top 100 and top 200 cash loan customers in total cash loans is 51% (December 31, 2019: 53%) and 60% (December 31, 2019: 62%) respectively.
Share of non-cash receivables of the Parent Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 43% (December 31, 2019: 45%) and 55% (December 31, 2019: 56%) respectively.
Share of cash and non-cash receivables of the Parent Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 44% (December 31, 2019: 44%) and 53% (December 31, 2019: 51%) respectively.
- (7) The Parent Bank's expected credit loss amount for its credit risk except non-cash loans (Stage 1 and 2) is TL 620.083 (December 31, 2019: TL 202.542).

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II. Explanations on consolidated credit risk (continued) :

(8) Profile on significant risks in significant regions:

	Risk Categories ⁽¹⁾												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Current Period													
Domestic	12.075.930	263.340	71.654	-	2.106.871	21.031.237	7.391.850	3.874.184	513.815	2.603	6.251.282	71.450	53.654.216
EU Countries	-	-	-	-	484.454	176.618	7.946	5.579	3	-	-	18.643	693.243
OECD Countries ^(**)	-	-	-	-	23.828	-	6	-	-	-	-	-	23.834
Off-shore banking regions	-	-	-	-	757.610	361.038	34.454	7.270	-	-	-	-	1.160.372
USA, Canada	-	-	-	-	238.941	47.240	809	578	-	-	-	-	287.568
Other countries	505	-	-	-	917.412	656.504	15.235	5.174	1.554	-	231	8.586	1.605.201
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
										-			
Total	12.076.435	263.340	71.654	-	4.529.116	22.272.637	7.450.300	3.892.785	515.372	2.603	6.251.513	98.679	57.424.434
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Prior Period													
Domestic	9.705.244	99.368	111.062	-	2.020.777	15.581.648	5.317.384	2.840.508	689.469	-	5.266.685	69.427	41.701.572
EU Countries	-	-	-	-	845.852	139.495	11.570	3.664	10	-	347	18.587	1.019.525
OECD Countries ^(**)	-	-	-	-	95.442	-	7	-	-	-	-	-	95.449
Off-shore banking regions	-	-	-	-	635.547	358.369	17.062	3.951	12.672	-	-	-	1.027.601
USA, Canada	-	-	-	-	1.104.422	74.973	1.380	-	-	-	-	15.293	1.196.068
Other countries	60.292	-	-	-	487.806	626.090	11.351	19.961	1.531	-	53.805	4.090	1.264.926
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9.765.536	99.368	111.062	-	5.189.846	16.780.575	5.358.754	2.868.084	703.682	-	5.320.837	107.397	46.305.141

^(*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

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

^(***) Assets and liabilities are not allocated on a consistent basis

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks

- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables

- 10- Investments as collective investment enterprises
- 11- Other receivables
- 12-Equity share investments

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II. Explanations on consolidated credit risk (continued):

Profile on significant risks in significant regions:

Sectors / Counterparties	Risk Categories												TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12			
1 Agriculture	-	-	-	-	-	78.153	104.118	30.178	1.848	-	-	-	175.619	38.678	214.297
1.1 Farming and stockbreeding	-	-	-	-	-	73.918	64.215	14.275	1.621	-	-	-	117.440	36.589	154.029
1.2 Forestry	-	-	-	-	-	4.038	38.936	15.866	226	-	-	-	56.977	2.089	59.066
1.3 Fishery	-	-	-	-	-	197	967	37	1	-	-	-	1.202	-	1.202
2 Manufacturing	-	1	930	-	-	10.303.464	2.333.099	1.138.224	202.647	-	-	-	6.689.612	7.288.753	13.978.365
2.1 Mining	-	-	-	-	-	602.620	30.666	11.619	1.515	-	-	-	326.440	319.980	646.420
2.2 Production	-	-	32	-	-	8.954.675	2.242.944	1.046.773	174.051	-	-	-	6.140.020	6.278.455	12.418.475
2.3 Electricity, gas, water	-	1	898	-	-	746.169	59.489	79.832	27.081	-	-	-	223.152	690.318	913.470
3 Construction	-	-	-	-	-	5.068.676	699.214	484.885	101.659	-	-	-	3.653.544	2.700.890	6.354.434
4 Services	4.089.419	-	70.654	-	3.575.920	6.058.268	2.603.111	1.084.537	104.783	2.603	792.710	98.679	8.196.086	10.284.598	18.480.684
4.1 Wholesale and retail trade	-	-	44	-	-	2.995.329	1.752.810	432.461	60.094	-	-	-	3.569.079	1.671.659	5.240.738
4.2 Hotel, food and beverage services	-	-	-	-	-	212.729	45.436	32.176	15.301	-	-	-	123.449	182.193	305.642
4.3 Transportation and telecommunication	-	-	-	-	-	199.301	170.697	50.492	8.149	-	-	-	292.940	135.699	428.639
4.4 Financial institutions	4.089.419	-	-	-	3.569.207	844.584	10.944	221.086	159	2.603	-	80.368	2.542.370	6.276.000	8.818.370
4.5 Real estate and renting services	-	-	35.702	-	6.713	1.752.537	395.417	270.082	6.200	-	792.710	18.311	1.280.299	1.997.373	3.277.672
4.6 Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education services	-	-	13.751	-	-	1.106	14.177	14.401	2.851	-	-	-	46.181	105	46.286
4.8 Health and social services	-	-	21.157	-	-	52.682	213.630	63.839	12.029	-	-	-	341.768	21.569	363.337
5 Other	7.987.016	263.339	70	-	953.196	764.076	1.710.758	1.154.961	104.435	-	5.458.803	-	7.880.657	10.515.997	18.396.654
6 Total	12.076.435	263.340	71.654	-	4.529.116	22.272.637	7.450.300	3.892.785	515.372	2.603	6.251.513	98.679	26.595.518	30.828.916	57.424.434

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments alacaklar
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Investments as collective investment enterprises
- 11- Other receivable
- 12- Equity share investment

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II. Explanations on consolidated credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

Risk Categories	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	1 year and over
1 Receivables from central governments or central banks	-	530.329	740.194	604.006	2.214.815
2 Receivables from regional or local governments	-	-	-	99.736	-
3 Receivables from administrative units and non-commercial enterprises	2	-	227	37.579	13.344
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	168.491	3.505	37.244	14.576	709.168
7 Receivables from corporates	922.902	2.664.688	1.556.314	3.517.973	11.681.313
8 Retail receivables	233.445	488.123	1.016.048	1.329.584	3.264.901
9 Receivables secured by mortgages on property	140.193	179.312	264.743	699.948	2.375.613
10 Past due receivables	7.563	6	5	1	1.168
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	-	-	-	-	-
16 Equity share investments	-	-	-	-	-
17 TOTAL	1.472.596	3.865.963	3.614.775	6.303.403	20.260.322

- (9) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", rating grades obtained from rating agencies commissioned by customers are being used. Resident banks and intermediary firms are evaluated as unrated and credit rating agencies' ratings are considered for non resident counterparties. The ratings by IIRA (International Islamic Rating Agency) are considered for receivables from central governments or central banks. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

The match-up of the ratings by rating agencies are represented in "credit quality stages" in the following table:

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II. Explanations on consolidated credit risk (continued):

The match-up of the ratings		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
	Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (low)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (low)	B+ to B-
		6	CCC+ ve lower	Caa1 ve lower	CCC+ ve lower	CCC ve lower	CCC (high) ve lower	CCC+ ve lower
	Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	---	-
		6	-	-	-	-	---	-
	Ratings for long term securitization positions	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (low)	BB+ to BB-
		5	B+ ve lower	B1 ve lower	B+ ve lower	-	B (high) ve lower	B+ ve lower
	Ratings for short term securitization positions	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	-	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	-	R-3	A-3
		Diğerleri	F3 lower	NP	A-3 lower	-	R-3	A-3 lower
	The match-up for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m	-	-	-
		2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-
		3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-
		4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-
		5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m	-	-	-
		6	CCC+ ve lower	Caa1 ve lower	FCQR: CCC+f ve lower; PSFR: CCC+m ve lower	-	-	-

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II. Explanations on consolidated credit risk (continued):

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" are presented below:

										Deductions from Shareholders' Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	
1 Amount before credit risk mitigation	14.320.608	-	3.674.684	1.303.686	3.215.662	7.450.300	27.270.425	189.069	-	71.544
2 Amount after credit risk mitigation	15.319.719	-	4.045.962	1.293.696	3.364.222	6.668.963	26.543.161	188.711	-	71.544

(10) Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually:

As of 31 December 2020, the Parent Bank has allocated expected lifetime loss provision for loans classified as Stage 2 based on the risk assessments made under TFRS 9. For the loans which are determined as impaired by being classified in the third stage, the expected lifetime loss provision has been allocated for such loans as well.

As of December 31, 2020, the credit risks of the loans which has not increased at first recognition or thereafter, are classified as stage 1 and 12 months expected credit loss has been allocated for such loans.

Sectors / Counterparties	Loans		Provisions
	Impaired Value (TFRS 9)		Provisions for Credit Losses (TFRS 9)
	Significant increase in credit risk (Stage 2)	Default (Stage 3)	
1 Agriculture	10.871	5.639	7.374
1.1 Farming and stockbreeding	1.326	4.374	888
1.2 Forestry	9.545	1.262	6.483
1.3 Fishery	-	3	3
2 Manufacturing	2.064.888	873.379	708.614
2.1 Mining	159.388	13.131	119.746
2.2 Production	1.563.647	855.246	577.104
2.3 Electricity, gas, water	341.853	5.002	11.764
3 Construction	670.608	574.754	498.961
4 Services	341.782	323.829	249.847
4.1 Wholesale and retail trade	78.031	165.870	89.361
Hotel, food and beverage			
4.2 services	162.097	41.300	20.971
Transportation and			
4.3 telecommunication	47.710	81.622	97.194
4.4 Financial institutions	26	5.937	3.410
4.5 Real estate and renting services	45.208	2.675	34.672
4.6 Self-employment services	2.670	1.785	939
4.7 Education services	64	7.885	807
4.8 Health and social services	5.976	16.755	2.493
5 Other	447.450	267.675	208.268
6 Total	3.535.599	2.045.276	1.673.064

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II. Explanations on consolidated credit risk (continued):

(11) Information related to value adjustments and credit provisions:

Current Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	946.631	697.454	(470.965) ^(**)	74.830	1.247.950
2. Stage 1 and 2 Provisions	185.151	424.813	(26.748)	1.441	584.657

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 53.145 and reversal of provisions of previous terms' non performing loans carried to performing loans by approximation amounts to TL 324.618.

Prior Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	893.485	633.455	(638.779) ^(**)	58.470	946.631
2. Stage 1 and 2 Provisions	363.306	72.858	(251.051)	38	185.151

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 441.418.

III. Explanations on consolidated risks including countercyclical capital buffer calculation:

Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	27.593.481	113.409	27.706.890
Iraq	553.815	-	553.815
Marshall Islands	325.016	-	325.016
Malta	119.824	-	119.824
Georgia	90.990	-	90.990
United States of America	48.009	-	48.009
Singapur	32.843	-	32.843
Italy	29.354	-	29.354
Romania	21.993	-	21.993
Other	40.356	-	40.356

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IV. Explanations on consolidated currency risk:

Foreign currency risk arises from the Group's possible exposure to the changes in foreign currencies.

- a. The Parent Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Parent Bank is monitored on a daily basis. Net foreign currency position/shareholders' equity ratio is also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and amount subject to risk is calculated on a monthly basis.
- b. The Group does not have any derivative financial instruments held for hedging purposes.
- c. As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Parent Bank takes necessary measures to keep the currency risk at a minimum level.
- ç. Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Parent Bank are as follows:

	USD	EUR
As of December 31, 2020 - Balance sheet evaluation rate	7,352	9,024
As of December 30, 2020,	7,345	9,018
As of December 29, 2020,	7,331	8,986
As of December 28, 2020,	7,422	9,073
As of December 25, 2020,	7,527	9,160
As of December 24, 2020,	7,540	9,186

- d. The simple arithmetical average of the major foreign exchange buying rates of the Parent Bank for the thirty days before the balance sheet date is TL 7,670 for 1 USD (December 2019: TL 5,839), TL 9,337 for 1 EUR (December 2019: TL 6,487).

The Parent Bank is mainly exposed to EUR and USD currency risks.

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IV. Explanations on consolidated currency risk (continued):

Information on currency risk of the Group:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.627.839	6.554.536	2.691.004	11.873.379
Banks	424.770	627.450	1.581.873	2.634.093
Financial assets at fair value through profit and loss ^(**)	724.212	419.166	2.114.471	3.257.849
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	374	311.140	3.750	315.264
Loans and financial lease receivables ^(***)	6.100.765	13.251.567	83	19.352.415
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	951.652	1.441.097	-	2.392.749
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	17.226	17.226
Intangible assets	6.352	-	-	6.352
Other assets ^(****)	17.025	15.003	3.520	35.548
Total assets	10.852.989	22.619.959	6.411.927	39.884.875
Liabilities				
Current account and funds collected from banks via participation accounts	242.720	256.746	3.328	502.794
Other current and profit sharing accounts	8.264.359	20.927.991	6.452.857	35.645.207
Money market borrowings	354.470	675.296	-	1.029.766
Funds provided from other financial institutions and subordinated loans	1.903.596	2.816.073	-	4.719.669
Marketable securities issued	-	-	-	-
Miscellaneous payables	74.981	103.463	11.755	190.199
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	890	15.147	11.143	27.180
Total liabilities	10.841.016	24.794.716	6.479.083	42.114.815
Net balance sheet position	11.973	(2.174.757)	(67.156)	(2.229.940)
Net off balance sheet position	(244.207)	2.670.013	142.713	2.568.519
Derivative financial instruments assets ^(*****)	22.001	3.036.480	160.497	3.218.978
Derivative financial instruments liabilities ^(*****)	266.208	366.467	17.784	650.459
Non-cash loans ^(*****)	2.160.361	3.210.278	41.055	5.411.694
Prior Period				
Total assets	8.735.547	17.727.324	2.781.751	29.244.622
Total liabilities	8.573.707	17.397.454	2.389.282	28.360.443
Net balance sheet position	161.840	329.870	392.469	884.179
Net off balance sheet position	(122.274)	61.052	9.191	(52.031)
Derivative financial instruments assets	34.622	163.856	20.238	218.716
Derivative financial instruments liabilities	156.896	102.804	11.047	270.747
Non-cash loans ^(*****)	2.052.218	3.212.326	38.392	5.302.936

(*) TL 2.653.804 (December 31, 2019: TL 1.324.944) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 1.308.455 (December 31, 2019: TL 425.089) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 6.203.756 (December 31, 2019: TL 5.657.689) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 1.227.719 (December 31, 2019: TL 2.154.914).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 6.775 (December 31, 2019: TL 1.591) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 275.205 (December 31, 2019: TL 174.881) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 574.820 (December 31, 2019: TL 214.726).

(***** Does not have any effect on the net off-balance sheet position.

Other issues related to currency risk:

Since the Parent Bank has issued unmatured additional tier 1 capital amount to USD 205.000.000 (Historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", this stated amount is not included in the above table.

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V. Explanations on consolidated position risk of equity securities in banking book:

The Parent Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

The Parent Bank's equity securities which are not quoted at Borsa İstanbul are recognized at fair values and if the fair values are not measured reliably, they are recognized at cost.

The equity securities under banking book calculated as per credit risk standard method amount to TL 98.679. 100% risk weight is applied to related whole amount (December 31, 2019: TL 107.397)

VI. Explanations on consolidated liquidity risk:

Liquidity Risk is managed by Asset and Liability Committee ("ALCO") in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Parent Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Parent Bank's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Parent Bank in liquidity risk management, identifies the risk limits in accordance with the risk appetite, and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Parent Bank is exposed to and considering the Parent Bank's strategy and conditions of competition and pursues the implementations.

Risk Management Department defines the Parent Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in comply with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Parent Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Parent Bank's funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing (FTP) committee. Funding and placement strategies are developed by assessing liquidity of the Parent Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also considering the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Parent Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists "Liquidity Risk Management Contingency Funding Plan" in the

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VI. Explanations on consolidated liquidity risk (continued):

Parent Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels.

Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Parent Bank monitors liquidity risk in terms of early warning indicators in each stress.

While assessing the sectors affected by COVID 19, the Bank has benefited from analyses by foreign rating institutions published to the general public. The sectors that are expected to be affected most are ranged from high risk to low risk and all customers are reclassified as per risk groups. These customers are reassessed in following up operations, stress test and sectoral concentration analysis and related reassessments will continue in the coming periods.

Consolidated liquidity coverage ratio:

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			17.571.523	15.045.539
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	32.277.744	22.577.578	3.017.474	2.257.758
3	Stable Funds Collected	4.206.009	-	210.300	-
4	Less stable Funds Collected	28.071.736	22.577.578	2.807.174	2.257.758
5	Unsecured Funding other than Retail and Small Business Customers Deposits	15.783.796	11.351.414	7.252.235	5.365.166
6	Operational Funds Collected	9.603.544	7.375.474	2.400.886	1.843.869
7	Non-Operational Funds Collected	4.169.049	2.021.632	1.893.485	893.479
8	Other Unsecured Funding	2.011.203	1.954.308	2.957.864	2.627.818
9	Secured funding			-	-
10	Other Cash Outflows	2.961.137	1.835.096	2.961.137	1.835.096
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.961.137	1.835.096	2.961.137	1.835.096
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	11.654.186	5.438.121	1.122.951	664.035
16	TOTAL CASH OUTFLOWS			14.353.797	10.122.055
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.870.540	5.384.576	6.391.153	4.658.793
19	Other contractual cash inflows	3.001.309	2.693.309	3.001.309	2.693.309
20	TOTAL CASH INFLOWS	10.871.849	8.077.885	9.392.462	7.352.102
				Upper limit applied amounts	
21	TOTAL HQLA			17.571.523	15.045.539
22	TOTAL NET CASH OUTFLOWS			4.961.335	2.769.953
23	Liquidity Coverage Ratio (%)			354,17	543,17

(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	250,95	362,38
Date	November 28, 2020	October 4, 2020
Highest	457,31	692,18
Date	December 14, 2020	November 13, 2020
Average	354,17	543,17

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VI. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
	Prior Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			10.361.457	8.516.166
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	22.450.697	13.529.899	2.031.991	1.352.990
3	Stable Funds Collected	4.261.572	-	213.079	-
4	Less stable Funds Collected	18.189.125	13.529.899	1.818.912	1.352.990
5	Unsecured Funding other than Retail and Small Business Customers Deposits	10.643.961	7.686.134	5.483.485	3.667.400
6	Operational Funds Collected	696.888	685.978	174.222	171.494
7	Non-Operational Funds Collected	3.938.906	2.714.637	2.086.080	1.494.592
8	Other Unsecured Funding	6.008.167	4.285.519	3.223.183	2.001.314
9	Secured funding			-	-
10	Other Cash Outflows	1.768.240	1.693.566	1.768.240	1.693.566
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.768.240	1.693.566	1.768.240	1.693.566
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.265.642	4.849.421	915.024	540.638
16	TOTAL CASH OUTFLOWS			10.198.740	7.254.594
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.057.652	4.315.539	5.645.099	3.729.205
19	Other contractual cash inflows	1.782.202	1.210.989	1.782.202	1.210.989
20	TOTAL CASH INFLOWS	8.839.854	5.526.528	7.427.301	4.940.194
				Upper limit applied amounts	
21	TOTAL HQLA			10.361.457	8.516.166
22	TOTAL NET CASH OUTFLOWS			2.771.439	2.314.400
23	Liquidity Coverage Ratio (%)			373,87	367,96

^(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2019 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	251,16	244,1
Date	November 10, 2019	October 20, 2019
Highest	490,24	543,8
Date	December 06, 2019	December 19, 2019
Average	373,87	367,96

Consolidated liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Parent Bank to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, banks receivables, funds collected, funds borrowed. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

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VI. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. Group's high quality liquid assets are composed of 7,72% cash, 47,56% deposits in central banks and 44,72% securities considered as high quality liquid assets.

Group's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 82,26% funds collected, 17,74% funds borrowed, borrowings from money market, subordinated loans and securities issued.

Cash flows of derivatives that will take place within 30 days are considered in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Parent Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Consolidated liquidity risk of the Parent Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Parent Bank.

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VI. Explanations on consolidated liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(****)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	6.174.136	7.070.296	-	-	-	-	-	13.244.432
Banks	2.471.295	755.918	152.502	-	-	-	-	3.379.715
Financial Assets at Fair Value Through Profit and Loss ^(*)	56.502	64.345	1.095.573	1.685.736	1.093.801	-	-	3.995.957
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20.413	39.039	104.863	424.633	481.629	-	-	1.070.577
Loans ^(**)	277.200	4.035.336	6.146.363	11.915.513	15.446.029	1.965.579	797.326	40.583.346
Financial Assets Measured at Amortised Cost	-	17.202	519.557	948.585	1.739.456	-	-	3.224.800
Other Assets ^(****)	-	-	5.681	14.410	140.564	226.354	3.634.175	4.021.184
Total Assets	8.999.546	11.982.136	8.024.539	14.988.877	18.901.479	2.191.933	4.431.501	69.520.011
Liabilities								
Current account and funds collected from banks via participation accounts	501.088	28	-	11.060	-	-	-	512.176
Other current and profit sharing accounts	22.658.208	20.606.409	5.804.764	1.905.874	49.938	-	-	51.025.193
Funds provided from other financial institutions and subordinated loans	-	1.936.743	476.417	625.419	1.753.868	-	-	4.792.447
Money Market Borrowings	-	2.276.453	-	-	-	-	-	2.276.453
Marketable securities issued	-	852.448	1.800.000	1.389.715	-	-	-	4.042.163
Miscellaneous payables	-	329.829	98.598	49.109	99	-	1.286.463	1.764.098
Other liabilities	775.720	-	465	3.984	103.519	206.715	4.017.078	5.107.481
Total Liabilities	23.935.016	26.001.910	8.180.244	3.985.161	1.907.424	206.715	5.303.541	69.520.011
Net Liquidity Gap	(14.935.470)	(14.019.774)	(155.705)	11.003.716	16.994.055	1.985.218	(872.040)	-
Net Off-Balance Sheet								
Position	-	(62.018)	(109.221)	(65.751)	-	-	-	(236.990)
Financial Derivative Assets	-	918.683	1.452.662	656.191	-	-	-	3.027.536
Financial Derivative Liabilities	-	980.701	1.561.883	721.942	-	-	-	3.264.526
Non-Cash Loans	6.733.505	238.758	512.408	2.735.817	868.546	32.797	-	11.121.831
Prior Period								
Total Assets	7.272.197	8.764.833	1.790.763	8.280.918	17.649.474	2.569.486	5.148.297	51.475.968
Total Liabilities	14.670.714	21.272.295	6.471.392	2.481.000	437.433	1.562.226	4.580.908	51.475.968
Net Liquidity Gap	(7.398.517)	(12.507.462)	(4.680.629)	5.799.918	17.212.041	1.007.260	567.389	-
Net Off-Balance Sheet								
Position	-	113	(108)	243	-	-	-	248
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
Non-Cash Loans	5.962.062	223.917	560.809	2.632.808	1.011.614	40.228	-	10.431.438

(*) Derivative financial instruments are included.

(**) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans

(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, right of use of movables and real estates, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

(****) The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

(*****) The balance represents investment property and other assets.

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VII. Explanations on consolidated leverage ratio:

	Current Period^(*)	Prior Period^(**)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	71.007.168	49.128.437
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	6.999.965	2.225.031
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	1.897.763	218.303
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	217	7.631
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
Total Risk Amount	85.724.441	61.760.984

^(*) Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements".

^(**) Represents average of the three months.

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VII. Explanations on consolidated leverage ratio (continued):

As of December 31, 2020, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 4,60% (December 31, 2019: 5,32%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

		Current Period ^(*)	Prior Period ^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	71.507.442	49.365.269
2	(Assets deducted from Core capital)	(59.245)	(58.234)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	71.448.197	49.307.035
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	70.179	5.672
5	Potential credit risk amount of derivative financial assets and credit derivatives	35.331	11.228
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	105.510	16.900
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	303.792	186.303
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	303.792	186.303
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	13.863.342	12.250.746
11	(Correction amount due to multiplication with credit conversion rates)	3.600	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	13.866.942	12.250.746
Capital and total risk			
13	Core Capital	3.943.968	3.288.556
14	Total risk amount (sum of lines 3, 6, 9 and 12)	85.724.441	61.760.984
Leverage ratio			
15	Leverage ratio (%)	4,60	5,32

(*) The average of the last three months in the related periods

VIII. Explanations on presentation of consolidated financial assets and liabilities at fair value:

a. Information on fair value of financial assets and liabilities :

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

The fair values of financial assets and liabilities are calculated based on the following principles:

The fair values of investments measured at amortised cost are determined based on market prices. As of December 31, 2020, and December 31, 2019, fair value hierarchy of financial investments measured at amortized cost is determined as level 1.

The fair value of loans are determined by calculating the discounted cash flows using the current market profit share rates.

Carrying value of funds collected via special current accounts and participation accounts is assumed to approximate their fair value as they are valued at year-end unit values.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

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VIII. Explanations on presentation of consolidated financial assets and liabilities at fair value (continue):

a. Information on fair value of financial assets and liabilities (continue) :

	Carrying value		Fair value	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Financial Assets				
Money market placements	-	-	-	-
Banks	3.415.141	4.194.547	3.415.141	4.194.547
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	3.982.273	572.477	3.982.273	572.477
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.070.577	1.987.737	1.070.577	1.987.737
Financial Assets Measured at Amortised Cost	3.224.800	1.994.319	3.082.412	2.080.209
Loans and financial lease receivables	40.583.346	29.749.089	37.787.460	27.049.251
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	512.176	1.995.610	512.176	1.995.610
Other current and profit sharing accounts	51.025.193	37.743.590	51.025.193	37.743.590
Funds provided from other financial institutions	4.792.447	3.166.762	4.815.574	2.441.971
Marketable securities issued	4.042.163	2.519.419	4.082.368	2.746.056
Debts to Money Markets	2.276.453	18.237	2.024.503	18.037
Other Liabilities	1.764.098	1.489.279	1.764.098	1.489.279

b. Information on fair value measurement recognized in the financial statements:

TFRS 7 "Financial Instruments: Turkish Financial Reporting Standard Related to Explanations" sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish a basis for fair value measurement. Aforesaid fair value hierarchy is determined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in Level 1 (Level II);
- Data not based on observable data regarding assets and liabilities (Level III).

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VIII. Explanations on presentation of consolidated financial assets and liabilities at fair value (continue):

b. Information on fair value measurement recognized in the financial statements (continue):

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

Current period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	3.976.810	-	5.463	3.982.273
Government Securities	3.788.783	-	-	3.788.783
Equity securities	23.695	-	-	23.695
Other Financial Assets	164.332	-	5.463	169.795
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.051.111	2.602	-	1.053.713
Equity securities ^(**)	-	-	-	-
Government Securities	1.051.111	-	-	1.051.111
Other Financial Assets	-	2.602	-	2.602
Derivative Financial Assets	-	13.684	-	13.684
Financial Liabilities				
Derivative financial liabilities	-	142.596	-	142.596

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 16.864 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statements and not represented above table.

Prior period^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	572.477	-	-	572.477
Government Securities	534.322	-	-	534.322
Equity securities	-	-	-	-
Other Financial Assets	38.155	-	-	38.155
Financial assets- available for sale	1.979.718	-	-	1.979.718
Equity securities ^(**)	15.293	-	-	15.293
Government Securities	1.964.425	-	-	1.964.425
Other Financial Assets	-	-	-	-
Derivative Financial Liabilities	-	397	-	397
Financial liabilities				
Derivative financial liabilities held for trading	-	849	-	849

^(*) In the prior period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 8.019 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statements and not represented above table.

Apart from financial assets and financial liabilities, as of December 31, 2020 and 2019, the Parent Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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IX. Explanations regarding the activities carried out on behalf and account of other persons:

The Parent Bank does not perform purchases, sales and custody services on behalf of its customers. The Parent Bank has no fiduciary transactions.

X. Explanations on consolidated on risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Parent Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Consolidated risk management strategy and weighted amounts:

a.1. Risk management strategy:

The aim of the Parent Bank's Risk management system is basically to ensure identification, measurement, monitoring and controlling of risks exposed, through establishment of policies, implementation procedure and limits for monitoring, controlling and in case of need changing the risk/return structure of future cash flows, and accordingly nature and level of operations.

The Board of Directors has a responsibility of establishing and providing compatible, adequate and effective system on internal control, risk management and internal auditing as anticipated by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board of Directors is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically according to prevailing market conditions.

The general manager is responsible from ensuring that departments of the Parent Bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Parent Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Parent Bank. The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the Parent Bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the Parent Bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Parent Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the Parent Bank's strategies to risk profile. The Parent Bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact. While a risk profile is being developed, the risk profile is analyzed based on the risk type, the sector and/or the geographic location.

The Parent Bank's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the Parent Bank's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the Parent Bank, is the level of risk it identifies as acceptable.

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X. Explanations on consolidated on risk management (continued):

The Parent Bank's risk appetite means the amount of risk that can be accepted by the Parent Bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

The common feature of the Parent Bank's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of "Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Parent Bank's were identified. Limits, which are determined within the framework of risk profile of the bank in accordance with the Parent Bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the Parent Bank's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the Parent Bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the Parent Bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the Parent Bank.

Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital yield set according to these risks to the maximum level, the Parent bank's evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

Market Risk

The Parent Bank's market risk; refers to the probability of loss may be exposed to exchange rate risk, equity position risk, profit rate risk and commodity risk.

Within the coverage of market risk, the Parent Bank calculates the foreign currency position risk and the security risk, as well as specific risks associated with market risk, by using the Standard approach and reports to it the authorities accordingly on a regular basis. Additionally, for test-purpose, foreign currency position risk of the Parent Bank is measured by internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios.

Whether the market risk of the Parent Bank is in conformity with legal regulations and the determined limits is constantly monitored. Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

Liquidity risk

The Parent Bank's liquidity risk, consists of funding related liquidity risk and market-related liquidity risk.

The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

Market liquidity risk is an expression of the likelihood of the Parent Bank's suffering a loss because the Parent Bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Parent Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

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X. Explanations on consolidated on risk management (continued):

The Parent Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity coverage ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

Credit risk

Credit risk is defined as the probability of losses to the Parent Bank due to customers failing to partially or completely pay their commitments to the Parent Bank in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value of the customers due to any deterioration in the financial position of the customer. The definition of credit risk includes not just the portfolios within the balance sheet, but also those kept off balance sheet.

The authority to approve credits belongs to the Board of Directors at the Parent Bank. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary. The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and the Parent Bank's branches. At the Parent Bank's, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors.

It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio.

Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to "Regulation on Credit Policies and Implementation Procedures".

Operational risk

Operational risk is a risk of loss caused by insufficient or unsuccessful internal processes, by persons and systems or external events, wherein the legal risks and compliance risks are included while the strategic (making wrong decisions at the wrong time) and reputational risk are excluded.

Operational risk is a type of risk present in all activities of the Parent Bank. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Parent Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

The Parent Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The Parent Bank also takes required measures to maintain operational risks at acceptable levels.

Other risks

The other risks that The Parent Bank could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Parent Bank keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Parent Bank regards reputational risk as anything that might lead to the Parent Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors,

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X. Explanations on consolidated on risk management (continued):

regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations.

For the risk of reputation to be avoided and/or controlled by the Parent Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Parent Bank's reputation or image is detected.

Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Parent Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the Parent Bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Parent Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the Parent Bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.

a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	34.772.045	29.462.092	2.781.764
2	Standardised approach (SA)	34.772.045	29.462.092	2.781.764
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	12.162	2.396	973
5	Standardised approach for counterparty credit risk (SA-CCR)	12.162	2.396	973
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	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	2.064.728	397.345	165.178
17	Standardised approach (SA)	2.064.728	397.345	165.178
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.944.024	2.711.059	235.522
20	Basic Indicator Approach	2.944.024	2.711.059	235.522
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	39.792.959	32.572.892	3.183.437

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X. Explanations on consolidated on risk management (continued):

b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	16.659.573	16.659.573	-	-	-	-
Financial assets at fair value through profit and loss	3.982.273	-	175	-	3.982.273	-
Financial Assets at Fair Value through Other Comprehensive Income	1.070.577	1.070.577	-	-	-	-
Financial Assets Measured at Amortised Cost	3.224.800	3.224.800	-	-	-	-
Derivative Financial Assets	13.684	-	13.684	-	13.684	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	35.426	-	-	-	-	35.426
LOANS (Net)	40.583.346	41.161.111	-	-	-	(577.765)
Loans	40.010.528	40.003.636	-	-	-	6.892
Financial Lease Receivables	360.149	360.149	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.045.276	2.045.276	-	-	-	-
Expected Credit Losses (-)	1.832.607	1.247.950	-	-	-	584.657
Assets Held for Sale and Assets of Discontinued Operations (Net)	131.050	131.050	-	-	-	-
Ownership Investments	327.378	327.378	-	-	-	-
Tangible Assets (Net)	1.389.470	1.369.130	-	-	-	20.340
Intangible Assets (Net)	46.887	2.575	-	-	-	44.312
Investment Property (Net)	1.261.475	1.261.475	-	-	-	-
Current Tax Asset	3.750	3.750	-	-	-	-
Deferred Tax Asset	191.360	191.360	-	-	-	-
Other Assets	669.814	669.814	-	-	-	-
Total assets	69.520.011	66.072.593	13.859	-	3.995.957	(548.539)
Liabilities						
Funds collected	51.537.369	-	-	-	-	51.537.369
Funds borrowed	3.059.885	-	-	-	-	3.059.885
Borrowings from money markets	2.276.453	-	-	-	-	2.276.453
Securities issued	4.042.163	-	-	-	-	4.042.163
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	142.596	-	-	-	-	142.596
Lease Payables	328.395	-	-	-	-	328.395
Provisions	202.524	8.698	-	-	-	193.826
Current Tax Liability	85.030	-	-	-	-	85.030
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.732.562	-	-	-	-	1.732.562
Other Liabilities	1.764.098	-	-	-	-	1.764.098
Shareholders' equity	4.348.936	-	-	-	-	4.348.936
Total liabilities	69.520.011	8.698	-	-	-	69.511.313

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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X. Explanations on consolidated risk management (continued):

b. Financial statements and regulatory exposures reconciliation (continued):

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation (continued):

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	12.990.456	12.990.456	-	-	-	-
Financial assets at fair value through profit and loss	572.477	-	243	-	572.477	-
Financial Assets at Fair Value through Other Comprehensive Income	1.987.737	1.987.737	-	-	-	-
Financial Assets Measured at Amortised Cost	1.994.319	1.994.319	-	-	-	-
Derivative Financial Assets	397	-	397	-	397	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	17.391	-	-	-	-	17.391
LOANS (Net)	29.749.089	29.932.737	-	-	-	(183.648)
Loans	28.415.470	28.413.967	-	-	-	1.503
Financial Lease Receivables	243.678	243.678	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.221.723	2.221.723	-	-	-	-
Expected Credit Losses (-)	1.131.782	946.631	-	-	-	185.151
Assets Held for Sale and Assets of Discontinued Operations (Net)	124.480	124.480	-	-	-	-
Ownership Investments	286.470	286.470	-	-	-	-
Tangible Assets (Net)	1.516.585	1.492.312	-	-	-	24.273
Intangible Assets (Net)	35.810	1.861	-	-	-	33.949
Investment Property (Net)	1.419.315	1.419.315	-	-	-	-
Current Tax Asset	1.231	1.231	-	-	-	-
Deferred Tax Asset	166.345	166.345	-	-	-	-
Other Assets	648.648	648.648	-	-	-	-
Total assets	51.475.968	51.045.911	640	-	572.874	(142.817)
Liabilities						
Funds collected	39.739.200	-	-	-	-	39.739.200
Funds borrowed	1.791.598	-	-	-	-	1.791.598
Borrowings from money markets	18.237	-	-	-	-	18.237
Securities issued	2.519.419	-	-	-	-	2.519.419
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	849	-	-	-	-	849
Lease Payables	300.660	-	-	-	-	300.660
Provisions	135.696	7.569	-	-	-	128.127
Current Tax Liability	74.600	-	-	-	-	74.600
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.375.164	-	-	-	-	1.375.164
Other Liabilities	1.489.279	-	-	-	-	1.489.279
Shareholders' equity	4.031.266	-	-	-	-	4.031.266
Total liabilities	51.475.968	7.569	-	-	-	51.468.399

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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X. Explanations on consolidated risk management (continued):

b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS):

Current Period		Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	69.520.011	66.072.593	-	13.859	3.995.957
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	8.698	-	-	-
3	Total net amount within the scope of legal consolidation	69.520.011	66.063.895	-	13.859	3.995.957
4	Off balance sheet amounts	20.658.930	6.246.299	-	36.296	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(14.885.760)	-	-	-
10	Risk amounts	90.178.941	57.424.434		50.155	3.995.957

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

Prior Period		Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	51.475.968	51.045.911	-	640	572.874
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	7.569	-	-	-
3	Total net amount within the scope of legal consolidation	51.475.968	51.038.342	-	640	572.874
4	Off balance sheet amounts	12.676.641	6.528.030	-	2.854	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(11.261.231)	-	-	-
10	Risk amounts	64.152.609	46.305.141	-	3.494	572.874

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts:

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

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X. Explanations on consolidated risk management (continued):

c. Consolidated Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

This information is already included in (X.a.1) The Parent Bank's (II.) risk management approach.

c.1.2. Credit quality of assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.045.276	40.433.986	1.895.916	40.583.346
2 Debt securities	-	8.070.374	19.153	8.051.221
3 Off-balance sheet exposures	61.872	14.304.996	34.741	14.332.127
4 Total	2.107.148	62.809.356	1.949.810	62.966.694

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.221.723	28.719.077	1.191.711	29.749.089
2 Debt securities	-	4.506.002	2.512	4.503.490
3 Off-balance sheet exposures	68.218	12.475.333	18.616	12.524.935
4 Total	2.289.941	45.700.412	1.212.839	46.777.514

c.1.3. Changes in stock of default loans and debt securities:

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	2.289.941	1.950.374
2 Loans and debt securities that have defaulted since the last reporting period	1.657.706	1.240.709
3 Receivables back to non-defaulted status	(1.172.677)	(90.359)
4 Amounts written off	(53.145)	(441.418)
5 Other changes	(614.677)	(369.365)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	2.107.148	2.289.941

c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the Parent Bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Parent Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan.

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X. Explanations on consolidated risk management (continued):

c.1.4. Additional information on credit quality of assets (continued):

Breakdown for receivables in terms of sectors are mentioned in the footnote section four numbered II.8 (Explanations on Credit Risk).

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with resolution of the Board of the Parent Bank, TL 53.145 has been written off.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis of past due but not impaired financial assets is as follows:

	0-30 Days	31-90 Days	Total
Current Period^(*)	858.224	3.535.599	4.393.823

^(*) As of December 31, 2020, the Parent Bank has cash receivables amount to TL 383.417 over 30 days due and TL 108.762 over 90 days due, these receivables are classified under first and second group and TL 1.390 and TL 18.472 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 603.718 which was classified as Stage 3 loan before December 31, 2020, has been classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

	0-30 Days	31-90 Days	Total
Prior Period	411.986	3.665.055	4.077.041

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	1.998.272	1.202.596
Off-shore Banking Countries	41.509	41.509
Other Countries	5.495	3.845
General Total	2.045.276	1.247.950

^(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	2.184.791	934.658
Off-shore Banking Countries	32.042	8.626
Other Countries	4.890	3.347
General Total	2.221.723	946.631

^(*) Represents amounts for cash loans.

c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques:

On and off-balance sheet offsetting agreements are not utilized.

The Parent Bank, the risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below.

- Financial Collaterals (Government Securities, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)
- Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Parent Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

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X. Explanations on consolidated risk management (continued):

c.2. Credit risk mitigation (continued)

c.2.1. Qualitative disclosure on credit risk mitigation techniques (continued):

If there are indicators on significant decreases of real estate's value in comparison to general market prices, the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

The Parent Bank monitors other banks' guarantees that are evaluated as risk mitigators within the framework of BRSA regulations on a regular basis and reviews the credibility of banks periodically.

The volatility in real estate market is monitored closely by the Parent Bank and the market fluctuations are considered in credit activities.

c.2.2. Credit risk mitigation techniques:

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Current Period							
1 Loans	31.475.452	9.107.894	6.613.219	2.807.859	1.721.313	-	-
2 Debt securities	8.051.221	-	-	-	-	-	-
3 Total	39.526.673	9.107.894	6.613.219	2.807.859	1.721.313	-	-
4 Of which defaulted	622.366	174.960	75.150	2.597	1.527	-	-

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Prior Period							
1 Loans	22.484.742	7.264.347	5.079.229	1.061.069	472.864	-	-
2 Debt securities	4.503.490	-	-	-	-	-	-
3 Total	26.988.232	7.264.347	5.079.229	1.061.069	472.864	-	-
4 Of which defaulted	1.043.668	231.424	179.911	2.040	617	-	-

c.3. Credit risk under standardised approach:

c.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote section four numbered II.9 Explanations on Consolidated Credit Risk.

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X. Explanations on consolidated risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques:

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes							
1	Receivables from central governments or central banks	12.075.854	1.337	12.787.975	580	96	0,00%
2	Receivables from regional or local governments	263.340	-	263.708	-	131.670	49,93%
3	Receivables from administrative units and non-commercial enterprises	50.209	46.608	50.209	21.445	59.780	83,43%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	4.095.527	516.991	4.183.430	433.589	2.220.032	48,08%
7	Receivables from corporates	18.680.521	6.492.853	18.368.520	3.592.118	21.529.150	98,04%
8	Retail receivables	5.606.373	5.011.676	5.123.747	1.843.927	5.046.352	72,43%
9	Receivables secured by mortgages on property	1.280.173	69.861	1.275.375	28.386	456.071	34,98%
10	Receivables secured by mortgages on commercial property	2.260.679	609.355	2.260.679	323.546	1.316.427	50,94%
11	Past due receivables	515.372	-	514.406	-	536.483	104,29%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	2.603	-	2.603	-	2.603	100,00%
16	Other receivables	6.248.805	13.538	6.248.804	2.708	3.374.702	53,98%
17	Equity share investments	98.679	-	98.679	-	98.679	100%
18	Total	51.178.135	12.762.219	51.178.135	6.246.299	34.772.045	60,55%

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X. Explanations on consolidated risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques (continued):

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
1 Receivables from central governments or central banks	9.764.991	1.382	10.211.898	544	1.283.586	12,57%
2 Receivables from regional or local governments	99.368	-	101.305	-	49.684	49,04%
3 Receivables from administrative units and non-commercial enterprises	91.771	42.417	91.771	19.291	106.571	95,96%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	4.878.697	371.291	4.918.661	311.148	2.181.313	41,71%
7 Receivables from corporates	12.637.455	6.571.319	12.455.492	4.143.123	16.383.443	98,70%
8 Retail receivables	3.659.422	4.458.227	3.354.729	1.699.332	3.681.663	72,85%
9 Receivables secured by mortgages on property	436.616	48.133	435.797	20.292	162.259	35,58%
10 Receivables secured by mortgages on commercial property	2.078.951	599.311	2.078.951	332.224	1.262.320	52,35%
11 Past due receivables	703.682	-	702.349	-	704.941	100,37%
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Other receivables	5.318.761	10.381	5.318.761	2.076	3.538.915	66,51%
17 Equity share investments	107.397	-	107.397	-	107.397	100%
18 Total	39.777.111	12.102.461	39.777.111	6.528.030	29.462.092	63,63%

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X. Explanations on consolidated risk management (continued):

c.3.3 Exposures by asset classes and risk weights:

Current Period		35% secured by Property mortgage										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%		50%	75%	100%	150%	200%	Others	
1	Receivables from central governments or central banks	12.726.101	-	-	-	62.358	-	96	-	-	-	12.788.555
2	Receivables from regional or local governments	-	-	-	-	263.708	-	-	-	-	-	263.708
3	Receivables from administrative units and non-commercial enterprises	508	-	14.208	-	-	-	56.938	-	-	-	71.654
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	5.103	-	2.834.996	-	159.870	-	1.617.050	-	-	-	4.617.019
7	Receivables from corporates	206.881	-	238.322	-	193.654	-	21.321.781	-	-	-	21.960.638
8	Retail receivables	136.943	-	161.768	-	-	6.668.963	-	-	-	-	6.967.674
9	Receivables secured by mortgages on property	2.467	-	2.726	1.293.696	4.282	-	590	-	-	-	1.303.761
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.535.596	-	48.629	-	-	-	2.584.225
11	Past due receivables	56	-	4	-	144.754	-	180.881	188.711	-	-	514.406
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	2.603	-	-	-	2.603
16	Other receivables	2.241.660	-	793.938	-	-	-	3.215.914	-	-	-	6.251.512
17	Equity share investments	-	-	-	-	-	-	98.679	-	-	-	98.679
18	Total	15.319.719	-	4.045.962	1.293.696	3.364.222	6.668.963	26.543.161	188.711	-	-	57.424.434

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X. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights (continued):

Prior Period		35% secured by										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	200%	Others	
1	Receivables from central governments or central banks	7.548.741	-	-	-	2.603.730	-	59.971	-	-	-	10.212.442
2	Receivables from regional or local governments	-	-	-	-	101.305	-	-	-	-	-	101.305
3	Receivables from administrative units and non-commercial enterprises	835	-	4.570	-	-	-	105.657	-	-	-	111.062
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	9.097	-	3.134.319	-	1.023.925	-	1.062.468	-	-	-	5.229.809
7	Receivables from corporates	165.457	-	130.251	-	27.500	-	16.275.407	-	-	-	16.598.615
8	Retail receivables	128.160	-	79.261	-	-	4.846.640	-	-	-	-	5.054.061
9	Receivables secured by mortgages on property	3.027	-	305	442.376	6.032	-	4.349	-	-	-	456.089
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.297.710	-	113.465	-	-	-	2.411.175
11	Past due receivables	128	-	212	-	238.401	-	219.691	243.917	-	-	702.349
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	1.334.948	-	558.718	-	-	-	3.427.171	-	-	-	5.320.837
17	Equity share investments	-	-	-	-	-	-	107.397	-	-	-	107.397
18	Total	9.190.393	-	3.907.636	442.376	6.298.603	4.846.640	21.375.576	243.917	-	-	46.305.141

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X. Explanations on consolidated risk management (continued):

ç. Consolidated counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk (CCR):

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated October 23, 2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The Parent Bank prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period		Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	13.859	36.296		-	50.155	9.341
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						9.341

^(*) Effective Expected Positive Exposure

Prior Period		Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	640	2.854		-	3.494	1.857
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						1.857

^(*) Effective Expected Positive Exposure

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X. Explanations on consolidated risk management (continued):

ç.3. Capital requirement for credit valuation adjustment (CVA):

		Current Period		Prior Period	
		EAD post- CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-	-	-
1	(i) VaR component (including the 3xmultiplier)		-		-
2	(ii) Stressed VaR component (including the 3xmultiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	50.155	2.821	3.494	539
4	Total subject to the CVA capital obligation	50.155	2.821	3.494	539

ç.4. CCR exposures by risk class and risk weights:

Current Period										Total credit exposure ^(*)
Risk Weighted										
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other		
Receivables from central governments or central banks	38.142	-	-	-	-	-	-	-	38.142	
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	
Receivables from international organizations	-	-	-	-	-	-	-	-	-	
Receivables from banks and brokerage houses	-	-	2.746	951	-	-	-	-	3.697	
Receivables from corporates	-	-	-	-	-	8.316	-	-	8.316	
Retail receivables	-	-	-	-	-	-	-	-	-	
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	
Past due receivables	-	-	-	-	-	-	-	-	-	
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	
Securitisation positions	-	-	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	
Equity share investments	-	-	-	-	-	-	-	-	-	
Other receivables	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	
Total	38.142	-	2.746	951	-	8.316	-	-	50.155	

^(*) Total credit risk: Represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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X. Explanations on consolidated risk management (continued):

ç.4. CCR exposures by risk class and risk weights (continued):

Prior Period	Risk Weighted								Total credit exposure ^(*)
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	-	-	-	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.603	711	-	665	-	-	2.979
Receivables from corporates	-	-	-	-	-	515	-	-	515
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	1.603	711	-	1.180	-	-	3.494

^(*) Total credit risk: Represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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X. Explanations on consolidated risk management (continued):

ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	5.597	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	5.597	-	-	-	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	2.268	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	2.268	-	-	-	-

ç.6. Information on the risks of the Parent Bank arising from purchased or sold credit derivatives

The Parent Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2019: None).

ç.7. Information on risks of the Parent Bank arising from central counterparty

The Parent Bank does not have any risks arising from central counterparty (December 31, 2019: None).

d. Consolidated securitization explanations:

There is not any information to be announced to public on securitization (December 31, 2019: None).

e. Consolidated market risk

e.1. Qualitative disclosure on market risk:

The Parent Bank measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and the Parent Bank's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, measure, prioritize, and reduce at an acceptable level and to manage the various risks that the Parent Bank is exposed to.

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X. Explanations on consolidated risk management (continued):

Risks that positions held by the Parent Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows.

e.2. Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	487.590	90.108
2	Equity risk (general and specific)	226.818	5.014
3	Foreign exchange risk	1.226.213	201.276
4	Commodity risk	124.107	100.947
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	2.064.728	397.345

f. Consolidated Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2020, amount subject to operational risk and the calculation information are given below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	1.436.154	1.673.004	1.601.280	1.570.146	15	235.522
Amount subject to Operational Risk (Total*12,5)						2.944.024

g. Qualitative disclosure on profit rate risk arising from banking books

a. Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and off-balance sheet positions in the Parent Bank's banking books by standard shock method.

The Parent Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Parent Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Parent Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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X. Explanations on consolidated risk management (continued):

b. Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method:

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(715.187)	(12,66)
TL	(-) 400bp	685.525	12,13
USD	(+) 200bp	97.872	1,73
USD	(-) 200bp	28.570	0,51
EUR	(+) 200bp	7.088	0,13
EUR	(-) 200bp	4.847	0,09
Total (For Negative Shocks)	-	718.942	12,91
Total (For Positive Shocks)	-	(610.227)	(10,96)

XI. Explanations on consolidated business segments:

The Parent Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(250.238)	2.284.745	1.030.512	174.025	3.239.044
Operating Expenses	(1.018.033)	(1.478.196)	(388.599)	30.678	(2.854.150)
Operating Income/Expenses	(1.268.271)	806.549	641.913	204.703	384.894
Profit/(Loss) Before Tax	(1.268.271)	806.549	641.913	204.703	384.894
Tax Expense	-	-	-	(73.788)	(73.788)
Current Year Profit/(Loss)	(1.268.271)	806.549	641.913	130.915	311.106
Total Assets	4.029.989	38.607.745	23.912.672	2.969.605	69.520.011
Total Liabilities	33.945.848	20.068.499	11.271.373	4.234.291	69.520.011

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(710.582)	2.103.015	773.735	199.513	2.365.681
Operating Expenses	(739.001)	(1.187.057)	(316.288)	1.126	(2.241.220)
Operating Income/Expenses	(1.449.583)	915.958	457.447	200.639	124.461
Profit/(Loss) Before Tax	(1.449.583)	915.958	457.447	200.639	124.461
Tax Expense	-	-	-	(27.682)	(27.682)
Current Year Profit/(Loss)	(1.449.583)	915.958	457.447	172.957	96.779
Total Assets	2.574.413	28.499.436	17.385.810	3.016.309	51.475.968
Total Liabilities	26.441.681	15.314.905	5.744.992	3.974.390	51.475.968

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SECTION FIVE

Explanations and notes on the consolidated financial statements

I. Explanations and notes related to consolidated assets:

1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT):

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	153.161	1.304.238	128.031	894.076
CBRT	1.100.016	9.074.885	1.167.687	5.902.132
Other ^(*)	117.876	1.494.256	130.984	572.999
Total	1.371.053	11.873.379	1.426.702	7.369.207

^(*) Includes precious metals amounting to TL 768.007 (December 31, 2019: TL 145.266) and cash in transit amounting to TL 844.125 (December 31, 2019: TL 558.717) as of December 31, 2020.

b. Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	1.092.052	2.012.553	1.167.543	1.279.517
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	7.964	7.062.332	144	4.622.615
Total	1.100.016	9.074.885	1.167.687	5.902.132

^(*) As of December 31, 2020, the reserve requirement held in standard gold is TL 1.885.797 (December 31: 2019: TL 1.179.678)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As per the regulation by CBRT dated November 27, 2020, the commission is paid to CBRT from foreign exchange reserves except USD kept at required reserves and foreign exchange call deposits.

As of December 31, 2020, the compulsory rates for the reserve deposits for Turkish Lira are implemented within an interval from 2% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 23% depending on maturity of deposits in relation to the credit growth ratio incentive.

In accordance with the "Communiqué Regarding the Reserve Requirements", the income ratio is 12% for TL reserves.

c.1. Information on banks:

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	781.048	1.427.679	1.109.920	840.053
Abroad	-	1.206.414	-	2.244.574
Foreign head offices and branches	-	-	-	-
Total	781.048	2.634.093	1.109.920	3.084.627

^(*) Includes blockaged amount TL 764.198 (December 31, 2019: TL 1.032.679) booked under TL accounts arising from POS transactions

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I. Explanations and notes related to consolidated assets (continued):

c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	426.874	-	796.284	-
USA and Canada	247.689	-	1.104.077	-
OECD Countries (*)	26.696	-	95.442	-
Off-shore banking regions	8.040	-	5.232	-
Other(**)	396.892	100.223	220.548	22.991
Total	1.106.191	100.223	2.221.583	22.991

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

(**) Represents the balance amounts to TL 330.923 in Iraq Banks belonging to Parent Bank's foreign branches "Erbil" and "Baghdad" (December 31, 2019: TL 153.234).

2. Information on financial assets measured at fair value through profit/loss:

a. Information on financial assets measured at fair value through profit/loss subject to repurchase transactions and given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 427.455 (December 31, 2019: None).

As of December 31, 2020, the collateralized /blocked nominal amount is TL 5.655 (December 31, 2019: TL 895).

b. Information on financial assets measured at fair value through profit/loss:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	711.417	3.235.680	100.556	436.059
Equity Securities	12.921	10.774	-	-
Others	86	11.395	33.942	1.920
Total	724.424	3.257.849	134.498	437.979

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

a. Information on financial assets measured at fair value through other comprehensive income subject to repurchase transactions, given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 161.208 (December 31, 2019: None).

As of December 31, 2020, there is not any amount given as a collateral or blocked (December 31, 2019: TL 355.481).

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

	Current Period	Prior Period
Debt securities	1.053.922	1.966.602
Quoted on a stock exchange	1.053.922	1.966.602
Unquoted	-	-
Investment Funds	2.602	-
Quoted on a stock exchange	-	-
Unquoted	2.602	-
Share certificates	16.864	23.312
Quoted on a stock exchange	-	15.293
Unquoted	16.864	8.019
Impairment provision (-)	2.811	2.177
Total	1.070.577	1.987.737

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I. Explanations and notes related to consolidated assets (continued):

4. Information on financial assets measured at amortised cost:

a. Information on financial assets measured at amortised cost subject to repurchase transactions, given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 421.831 (December 31, 2019: None)

As of December 31, 2020, the collateralized/blocked nominal amount is TL 290.072 (December 31, 2019: None).

b. Information on related to government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	3.224.800	1.934.483
Total	3.224.800	1.934.483

^(*) Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

c. Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	3.224.800	1.994.319
Quoted on a stock exchange	3.224.800	1.994.319
Unquoted	-	-
Impairment provision (-)	-	-
Total	3.224.800	1.994.319

ç. Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	1.994.319	618.506
Foreign currency differences on monetary assets	424.544	32.804
Purchases during period ^(*)	1.740.999	1.442.377
Disposals through sales and redemptions ^(*)	(957.473)	(132.000)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	22.411	32.632
Closing balance	3.224.800	1.994.319

^(*) Represented on nominal values

5. Information on derivative financial assets:

a. Table of positive differences related to derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	5.725	-	138	-
Swap Transactions	7.959	-	-	259
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	13.684	-	138	259

The Parent Bank has not any derivative financial assets for hedging purposes. (December 31, 2019: None).

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I. Explanations and notes related to consolidated assets (continued):

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	119.171	12.696	164.966	39.387
Corporate shareholders	114.657	12.346	164.690	39.037
Real person shareholders	4.514	350	276	350
Indirect loans granted to shareholders	818.807	34.537	632.926	27.308
Loans granted to employees	16.439	2.000	15.236	2
Total	954.417	49.233	813.128	66.697

b. Information on standart loans and loans under close monitoring including restructured or rescheduled loans:

b1. Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans:

Current Period		Loans Under Close Monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
Cash Loans	Standard loans		Loans with revised contract terms	Refinancing
Loans	36.496.370	1.617.583	1.180.435	716.140
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.167	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other ^(*)	9.004.059	50.256	309.957	39.608
Other receivables	-	-	-	-
Total	36.496.370	1.617.583	1.180.435	716.140

^(*) Details of other loans are provided below:

Commercial loans with installments	2.315.066
Other investment credits	1.168.616
Loans given to abroad	2.397.739
Profit and loss sharing investments ^(**)	3.200.820
Loans for purchase of marketable securities for customer	301.110
Other	20.529

Total	9.403.880
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^(**) As of December 31, 2020, the related balance represents profit and loss sharing investment projects (8 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2020, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 94.353 for 2020 (TL 97.309 valuation profit, TL 2.956 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 252.543 and valuation loss is TL 61.984 for profit and loss sharing investments.

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I. Explanations and notes related to consolidated assets (continued):

6. Information on loans (continued):

b. Information on standart loans and loans under close monitoring including restructured or rescheduled loans (continued):

b1. Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans (continued):

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
		Restructuring or	Amendments to the	
Cash Loans	Standard Loans	Rescheduling	Terms of Contracts	Refinancing
Loans	24.762.658	2.829.986	268.876	553.950
Export loans	1.351.678	8.228	-	-
Import loans	1.602.342	78.351	-	-
Business loans	13.038.036	2.454.010	212.870	416.862
Consumer loans	2.315.782	112.732	2.183	-
Credit cards	380.272	5.548	-	-
Loans given to financial sector	47.640	-	-	-
Other ^(*)	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
Total	24.762.658	2.829.986	268.876	553.950

^(*) Details of other loans are provided below:

Commercial loans with installments	1.207.001
Other investment credits	458.318
Loans given to abroad	1.698.852
Profit and loss sharing investments ^(**)	2.673.428
Loans for purchase of marketable securities for customer	283.110
Other	68.227
Total	6.388.936

^(**) As of December 31, 2019, the related balance represents profit and loss sharing investment projects (8 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Parent Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Parent Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2019, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 96.206 (TL 155.234 valuation profit, TL 59.028 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. In addition to the fair value profit, as of December 31, 2019, the project sales profit accrual amounts to TL 34.262. In total, net profit from profit and loss sharing investments is TL 130.468.

b2. Information on expected credit losses for standard loans and loans under close monitoring:

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	159.543	-
Significant Increase in Credit Risk	-	425.114
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	100.058	-
Significant Increase in Credit Risk	-	85.093

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I. Explanations and notes related to consolidated assets (continued):

6. Information on loans (continued):

c. Maturity analysis of cash loans:

Cash Loans	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Cash Loans			
Current Period			
Short term loans	8.976.400	249.586	-
Medium and long-term loans ^(*)	27.519.970	1.367.997	1.896.575
Total	36.496.370	1.617.583	1.896.575

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

Cash Loans	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Cash Loans			
Prior Period			
Short term loans	5.858.152	213.376	-
Medium and long-term loans ^(*)	18.904.506	2.616.610	822.826
Total	24.762.658	2.829.986	822.826

^(*) Loans with original maturities longer than 1 year are classified as "Medium and Long Term Loans".

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I. Explanations and notes related to consolidated assets (continued):

ç. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	42.891	3.804.906	3.847.797
Housing loans	13.476	3.272.095	3.285.571
Vehicle loans	10.696	403.853	414.549
Consumer loans	18.719	128.958	147.677
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	892	892
Housing loans	-	892	892
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	116.069	214	116.283
With installment	41.698	203	41.901
Without installment	74.371	11	74.382
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	8.595	2.166	10.761
Housing loans	-	445	445
Vehicle loans	98	1.612	1.710
Consumer loans	8.497	109	8.606
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.658	20	5.678
With installment	2.842	20	2.862
Without installment	2.816	-	2.816
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (real person)	-	-	-
Overdraft account-FC (real person)	-	-	-
Total	173.213	3.808.198	3.981.411

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I. Explanations and notes related to consolidated assets (continued):

ç. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	42.191	2.378.802	2.420.993
Housing loans	12.147	2.082.795	2.094.942
Vehicle loans	12.443	210.479	222.922
Consumer loans	17.601	85.528	103.129
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	212	212
Housing loans	-	212	212
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	104.320	172	104.492
With installment	33.424	164	33.588
Without installment	70.896	8	70.904
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	7.948	1.544	9.492
Housing loans	-	11	11
Vehicle loans	140	827	967
Consumer loans	7.808	706	8.514
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.723	21	5.744
With installment	2.541	21	2.562
Without installment	3.182	-	3.182
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	160.182	2.380.751	2.540.933

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I. Explanations and notes related to consolidated assets (continued):

d. Information on commercial loans with installments and corporate credit cards:

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	168.471	1.764.204	1.932.675
Business loans	6.845	442.011	448.856
Vehicle loans	118.689	990.948	1.109.637
Consumer loans	42.937	331.245	374.182
Other	-	-	-
Commercial installment loans-FC indexed	-	115.144	115.144
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
Commercial installment Loans-FC	1.108	266.139	267.247
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
Corporate credit cards-TL	331.660	872	332.532
With installment	108.231	825	109.056
Without installment	223.429	47	223.476
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	501.239	2.146.359	2.647.598

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	58.262	756.177	814.439
Business loans	3.036	196.308	199.344
Vehicle loans	48.075	396.582	444.657
Consumer loans	7.151	163.287	170.438
Other	-	-	-
Commercial installment loans-FC indexed	-	199.773	199.773
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
Commercial installment Loans-FC	4.714	188.075	192.789
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
Corporate credit cards-TL	275.332	252	275.584
With installment	71.610	235	71.845
Without installment	203.722	17	203.739
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	338.308	1.144.277	1.482.585

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I. Explanations and notes related to consolidated assets (continued):

e. Allocation of loans by customers:

	Current Period	Prior Period
Public	333.571	227.525
Private	39.676.957	28.187.945
Total	40.010.528	28.415.470

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	37.612.789	26.716.618
Foreign loans	2.397.739	1.698.852
Total	40.010.528	28.415.470

g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	2	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	2	-	3	-

ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	133.510	250.661
Loans with doubtful collectability	92.404	114.063
Uncollectible loans	1.022.036	581.907
Total	1.247.950	946.631

Specific provisions in the amount of TL 1.247.950 (December 31, 2019: TL 946.631) comprise TL 441.674 (December 31, 2019: TL 418.351) of participation account share of loans provided from participation accounts.

h. Information on non-performing loans (net):

h.1. Information on non-performing and restructured loans:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period			
Gross amount before specific provisions	-	2.074	80.452
Restructured loans	-	2.074	80.452
Prior period			
(Gross amount before specific provisions)	1.645	42.080	92.590
Restructured loans and other receivables	1.645	42.080	92.590

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I. Explanations and notes related to consolidated assets (continued):

h.2. Movements of total non-performing loans:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period			
Closing balance of prior period	466.434	319.648	1.435.641
Additions in the current period (+)	818.060	353.978	485.668
Transfers from other categories of non-performing loans (+)	-	962.814	1.067.134
Transfers to other categories of non-performing loans (-)	962.814	1.067.134	-
Collections in the current period (-)	58.691	132.195	417.445
Transfers to standard loans and write off(-)(*)	69.124	196.751	959.947
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	193.865	240.360	1.611.051
Provisions (-)	133.510	92.404	1.022.036
Net balance at the balance sheet	60.355	147.956	589.015

(*) 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 November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 1.172.677 and the written off amount is TL 53.145. These transactions' impact to NPL ratio is 289 basis point. As stated in Note VIII "Expected Credit Losses ", The Parent Bank has reclassified TL 603.718 as performing loans classified as non-performing loans before July 31,2020 by approximation. The Parent Bank has continued to allocate NPL provisions to related credits.

Non-performing loans in the amount of TL 2.045.276 comprise TL 875.152 of participation account share of loans provided from participation accounts.

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Prior Period			
Closing balance of prior period	346.493	341.237	1.200.817
Additions in the current period (+)	982.060	80.672	177.977
Transfers from other categories of non-performing loans (+)	-	790.836	688.296
Transfers to other categories of non-performing loans (-)	790.836	688.296	-
Collections in the current period (-)	62.083	122.433	191.240
Transfers to standard loans and write off(-)(*)	9.200	82.368	440.209
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	466.434	319.648	1.435.641
Specific provisions (-)	250.661	114.063	581.907
Net balance at the balance sheet	215.773	205.585	853.734

(*) According to change in "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the written off amount is TL 441.418 and its effect to NPL ratio is 131 basis point.

Non-performing loans in the amount of TL 2.221.723 comprise TL 1.120.746 of participation account share of loans provided from participation accounts.

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I. Explanations and notes related to consolidated assets (continued):

h.3. Non-performing loans and other receivables in foreign currencies:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period:			
Period end balance	147.246	57.915	403.144
Provision (-)	113.479	36.969	352.207
Net balance	33.767	20.946	50.937
Prior period:			
Period end balance	262.392	19.248	99.860
Specific provision (-)	162.380	5.990	48.339
Net balance	100.012	13.258	51.521

h.4. Gross and net amounts of non-performing loans according to user groups:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period (net)			
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Provision (-)	133.510	92.404	1.022.036
Loans to individuals and corporates (net)	60.355	147.956	589.015
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)			
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Provision (-)	250.661	114.063	581.907
Loans to individuals and corporates (net)	215.773	205.585	853.734
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-

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I. Explanations and notes related to consolidated assets (continued):

h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)	10.116	43.507	139.389
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863
Prior Period (Net)	19.373	43.571	180.590
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043

i. Liquidation policy for uncollectable loans:

Loans determined as uncollectable are liquidated through starting legal follow up and by converting the guarantees into cash.

i. Information on "Write-off" policies:

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management. As of December 31, 2020, loans which deemed uncollectable amounts to TL 53.145 have been written off as per the decision taken by the bank management (December 31, 2019: TL 441.418).

7. Information on lease receivables (net):

a. Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	84.351	75.566	54.436	36.045
1 to 4 years	281.824	261.742	137.190	126.827
More than 4 years	27.587	22.841	83.308	80.806
Total	393.762	360.149	274.934	243.678

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	393.762	274.934
Unearned financial lease receivable (-)	33.613	31.256
Net receivable from financial leases	360.149	243.678

c. General explanation on finance lease contracts:

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

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I. Explanations and notes related to consolidated assets (continued):

c. General explanation on finance lease contracts (continued):

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring			
		Not Under the Scope of Restructuring or Rescheduling	Restructured		
			Loans with Revised Contract Terms	Refinancing	
Current Period					
Financial lease receivables (Net)	338.708	2.709	18.732	-	
Prior Period					
Financial lease receivables (Net)	231.435	10.337	1.906	-	

8. Information on assets held for sale and assets of discontinued operations:

Assets held for sale consist of tangible assets, which have been acquired due to non-performing loans.

	Current Period	Prior Period
Opening Balance	124.480	649.688
Additions	248.530	159.027
Disposals	(142.005)	(62.075)
Transfers ^(*)	(98.357)	(835.806)
Impairment Provision (-)/Reversal of Impairment Provision ^(*)	(1.598)	213.646
Net closing balance	131.050	124.480

^(*) The transfers and impairments related to the transfers (if any) have been moved to assets to be sold under tangible assets.

As of December 31, 2020, TL 131.042 (December 31, 2019: TL 123.357) of the assets held for sale is comprised of real estates, TL 8 (December 31, 2019: TL 1.123) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

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I. Explanations and notes related to consolidated assets (continued):

9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

None (December 31, 2019: TL 8.258).

a.2. Information on consolidated associates:

None (December 31, 2019: None).

b. Information on subsidiaries (net):

b.1. Information on unconsolidated subsidiaries:

The subsidiaries Albaraka Teknoloji Bilişim Sistemleri A.Ş., İnsha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. and Albaraka Kültür Sanat ve Yayımcılık A.Ş. of Parent Bank controlled Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Fonu have not been consolidated since they are non-financial subsidiaries. The information related to those companies as of December 31, 2020 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	(Fund) Share Percentage (%)	Fair value of the amount invested by the Fund
Albaraka Teknoloji Bilişim Sistemleri A.Ş.	İstanbul / Turkey	Information Technologies	33.000	100	38.515
İnsha Ventures Teknoloji Geliştirme ve Paz. A.Ş.	İstanbul / Turkey	Information Technologies	10.000	100	9.792
Albaraka Kültür Sanat ve Yayımcılık A.Ş.	İstanbul / Turkey	Publication	7.000	100	4.153

Natura Gıda Sanayi ve Ticaret A.Ş., which is a subsidiary of “Değer Girişim Sermayesi Yatırım Fonu” controlled by the Parent Bank, has not been consolidated since it is a non-financial entity.

Name	Address (City/Country)	Parent Bank's share percentage- If different voting percentage (%)	(Fund) Share Rate (%)
Natura Gıda Sanayi ve Ticaret A.Ş.	Istanbul/Turkey	-	81,90

The balances of Natura Gıda Sanayi ve Ticaret A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2019.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
422.806	(226.068)	254.038	-	-	(28.002)	(717.572)

b.2. Information on consolidated subsidiaries:

i). Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. which are subject to consolidation by the Parent Bank, the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on “Principles Related to Rent Certificates and Asset Leasing Companies” dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations. The founding capital of each company is TL 50. As of December 31, 2020, the capital of each company is TL 50. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. are consolidated using full consolidation method as of December 31, 2020.

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9. Ownership investments (continued):

b.2. Information on consolidated subsidiaries (continued):

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
4.242.252	173	-	-	-	16	107	-

ii) . The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Değer Varlık Kiralama A.Ş.	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
57	50	-	-	-	-	-	-

iii). In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of December 31, 2020, the capital of the company is TL 29.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yön. A.Ş.	Istanbul/Turkey	100,00	-

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9. Ownership investments (continued):

b.2. Information on consolidated subsidiaries (continued):

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
50.884	47.724	1.257	3.843	-	16.823	412	-

iv) As of December 31, 2020, unaudited financial statements of the Parent Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Insha GMBH	Berlin / Germany	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
936.137 €	637.541 €	-	-	-	(1.116.963) €	(1.181.277) €	-

v) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.711	11.307
Movements inside the term	(300)	12.404
Purchases/new incorporations/capital increases	(300)	12.404
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.411	23.711
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	23.411	23.711

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I. Explanations and notes related to consolidated assets (continued):

9. Ownership investments (continued):

c. Information on investments in joint- ventures:

c.1. Information on unconsolidated investments in joint-ventures:

The Group does not have unconsolidated investments in joint-ventures as of the balance sheet date.

c.2. Information on consolidated investments in joint- ventures:

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") a private pension and insurance company through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of December 31, 2020, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from audited financial statements as of December 31, 2020 are below:

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	262.263	3.807.177	3.829.639	239.099	(197.239)

c.3. Information on consolidated investment funds:

The financial information of the investment funds consolidated by the Parent Bank using full consolidation method as of December 31, 2020 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank or the Group	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu ^(*)	89,86	89,86	359.799	40.242	27.951	12.291
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu ^(*)	88,88	88,88	295.152	35.715	26.431	9.284
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu ^(*)	92,76	92,76	366.106	26.611	13.803	12.808
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu ^(*)	47,26	100,00	323.091	18.349	5.198	13.151
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu ^(*)	100,00	100,00	166.289	729	4.976	(4.247)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	100,00	100,00	10.000	2.073	439	1.634
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ^(*)	0,00	100,00	12.000	830	74	756
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu ^(*)	14,89	25,53	47.000	3.064	545	2.519
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu ^(*)	12,73	12,73	45.834	750	59	691
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu ^(*)	18,11	18,11	800	478	137	341
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu ^(*)	20,47	20,47	700	156	57	99
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu ^(*)	0,00	100,00	222.353	17.409	3.127	14.282
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu ^(*)	24,17	24,17	1.600	4.010	369	3.

^(*) Relevant financial data has been obtained from audited financial tables.

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I. Explanations and notes related to consolidated assets (continued):

10. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other ^(*)	Assets held for sale	Total
Cost						
Opening balance: January 1, 2020	793.873	-	854	308.723	743.088	1.846.538
Additions	41.159	-	1.285	70.405	-	112.849
Revaluation differences	41.708	-	-	-	-	41.708
Disposals	-	-	-	(13.270)	(290.271)	(303.541)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	4.080	4.080
Transfers	-	-	-	-	98.357	98.357
Ending balance: December 31, 2020	876.740	-	2.139	365.858	555.254	1.799.991
Accumulated depreciation(-)						
Opening balance: January 1, 2020	112.284	-	606	214.647	2.416	329.953
Depreciation expense	52.996	-	100	56.872	-	109.968
Reversal of depreciation of the disposed assets	-	-	-	(29.304)	(96)	(29.400)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2020	165.280	-	706	242.215	2.320	410.521
Total cost at the end of the year	876.740	-	2.139	365.858	555.254	1.799.991
Total accumulated depreciation at the end of the year	(165.280)	-	(706)	(242.215)	(2.320)	(410.521)
Closing net book value	711.460	-	1.433	123.643	552.934	1.389.470

Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2019	445.917	-	733	267.958	187.356	901.964
Additions	316.868	-	121	56.278	5	373.272
Revaluation differences	31.588	-	-	-	-	31.588
Disposals	(500)	-	-	(15.513)	(67.901)	(83.914)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(212.178)	(212.178)
Transfers	-	-	-	-	835.806	835.806
Ending balance: December 31, 2019	793.873	-	854	308.723	743.088	1.846.538
Accumulated depreciation(-)						
Opening balance: January 1, 2019	55.622	-	539	187.219	3.127	246.507
Depreciation expense	56.735	-	67	42.208	-	99.010
Reversal of depreciation of the disposed assets	(73)	-	-	(14.780)	(711)	(15.564)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2019	112.284	-	606	214.647	2.416	329.953
Total cost at the end of the year	793.873	-	854	308.723	743.088	1.846.538
Total accumulated depreciation at the end of the year	(112.284)	-	(606)	(214.647)	(2.416)	(329.953)
Closing net book value	681.589	-	248	94.076	740.672	1.516.585

As of December 31, 2020, the immovables of the Parent Bank have been revalued by an independent valuer and revaluation fund of TL 300.370 (December 31, 2019: TL 270.910) net of deferred tax and depreciation has been reflected in the financial statements. After the revaluation, the cost of the Parent Bank's immovables amounting to TL 518.049 (December 31, 2019: TL 475.522), their amortisations amounting to TL 77.788 (December 31, 2019: TL 66.192), net carrying value is TL 440.261 (December 31, 2019: TL 409.330). As of December 31, 2020, the cost of the movables and immovable recognized as "right of use" under tangible assets in the balance sheet of the Parent Bank is TL 400.880 (December 31, 2020: TL 340.638) related amortisations amounting to TL 104.546 (December 31, 2019: TL 56.909).

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I. Explanations and notes related to consolidated assets (continued):

11. Information on intangible assets:

a. Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	204.200	173.390
Accumulated depreciation (-)	157.313	137.580
Total (net)	46.887	35.810

b. Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	35.810	36.734
Additions	31.166	17.483
Disposals (-) (net)	32	-
Depreciation expense (-)	20.057	18.407
Closing net book value	46.887	35.810

12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties (*)	1.261.475	-	1.419.315	-
Total	1.261.475	-	1.419.315	-

(*) Includes investment properties of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

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I. Explanations and notes related to consolidated assets (continued):

13. Information related to deferred tax asset:

As of December 31, 2020, the Group calculated net deferred tax asset of TL 191.360 (December 31, 2019: TL 166.345) by netting off deferred tax asset of TL 277.263 (December 31, 2019: TL 229.707) and deferred tax liability of TL 85.903 (December 31, 2019: TL 63.362) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	46.315	56.241
Provisions for retirement premium and vacation pay liabilities	28.974	20.147
Difference between carrying value and tax base of tangible assets (amortization differences)	33.517	20.010
Depreciation of tangible assets	42.304	42.801
Provisions for cases on trial	4.037	3.444
Revaluation difference of financial assets measured at fair value through other comprehensive income	-	-
Provisions	63.397	24.961
Leasing profit share expenses	23.098	11.832
Other ^(*)	35.621	50.271
Deferred tax asset	277.263	229.707
Revaluation difference of property	24.803	21.063
Rediscount on profit share	9.333	8.445
Right of use assets	40.006	19.710
Other	11.761	14.144
Deferred tax liability	85.903	63.362
Deferred tax asset (net)	191.360	166.345

^(*) Includes tax asset amounts to TL 6.402 calculated from financial losses (December 31, 2019: TL 55.794). Since the Parent Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 6.402 as deferred tax asset.

14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 669.814 (December 31, 2019: TL 648.648) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to consolidated liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.992.760	-	-	-	-	-	-	-	1.992.760
II. Real Persons Participation Accounts Non-Trade TL	-	2.463.568	4.087.946	153.137	-	26.584	499.675	12.971	7.243.881
III. Current Account other-TL	2.641.622	-	-	-	-	-	-	-	2.641.622
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.073	-	-	-	-	-	-	-	2.402.073
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	453.346	2.943.387	32.117	-	8.231	74.024	-	3.511.105
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	381.191	2.683.571	25.207	-	7.715	70.716	-	3.168.400
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
V. Real Persons Current Accounts Non-Trade FC	6.905.657	-	-	-	-	-	-	-	6.905.657
VI. Real Persons Participation Accounts Non-Trade FC	-	3.833.633	6.121.580	554.465	-	33.262	1.521.954	5.708	12.070.602
VII. Other Current Accounts FC	8.115.810	-	-	-	-	-	-	-	8.115.810
Residents in Turkey-Corporate	5.966.304	-	-	-	-	-	-	-	5.966.304
Residents Abroad-Corporate	1.657.772	-	-	-	-	-	-	-	1.657.772
Banks and Participation Banks	491.734	-	-	-	-	-	-	-	491.734
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.347	-	-	-	-	-	-	-	485.347
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	691.876	2.067.408	57.440	-	14.922	19.547	983	2.852.176
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	578.194	1.863.815	51.626	-	7.183	16.155	983	2.517.956
Other institutions	-	19.257	38.631	8	-	-	-	-	57.896
Commercial and Other Institutions	-	94.425	164.962	5.806	-	-	71	-	265.264
Banks and Participation Banks	-	-	-	-	-	7.739	3.321	-	11.060
IX. Precious Metals Deposits	3.503.447	729.848	1.795.960	85.342	-	14.686	73.309	1.164	6.203.756
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+....+IX+X+XI)	23.159.296	8.172.271	17.016.281	882.501	-	97.685	2.188.509	20.826	51.537.369

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II. Explanations and notes related to consolidated liabilities (continued):

1. Information on funds collected (continued):

a. Information on maturity structure of funds collected (continued):

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.683.275	-	-	-	-	-	-	-	1.683.275
II. Real Persons Participation Accounts Non-Trade TL	-	2.908.832	5.077.473	207.355	-	34.125	401.888	13.686	8.643.359
III. Current Account other-TL	2.515.654	-	-	-	-	-	-	-	2.515.654
Public Sector	68.515	-	-	-	-	-	-	-	68.515
Commercial Institutions	2.345.346	-	-	-	-	-	-	-	2.345.346
Other Institutions	76.454	-	-	-	-	-	-	-	76.454
Commercial and Other Institutions	18.415	-	-	-	-	-	-	-	18.415
Banks and Participation Banks	6.924	-	-	-	-	-	-	-	6.924
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	6.788	-	-	-	-	-	-	-	6.788
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	343.256	1.329.289	41.872	-	56.180	59.858	183	1.830.638
Public Sector	-	56	81	-	-	-	-	-	137
Commercial Institutions	-	300.413	1.140.561	38.821	-	55.674	57.009	183	1.592.661
Other Institutions	-	21.522	185.968	3.051	-	506	2.849	-	213.896
Commercial and Other Institutions	-	21.265	2.288	-	-	-	-	-	23.553
Banks and Participation Banks	-	-	391	-	-	-	-	-	391
V. Real Persons Current Accounts Non- Trade FC	3.978.509	-	-	-	-	-	-	-	3.978.509
VI. Real Persons Participation Accounts Non-Trade FC	-	3.281.952	5.189.583	463.346	-	30.296	1.062.696	1.388	10.029.261
VII. Other Current Accounts FC	4.839.287	-	-	-	-	-	-	-	4.839.287
Residents in Turkey-Corporate	3.240.586	-	-	-	-	-	-	-	3.240.586
Residents abroad-Corporate	811.306	-	-	-	-	-	-	-	811.306
Banks and Participation Banks	787.395	-	-	-	-	-	-	-	787.395
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	781.931	-	-	-	-	-	-	-	781.931
Participation Banks	5.464	-	-	-	-	-	-	-	5.464
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	498.817	2.893.485	612.470	-	6.545	14.971	27	4.026.315
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	348.427	2.117.663	39.815	-	6.545	14.922	27	2.527.399
Other Institutions	-	4.130	49.904	6	-	-	-	-	54.040
Commercial and Other Institutions	-	65.806	173.495	4.626	-	-	49	-	243.976
Banks and Participation Banks	-	80.454	552.423	568.023	-	-	-	-	1.200.900
IX. Precious Metals Deposits	878.269	285.168	954.585	27.361	-	9.509	37.828	182	2.192.902
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	13.894.994	7.318.025	15.444.415	1.352.404	-	136.655	1.577.241	15.466	39.739.200

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II. Explanations and notes related to consolidated liabilities (continued):

b. Information on participation fund under the guarantee of insurance:

b.1. Under the guarantee of Insurance and Exceeding the limit of insurance fund:

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.996.232	5.855.401	4.241.399	4.471.232
Foreign currency accounts	6.815.438	4.485.043	17.579.364	11.489.849
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 150 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2. Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons, which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	101.643	40.415
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	17.468	16.974
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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II. Explanations and notes related to consolidated liabilities (continued):

2. Information on borrowings:

a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	2.211.237	-	978.465
Other	72.778	775.870	100.219	712.914
Total	72.778	2.987.107	100.219	1.691.379

a.2. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	72.778	392.353	100.219	252.151
Loans from foreign banks, institutions and funds	-	2.594.754	-	1.439.228
Total	72.778	2.987.107	100.219	1.691.379

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	72.778	2.754.314	100.219	1.129.603
Medium and Long-Term	-	232.793	-	561.776
Total	72.778	2.987.107	100.219	1.691.379

b. Additional disclosures on concentration areas of The Parent Bank's liabilities:

The Parent Bank does not have concentration on customer or sector group providing funds (December 31, 2019: None).

3. Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	4.042.163	-	2.519.419	-
Total	4.042.163	-	2.519.419	-

4. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	3.850	-	504	41
Swap transactions	138.746	-	-	304
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	142.596	-	504	345

The Parent Bank has not any derivative financial liabilities for hedging purposes (December 31, 2019: None).

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II. Explanations and notes related to consolidated liabilities (continued):

5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	4.449	-	6.291	-
1 to 5 years	103.519	714	81.724	1.199
Over 5 years	206.716	12.997	199.740	11.706
Total	314.684	13.711	287.755	12.905

6. Information on provisions:

a. Information on provisions for employee rights:

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 121.163 (December 31, 2019: TL 86.118), vacation pay liability amounting to TL 13.709 (December 31, 2019: TL 13.270) and performance premium amounting to TL 11.000 (December 31, 2019: TL 750) totaling to TL 145.872 (December 31, 2019: TL 100.138). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	12,40	11,70
Estimated increase rate of salary ceiling (%)	10,70	8,90

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	Current Period	Prior Period
Prior period ending balance	86.118	62.219
Change in the period	23.439	20.565
Actuarial (gain)/loss	22.642	13.716
Paid during the period	(11.036)	(10.382)
Balance at the end of the period	121.163	86.118

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	26.446	11.047
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provision for unindemnified letter of guarantees	4.578	3.686
Third stage expected loss provision for cheques commitments	3.717	3.883
Provision for promotions related with credit cards and promotion of banking services	217	224
Provisions for cases on trial	20.183	15.655
Accrual for purchase and sale commitments	725	291
Other	786	772
Total	56.652	35.558

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II. Explanations and notes related to consolidated liabilities (continued):

6. Information on provisions:

b. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of December 31, 2020, the provision for foreign exchange losses on foreign currency indexed loans and lease receivables is TL1.325 (December 31, 2019: TL 901) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

7. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of December 31, 2020, the Group's corporate tax payable is TL 12.130 (December 31, 2019: TL 5.586) after offsetting prepaid corporate tax.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	12.130	5.586
Banking insurance transaction tax	28.030	14.130
Taxation on securities income	14.122	24.408
Value added tax payable	2.224	1.872
Taxation on real estate income	548	1.230
Foreign exchange transaction tax	3.153	2.274
Income tax deducted from wages	10.656	10.442
Other	1.128	1.967
Total	71.991	61.909

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.615	5.520
Social security premiums-employer	6.227	5.994
Bank pension fund premium-employee	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	399	392
Unemployment insurance-employer	798	785
Other	-	-
Total	13.039	12.691

8. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2019: None).

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II. Explanations and notes related to consolidated liabilities (continued):

9. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II	-	1.732.562	-	1.375.164
Subordinated loans	-	1.732.562	-	1.375.164
Subordinated debt instruments	-	-	-	-
Total	-	1.732.562	-	1.375.164

The Parent Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Ltd. amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50 % for the first 5 years and 9.371% for the last 5 years (from May 2021). The Parent Bank has repurchased the sukuk issued in the amount of USD 16.371.000 and this amount is offset in Financial Assets Measured at Fair Value through Other Comprehensive Income and subordinated loans. The Parent Bank has realized unmatured additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

10. Breakdown of items in other liabilities, which exceed 10% of the balance sheet total, and breakdown of items, which constitute at least 20% of grand total:

None (December 31, 2019: None).

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.350.000	900.000
Preferred stock	-	-

b. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Parent Bank and if so, amount of the registered share capital ceiling:

In the Board of Directors meeting dated February 28, 2013, the Parent Bank has taken a resolution on transition to registered capital system. The application dated December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	1.350.000	2.500.000

c. Information on the share capital increases during the period and their sources; other information on increased capital in the current period:

As of December 31, 2019, the Parent Bank has completed capital increase through right issues and since the new capital had not been registered as of the related date, the increased amount TL 450.000 was represented under other capital reserves in equity. In 2020, following the registration, related amount has been transferred from other capital reserves to paid in capital.

Date of increase	Increased Amount	Cash	Profit Reserves subjected to Increases	Capital Reserves subjected to Increase
24.01.2020	450.000	450.000	-	-

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II. Explanations and notes related to consolidated liabilities (continued):

11. Information on shareholders' equity (continued):

ç. Information on share capital increases from capital reserves during the current period:

Capital increase through right issues amounts to TL 450.000 has been transferred from other capital reserves to paid in capital in 2020. The amount had been realized but not registered as of December 31, 2019. The amount transferred from capital reserves to paid in capital in the current period is represented in the following table.

Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Associates, Subsidiaries and Joint ventures non paid up Shares	Other
-	-	-	450.000

d. Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

There are no capital commitments until the end of the last fiscal year and following interim period.

e. Estimated effects on the shareholders equity of the Parent Bank, of predictions to be made by taking into account previous period indicators regarding the Parent Bank's income, profitability and liquidity, and uncertainties regarding such indicators:

The Parent Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Parent Bank's shareholders' equity is invested in liquid and earning assets.

f. Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	(3.082)	5.308	3.499	36.033
Foreign exchange difference	-	-	-	-
Total	(3.082)	5.308	3.499	36.033

(*) The amount represents the net balance after deferred tax calculation.

ğ. Information on other capital reserves:

The Parent Bank has evaluated its perpetual sukuk transaction as non- monetary item as per TAS 32 which is issued by "Bereket One Ltd" quoted at Ireland Stock Exchange amount to USD 205.000.000 (Historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Parent Bank recognized it in shareholders' equity under "other capital reserves" on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six-month payment. The Parent Bank has option to cancel the expense amounts. If the Parent Bank uses this option, it is not obligatory to pay the amount it has not paid in the following periods.

The coupon payment for the related transaction amounting to TL 310.576 (December 31, 2019: TL 172.336) has been recognized under prior years profit / loss.

h. Information on minority shares:

As of December 31, 2020, minority shares calculated for full-consolidated uncontrolled shares amount to TL 218.936 (December 31, 2019: TL 157.436).

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III. Explanations and notes related to consolidated off-balance sheet:

1. Explanations on consolidated off-balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	919.974	769.342
Payment commitments for cheques	667.621	631.606
Asset purchase and sale commitments	1.209.072	437.404
Loan granting commitments	429.887	262.517
Tax and funds liabilities arising from export commitments	13.538	10.381
Commitments for promotions related with credit cards and banking activities	398	335
Other irrevocable commitments	547	528
Other revocable commitments	4.000	-
Total	3.245.037	2.112.113

b. Type and amount of possible losses and commitments arising from off-balance sheet items:

b.1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period	Prior Period
Letters of guarantees	9.202.929	8.718.394
Bank loans	49.363	14.463
Letters of credit	1.770.792	1.329.920
Other guaranties and sureties	98.747	368.661
Total	11.121.831	10.431.438

b.2. Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Letters of guarantees	9.202.929	8.718.394
Long standing letters of guarantees	5.865.414	5.448.790
Temporary letters of guarantees	445.644	371.560
Advance letters of guarantees	551.308	362.686
Letters of guarantees given to customs	564.615	366.118
Letters of guarantees given for obtaining cash loans	1.775.948	2.169.240
Sureties and similar transactions	98.747	368.661
Total	9.301.676	9.087.055

c. Within the non-cash loans

c.1. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	1.775.948	2.169.240
With original maturity of 1 year or less	445.879	555.521
With original maturity of more than 1 year	1.330.069	1.613.719
Other non-cash loans	9.345.883	8.262.198
Total	11.121.831	10.431.438

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III. Explanations and notes related to consolidated off-balance sheet (continued):

1. Explanations on consolidated off-balance sheet (continued):

c.2. Sectoral risk concentration of non-cash loans:

	Current period			
	TL	(%)	FC	(%)
Agricultural	48.603	0,85	21.374	0,39
Farming and stockbreeding	29.947	0,52	20.773	0,38
Forestry	17.730	0,31	601	0,01
Fishery	926	0,02	-	0,00
Manufacturing	1.458.367	25,54	2.558.209	47,27
Mining	35.507	0,62	27.660	0,51
Production	1.216.621	21,31	2.170.891	40,11
Electricity, gas and water	206.239	3,61	359.658	6,65
Construction	1.276.062	22,35	602.784	11,14
Services	2.802.568	49,08	2.064.741	38,14
Wholesale and retail trade	1.549.561	27,14	1.228.682	22,70
Hotel, food and beverage services	45.305	0,79	50.309	0,93
Transportation and telecommunication	231.496	4,05	83.966	1,55
Financial Institutions	207.272	3,63	554.681	10,25
Real estate and renting services	453.045	7,93	106.033	1,96
Self-employment services	153.684	2,69	23.898	0,44
Education services	52.239	0,91	226	0,00
Health and social services	109.966	1,94	16.946	0,31
Other	124.537	2,18	164.586	3,06
Total	5.710.137	100,00	5.411.694	100,00

	Prior period			
	TL	(%)	FC	(%)
Agricultural	41.099	0,80	45.800	0,86
Farming and stockbreeding	23.964	0,47	44.801	0,84
Forestry	16.274	0,31	999	0,02
Fishery	861	0,02	0	0,00
Manufacturing	1.266.579	24,70	2.568.269	48,43
Mining	34.091	0,66	38.262	0,72
Production	892.192	17,40	2.186.913	41,24
Electricity, gas and water	340.296	6,64	343.094	6,47
Construction	1.160.560	22,63	688.776	12,99
Services	2.574.523	50,20	1.889.532	35,64
Wholesale and retail trade	1.304.624	25,44	1.076.518	20,30
Hotel, food and beverage services	45.111	0,88	163.865	3,09
Transportation and telecommunication	146.265	2,85	127.457	2,40
Financial Institutions	236.391	4,61	357.093	6,73
Real estate and renting services	533.096	10,39	118.977	2,24
Self-employment services	127.927	2,49	36.258	0,68
Education services	50.922	0,99	541	0,01
Health and social services	130.187	2,55	8.823	0,19
Other	85.741	1,67	110.559	2,08
Total	5.128.502	100,00	5.302.936	100,00

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III. Explanations and notes related to consolidated off-balance sheet (continued):

c.3. Information on the non-cash loans classified in Group I and Group II:

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	5.582.217	5.331.329	89.560	70.410
Letters of guarantee	5.519.271	3.475.701	89.560	70.082
Bank loans	-	49.363	-	-
Letters of credit	39.522	1.730.942	-	328
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	23.424	75.323	-	-

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	4.857.876	5.130.896	231.175	141.699
Letters of guarantee	4.828.965	3.449.486	230.683	139.468
Bank loans	-	14.463	-	-
Letters of credit	257	1.327.432	-	2.231
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	28.654	339.515	492	-

2. Explanations on derivative transactions:

	Derivative transactions according to purpose December 31,2020	Derivative transactions according to purpose December 31,2019
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	6.292.062	133.090
Currency Forwards-Purchases, sales	243.125	75.187
Currency Swaps-Purchases, sales	6.048.937	57.903
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	6.292.062	133.090
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	6.292.062	133.090

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3. Explanations on contingent assets and liabilities:

The Parent Bank has made a provision amounting to TL 20.183 (December 31, 2019: TL 15.655), as presented under “Other Provisions” note in section five Note II.6.b, for the lawsuits opened by various real persons and legal entities against the Parent Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Parent Bank, the Parent Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote

4. Explanations on services rendered on behalf of third parties:

The Group has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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IV. Explanations and notes related to the consolidated statement of profit or loss:

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	491.018	126.555	519.583	153.434
Medium and Long-Term Loans ^(**)	1.578.454	735.265	1.546.305	550.248
Profit Share on Non-Performing Loans	129.976	4.095	186.228	4.238
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2.199.448	865.915	2.252.116	707.920

^(*) Includes fees and commission income on cash loans.

^(**) Includes TL 97.309 as fair value profit from profit and loss sharing investments. (December 31, 2019: TL 155.234).

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	14.777	-	23.076	28.821
Domestic Banks	244	387	539	1.734
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	15.021	387	23.615	30.555

c. Information on profit share income received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	71.087	47.135	1.165	5.072
Financial Assets Measured at Fair Value through Other Comprehensive Income	95.657	71.505	92.070	63.584
Financial Assets Measured at Amortised Cost	114.405	82.555	82.866	25.715
Total	281.149	201.195	176.101	94.371

ç. Information on profit share income received from associates and subsidiaries:

None (December 31, 2019: None).

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

2. Explanations on profit share expenses:

a. Distribution of profit share expense on funds collected based on maturity of funds collected:

Current Period		Profit sharing accounts						
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	3	315	-	-	-	-	318
Real persons' non-trading profit sharing accounts	224.930	421.278	16.651	-	2.892	44.431	1.097	711.279
Public sector profit sharing accounts	4	7	-	-	-	-	-	11
Commercial sector profit sharing accounts	39.554	171.758	8.873	-	3.472	4.994	-	228.651
Other institutions profit sharing accounts	3.225	16.576	241	-	44	282	-	20.368
Total	267.713	609.622	26.080	-	6.408	49.707	1.097	960.627
FC								
Banks	1.102	3.430	2.184	-	73	13	-	6.802
Real persons' non-trading profit sharing accounts	32.594	53.960	5.110	-	367	17.329	27	109.387
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.497	24.494	852	-	70	193	8	31.114
Other institutions profit sharing accounts	588	2.601	123	-	-	1	-	3.313
Precious metals deposits	652	2.068	73	-	22	120	1	2.936
Total	40.433	86.553	8.342	-	532	17.656	36	153.552
Grand total	308.146	696.175	34.422	-	6.940	67.363	1.133	1.114.179

Prior Period		Profit sharing accounts						
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	89	291	-	-	-	-	-	380
Real persons' non-trading profit sharing accounts	326.987	564.381	19.969	-	3.685	61.664	1.731	978.417
Public sector profit sharing accounts	10	28	-	-	-	-	-	38
Commercial sector profit sharing accounts	38.287	224.761	24.659	-	9.645	18.726	7	316.085
Other institutions profit sharing accounts	3.322	27.249	1.920	-	1.492	761	-	34.744
Total	368.695	816.710	46.548	-	14.822	81.151	1.738	1.329.664
FC								
Banks	3.554	13.640	5.570	-	-	-	-	22.764
Real persons' non-trading profit sharing accounts	58.252	103.966	7.933	-	633	20.261	11	191.056
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	7.613	33.980	1.440	-	179	389	-	43.601
Other institutions profit sharing accounts	608	3.808	126	-	-	1	-	4.543
Precious metals deposits	479	2.423	78	-	66	243	1	3.290
Total	70.506	157.817	15.147	-	878	20.894	12	265.254
Grand total	439.201	974.527	61.695	-	15.700	102.045	1.750	1.594.918

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

b. Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	297	57.821	2.435	51.888
CBRT	-	-	-	-
Domestic banks	-	3.240	-	6.133
Foreign banks	297	54.581	2.435	45.755
Head offices and branches abroad	-	-	-	-
Other institutions	8.046	195.011	11.792	156.559
Total	8.343	252.832	14.227	208.447

c. Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to investments in associates and subsidiaries	-	-	1.750	74
Total	-	-	1.750	74

ç. Profit share expenses paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	297.535	-	417.097	58.037
Total	297.535	-	417.097	58.037

3. The Other Items in Net Fees and Commission Income / Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement:

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	46.235	76.369
Clearing room fees and commissions	37.569	57.625
Commissions on money orders	31.393	20.362
Appraisal fees	17.014	10.706
Insurance and brokerage commissions	26.472	19.579
Checks and bills commissions	3.481	3.591
Safe deposit box commissions	2.616	2.164
Advocacy service commissions	4	4.726
Service pack commissions	8.126	15.171
Enquiry fees received	3.203	3.304
Fees and commissions from correspondent banks	3.272	3.039
Export credit commissions	7.767	3.682
Prepaid import commissions	20.617	13.339
Pledge Put and Mortgage Release Fees	3.827	2.264
Loan Limit Allocation Fees	14.910	-
Other	40.176	35.408
Total	266.682	271.329
Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	8.099	13.416
Credit cards fees and commissions	25.872	21.057
Member firm-POS fees and commissions	29.016	28.572
Fees and commissions for Swift, EFT and money orders	22.534	22.088
Required Reserves Commissions for CBRT in Foreign currency	58.815	-
Other	16.778	10.092
Total	161.114	95.225

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

4. Information on dividend income:

None (December 31, 2019: None).

5. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	23.853.999	11.101.412
Income from capital market transactions (*)	96.388	66.310
Income from derivative financial instruments	74.655	88.113
Foreign exchange income	23.682.956	10.946.989
Loss (-)	23.608.167	10.876.585
Loss on capital market transactions	42.537	3.014
Loss on derivative financial instruments	216.783	110.105
Foreign exchange losses	23.348.847	10.763.466
Trading Income/Loss (net)	245.832	224.827

(*) Includes income in the amount of TL 31.152 (December 31, 2019: TL 31.555) arising from Parent Bank's buying and selling transaction with a real person shareholder.

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	460.353	456.494
Income from sale of assets	72.753	36.332
Communication income	15.166	11.688
Reversal of vacation pay expenses provision	-	-
Cheque book charges	2.204	1.866
Operating Lease Income	2.962	10.005
Real estate revaluation income(*)	-	134.257
Real estate rental income(**)	14.583	18.501
Real estate sales income(**)	82.578	20.801
Other income	15.396	34.500(**)
Total	665.995	724.444

(*) Represents the income from real estates' portfolio under real estate investment funds.

(**) The balance includes TL 13.122 income arising from derivative's accounting and subjection to corporate income tax in the prior periods (this amount is deducted from banking and insurance transaction payable tax), TL 1.520 is the income deducted from banking and insurance transaction payable tax related to investment allowances.

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

7. Informations on Expected Credit Losses:

	Current Period	Prior Period
Expected Credit Loss	1.122.267	706.313
12 month expected credit loss (stage 1)	75.144	47.570
Significant increase in credit risk (stage 2)	349.669	25.288
Non-performing loans (stage 3)	697.454	633.455
Marketable Securities Impairment Expense	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other	-	-
Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	40.172	67.683
Total	1.162.439	773.996

Expected credit losses amount to TL 1.162.439 (December 31, 2019: TL 773.996) includes TL 496.047 (December 31, 2019: TL 286.461) representing participation account share of expected credit losses of loans provided from participation accounts.

(*) Details of the "other" amount is as follows:

	Current Period	Prior Period
Expected credit losses 1st and 2nd group non-cash loans	15.581	5.276
Third stage expected loss provision for unindemnified non- cash loans	627	2.330
Expected credit losses (stage 1) for banks	18.035	228
Profit and loss sharing investments' fair value provision	2.956	59.028
Expected credit losses (stage 1) for other financial assets	289	-
Provision for expected losses for securities measured at amortized cost	-	821
Real estate valuation losses ^(*)	2.684	-
Total	40.172	67.683

(*) Represents the expenses from real estates' portfolio under real estate investment funds.

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	12.403	10.183
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	109.968	99.010
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	20.057	18.407
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	1.745	148
Other business expenses	182.184	152.525
Leasing Expenses on TFRS 16 Exceptions	1.818	3.180
Maintenance and repair expenses	32.224	23.186
Advertisement expenses	6.858	14.736
Other expenses ^(*)	141.284	111.423
Loss on sale of assets	1.763	1.361
Other ^(**)	273.923	236.163
Total	602.043	517.797

^(*) Other expenses under "other business expenses" are provided as below:

	Current Period	Prior Period
Communication Expenses	26.876	26.024
Donations	14.078	8.061
Cleaning expenses	23.128	18.029
Heating, lighting and water expenses	15.359	14.569
Representation and Hosting expenses	9.103	9.191
Vehicle expenses	5.385	6.762
Lawsuit and court expenses	2.712	2.962
Movables Insurance Expenses	5.099	4.504
Stationery Expenses	2.901	3.265
Expense Share for Common Expenses	2.826	2.850
Group transportation costs	7.836	5.089
Other	25.981	10.117
Total	141.284	111.423

^(**) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	106.174	77.345
Taxes, Duties, Charges and Funds	59.255	51.893
Expertise and Information Expenses	21.756	10.687
Audit and Consultancy Fees	11.471	15.776
Institution and Union Participation Share Expense	16.351	19.581
Residence Expenses ^(*)	36.181	14.549
Shopping Mall expenses ^(*)	11.961	36.494
Other	10.774	9.838
Total	273.923	236.163

^(*) Represents the expenses from real estates' portfolio under real estate investment funds.

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

9. Explanations on income/loss from continued operations before taxes:

As the Parent Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes. The Parent Bank's income before tax increased by 209% compared to prior period and is realized as TL 384.894 (December 31, 2019: TL 124.461). Income before tax comprises net profit share income in the amount of TL 1.737.064 (December 31, 2019: TL 846.084) and fees and commission income in the amount of TL 233.567 (December 31, 2019: TL 299.245). Total other operating expenses amount to TL 602.043 (December 31, 2019: TL 517.797).

10. Explanations on tax provision for continued and discontinued operations:

Since the Parent Bank has no discontinued operations, there is no tax provision for this purpose.

As of December 31, 2020, the Parent Bank has deferred tax income of TL 308.493 (December 31, 2019: TL 201.392) and deferred tax expense of TL 366.579 (December 31, 2019: TL 220.539). The current tax provision is TL 15.702 (December 31, 2019: TL 8.535).

11. Explanations on net income/loss from continued and discontinued operations:

The Parent Bank has no discontinued operations. Net income for the period has been realized as TL 384.894 (December 31, 2019: TL 124.461) by deducting tax provision expense amounting to TL 73.788 (December 31, 2019: TL 27.682) from profit from continued operations amounting to TL 311.106 (December 31, 2019: TL 96.779).

12. Explanations on net income/loss:

a. The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Parent Bank's performance for the period:

None.

b. The effect of the change in accounting estimates to the net income/loss; including the effects on the future period:

None.

c. Income/loss of minority shares:

	Current Period	Prior Period
Net profit/(loss) of minority shares	8.802	6.734

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V. Explanations and notes related to the consolidated statement of changes in shareholders' equity:

- a. There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.
- Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.
- b. "Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets measured at fair value through other comprehensive income are recognized in the "Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 33.852 decrease has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2019: TL 87.581 increase).
- c. Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.
- d. Foreign exchange differences arising from translation of income statement of foreign branch and foreign subsidiary of the Parent Bank are accounted in other capital reserves amounts to TL 22.716 as increase. (December 31, 2019: TL 16.782 increase).

VI. Explanations and notes related to the consolidated statement of cash flows:

1. Components of cash and cash equivalents and accounting policy applied in their determination:

"Cash" is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. "Cash equivalents" is defined as money market placements and time deposits at banks with original maturities less than three months.

- a. Cash and cash equivalents at the beginning of the period:

	Current Period	Current Period
Cash	4.027.884	2.692.092
Cash in TL/foreign currency	1.022.107	823.466
Cash in transit	558.717	831.066
CBRT	2.447.060	1.037.560
Cash equivalents	3.161.797	4.417.767
Domestic banks	917.218	3.459.023
Foreign banks	2.244.579	958.744
Total cash and cash equivalents	7.189.681	7.109.859

- b. Cash and cash equivalents at the end of the period:

	Current Period	Prior
Cash	5.406.129	4.027.884
Cash in TL/foreign currency	1.457.399	1.022.107
Cash in transit	844.125	558.717
CBRT	3.104.605	2.447.060
Cash equivalents	2.650.943	3.161.797
Domestic banks	1.444.529	917.218
Foreign banks	1.206.414	2.244.579
Total cash and cash equivalents	8.057.072	7.189.681

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VI. Explanations and notes related to the consolidated statement of cash flows (continued):

2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents:

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 130.021 (December 31, 2019: TL 62.047) mainly comprises other operating expenses excluding personnel expenses and amortization expenses and other operating income.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 215.519 (December 31, 2019: TL 334.636) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 336.393 as of December 31, 2020 (December 31, 2019: TL 235.821).

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VII. Explanations related to the risk group of the Parent Bank:

1. Information on the volume of transactions relating to the Parent Bank's risk group, outstanding loans and funds collected and income and expenses related to the period:

a. Current period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	3	5	632.926	27.308	27	-
Balance at the end of the period	1	53	818.807	34.537	187	-
Profit share and commission income received	-	-	55.909	216	12	-

b. Prior period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	1	5	173.457	32.410	19	-
Balance at end of period	3	5	632.926	27.308	27	-
Profit share and commission income received	-	-	10.157	195	-	-

^(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

c.1. Information on current and profit sharing accounts of the Parent Bank's risk group:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	13.955	19.653	831.442	604.631	11.073	7.106
Balance at the end of period	35.342	13.955	271.125	831.442	12.518	11.073
Profit share expense	452	2.369	2.511	8.859	239	381

^(*) As of December 31, 2020, wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 52.297.028 and EUR 146.469.895 (December 31, 2019: USD 34.002.557 and EUR 65.082.069). The profit share expense relating to such borrowings for the period between January 1, 2020 December 31, 2020 is TL 5.980 (December 31, 2019: TL 12.346).

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VII. Explanations related to the risk group of the Parent Bank:

c.1. Information on current and profit sharing accounts of the Parent Bank's risk group (continued):

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka Banking Group, the main shareholder of the Parent Bank. The related amount is accounted under other capital reserves in the financial statements.

c.2. Information on forward, option agreements, and other similar agreements with related parties:

The Group does not have forward and option agreements with the risk group of the Parent Bank.

As of December 31, 2020, the Group has paid TL 17.668 (December 31, 2019: TL 18.031) to top management.

VIII. Explanations related to consolidated domestic, foreign and offshore branches or investments and foreign representative offices:

1. Information on the domestic and foreign branches and representative offices of the Parent Bank:

	Number	Number of Personnel			
Domestic Branches	227	3.371			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	2	19	Iraq	1.070.260	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

The Parent Bank has not opened any branch outside Turkey in 2020. The Parent bank has closed 3 branches and 1 regional directorate and opened 3 branches and 1 regional directorate inside Turkey in 2020.

IX. Explanations related to subsequent events:

None.

X. Other Explanations

Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:

None.

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SECTION SIX

Independent auditor’s report

I. Explanations on independent auditors’ report:

The Group’s consolidated financial statements as of and for the period ended December 31, 2020 have been audited by “Gney Baėımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A..” (the member of the Ernst & Young Global Ltd.) and the audit report dated March 5, 2021 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.