(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ING Bank A.Ş.

Publicly Announced Unconsolidated Financial Statements,
Related Disclosures and Independent Auditors'
Report Thereon
as of and for the Year Ended
31 December 2020

15 February 2021

This report consists 4 pages of "Independent Auditors' Report" and 109 pages of unconsolidated financial statements and related disclosures and footnotes.

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the General Assembly of ING Bank Anonim Şirketi

A) Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of ING Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2020 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of ING Bank Anonim Şirketi as at 31 December 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. 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 judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII to the unconsolidated financial statements.

Key audit matter	***How the matter is addressed in our audit***
As at 31 December 2020, loans measured at amortised cost comprise 63% of the Bank's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually. The significant assumptions and estimates of the Bank's management are as follows: - significant increase in credit risk - incorporating the forward looking macroeconomic information in calculation of credit risk - design and implementation of expected credit loss model The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the initial recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on both individual and collective basis. Individual provisions consider the estimated future cash flows of the asset and the market value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on processes which are modelled by using current and past data sets and incorporating the future expectations.	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the Bank's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including the impact of COVID-19 on prospective information and macroeconomic variables. • We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates. • We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and recalculated. • We assessed the macroeconomic models including the effects of COVID-19, that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.

Impairment on loans measured at amortised cost was considered to be a key audit matter, due to its complex structure, the level of judgments of management and significance of the estimates and assumptions, including the impact of COVID-19, used as explained above.	• We evaluated the qualitative and quantitative criteria, including the effects of COVID-19, which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 Auditing Regulation and Standards on Auditing issued by POA 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 unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 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 for the period 1 January - 31 December 2020 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Orhan Akova, SMMM
Partner

15 February 2021
İstanbul, Turkey

The unconsolidated year end financial report of ING Bank A.Ş. prepared as of and for the year ended 31 December 2020

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Phone and fax numbers of the Bank	:	**(212) 335 10 00** **(212) 286 61 00**
Web-site of the Bank	:	www.ing.com.tr
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The unconsolidated year end financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

- General information about the Bank
- Unconsolidated financial statements of the Bank
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Bank
- Explanations and notes related to unconsolidated financial statements
- Other explanations
- Independent auditors' report

The accompanying year end unconsolidated financial statements and footnotes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira** (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these, and are independently audited.

John T. Mc CARTHY Chairman of the Board	Alper İhsan GÖKGÖZ CEO	K. Atıl ÖZUS CFO	M. Gökçe ÇAKIT Financial Reporting and Tax Director

M. Semra KURAN Chairman of the Audit Committee	Martijn Bastiaan KAMPS Audit Committee Member

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

Name-Surname/Title	:	Nurgül BİLGİÇER FİLİS / Manager
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Section one

General information

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

The foundations of ING Bank A.Ş. ("The Bank") were laid in 1984 by the establishment of "The First National Bank of Boston Istanbul Branch", and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the Bank are explained below:

"The First National Bank of Boston Istanbul Branch" was established in 1984. In 1990, "The First National Bank of Boston A.Ş." was established to accept deposits and carry out banking transactions, and the Articles of Association of the Bank were officially registered on 31 October 1990 and published in the Turkish Trade Registry Gazette on 5 November 1990. Upon the establishment of the Bank and permission to accept deposits, the assets and liabilities in the balance sheet of "The First National Bank of Boston Istanbul Branch" were transferred to the Bank.

The title of the Bank which was operating as a Turkish Bank with four shareholders including Ordu Yardımlaşma Kurumu ("OYAK"), was changed as "Türk Boston Bank A.Ş." in 1991; and OYAK purchased all other shares and became the sole owner of the Bank in 1993. On 10 May 1996, the title of "Türk Boston Bank A.Ş." was changed as "Oyak Bank A.Ş."

On the other hand, on 22 December 1999, upon a Council of Ministers Decree, the shareholding rights, management and supervision of Sümerbank A.Ş. except for its dividend rights were transferred to Savings Deposit Insurance Fund ("the SDIF") as per the third and fourth paragraphs of Article 14 of the Banking Law. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

According to a share transfer agreement executed between the SDIF and OYAK on 9 August 2001, all the shares constituting the capital of Sümerbank A.Ş. whose shares were transferred to the SDIF; were transferred to OYAK by the SDIF. As of 11 January 2002, it was resolved that Sümerbank A.Ş. would settle all its accounts and merge with the Bank and continue its banking operations under the Bank. The merger through transfer was performed on 11 January 2002 upon the approval of the Banking Regulation and Supervision Agency ("BRSA").

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date. It has been decided to change the title of the Bank from "Oyak Bank A.Ş." to "ING Bank A.Ş." effective from 7 July 2008. The Articles of Association of the Bank has been changed with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

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

II. The Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on bank's risk group

The main shareholders and capital structure as of 31 December 2020 and 31 December 2019 are as follows:

		Current period		Prior period
	Share amount Full TL	**Share percentage**	**Share amount Full TL**	**Share percentage**
ING Bank N.V.	3,486,267,793	100.00	3,486,267,793	100.00
Other shareholders total	4	-	4	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**100.00**

As of 31 December 2020, the Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Bank's paid-in capital is TL 3,486,268 as of 31 December 2020 and ING Bank N.V. has full control over the Bank's capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the BoD A. Canan Ediboğlu, the members of the Board Martijn Bastiaan Kamps and Sali Salieski with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Vice Chairman of the BoD Adrianus J. A. Kas, who resigned from his duty on 8 June 2020, was transferred to Martijn Bastiaan Kamps on 26 June 2020.

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150-year history, and the Netherlands' leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

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

III. Information on the Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Bank

As of 31 December 2020, the Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
A. Canan Ediboğlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Martijn Bastiaan Kamps	BoD Member and Audit Committee Member	Legally declared
Sali Salieski	BoD Member	Legally declared
Alper İhsan Gökgöz	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Corporate Banking
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Günce Çakır	Executive Vice President	Legal
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	Business Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Meltem Öztürk	Executive Vice President	Human Resources
Murat Tursun	Chief Audit Executive	Internal Audit
N. Yücel Ölçer	Executive Vice President	Operation
Ozan Kırmızı	Executive Vice President	Retail Banking
Öcal Ağar	Executive Vice President	Credits

As of 31 December 2019, Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020 and she continued this duty until 8 June 2020.

Alper İhsan Gökgöz, who has been working at the Bank as Retail Banking Executive Vice President since 2012, has been appointed on 8 June 2020, after completion of the BRSA process, as Chief Executive Officer per the Board of Directors resolution No. 39/1 and dated 20 April 2020.

Corporate Banking Executive Vice President of the Bank, Alper Hakan Yüksel, has resigned from his duty as of 1 January 2020 to be appointed as Global Head of LAM Head for EMEA Region of ING Group. Financial Institutions and Debt Capital Markets Executive Vice President of the Bank, Ayşegül Akay, has been appointed as the Executive Vice President for Corporate Banking and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019. She started her duty as of 1 January 2020.

Credits Executive Vice President of the Bank, Gordana Hulina, has resigned from her duty and has been appointed as the Head of Financial Risk Management of ING Belgium and Luxemburg starting from 15 January 2020. Business Lending and Risk Analytics Executive Vice President of the Bank, Öcal Ağar, has been appointed as Credits Executive Vice President and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019, after completion of the BRSA process, he started his duty as of 15 January 2020.

Vice Chairman of the BoD and Audit Committee Member Adrianus J. A. Kas has resigned from his duty as of 8 June 2020. A. Canan Ediboğlu has been appointed as Vice Chairman of the BoD and Sali Salieski has been appointed as Audit Committee Member per the Board of Directors resolution No. 55/1 and dated 8 June 2020. As of 26 June 2020, Sali Salieski has resigned from membership of the Audit Committee, and instead Martijn Bastiaan Kamps has been appointed as Audit Committee member.

Financial Risk Management Executive Vice President of the Bank, Nermin Güney, has resigned from her duty and has been appointed as Chief Risk Officer of ING France starting from 1 October 2020.

Digital Banking and Branch Sales Management Director of the Bank, Ozan Kırmızı, has been appointed as Retail Banking Executive Vice President per the Board of Directors resolution No. 85/1 and dated 12 October 2020, after completion of the BRSA process, he started his duty as of 26 October 2020.

Chief Executive Officer and Executive Vice Presidents have no share in the Bank.

IV. Information on the Bank's qualified shareholders

ING Bank N.V. has full control over the Bank's management with 3,486,267,793 shares and 100% paid-in share.

V. Summary information on the Bank's activities and services

The Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Bank carries out its operations with 191 domestic branches.

VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

Subsidiaries of the Bank are subject to consolidation within the scope of full consolidation, there is no difference consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Consolidated Financial Statements of Banks in Turkey.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Bank and its subsidiaries

None.

Section two

Unconsolidated financial statements

Unconsolidated balance sheet (statement of financial position)
as of 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Assets	**Note**			**(31/12/2020)**			**(31/12/2019)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Financial assets (net)**		**8,812,518**	**9,939,538**	**18,752,056**	**12,717,937**	**7,952,365**	**20,670,302**
1.1	**Cash and cash equivalents**		**5,936,539**	**9,550,337**	**15,486,876**	**8,844,512**	**7,672,848**	**16,517,360**
1.1.1	Cash and balances at Central Bank	(I-1)	986,317	8,123,472	9,109,789	650,206	6,777,345	7,427,551
1.1.2	Banks	(I-3)	636	1,426,865	1,427,501	242	895,503	895,745
1.1.3	Money market placements		4,952,440	-	4,952,440	8,202,551	-	8,202,551
1.1.4	Expected credit losses (-)	(I-5)	(2,854)	-	(2,854)	(8,487)	-	(8,487)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**26,805**	**79,000**	**105,805**	**32,731**	**89,993**	**122,724**
1.2.1	Government securities		26,743	79,000	105,743	32,696	89,993	122,689
1.2.2	Equity instruments		62	-	62	35	-	35
1.2.3	Other financial assets		-	-	-	-	-	-
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**580,324**	**313**	**580,637**	**1,338,052**	**229**	**1,338,281**
1.3.1	Government securities		569,876	-	569,876	1,329,200	-	1,329,200
1.3.2	Equity instruments		10,448	313	10,761	8,852	229	9,081
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,268,850**	**309,888**	**2,578,738**	**2,502,642**	**189,295**	**2,691,937**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,242,982	309,888	2,552,870	2,467,326	188,178	2,655,504
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	25,868	-	25,868	35,316	1,117	36,433
II.	**Financial assets measured at amortised cost**		**28,358,587**	**12,619,235**	**40,977,822**	**23,846,373**	**11,083,848**	**34,930,221**
2.1	**Loans**	**(I-5)**	**26,106,175**	**12,619,235**	**38,725,410**	**23,623,201**	**11,083,848**	**34,707,049**
2.2	**Receivables from leasing transactions**	**(I-10)**	**-**	**-**	**-**	**-**	**-**	**-**
2.3	**Factoring receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**4,253,314**	**-**	**4,253,314**	**2,114,571**	**-**	**2,114,571**
2.4.1	Government securities		4,253,314	-	4,253,314	2,114,571	-	2,114,571
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(2,000,902)**	**-**	**(2,000,902)**	**(1,891,399)**	**-**	**(1,891,399)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**	**660**	**-**	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**110,672**	**334**	**111,006**	**83,265**	**334**	**83,599**
4.1	**Investments in associates (net)**	**(I-7)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1	Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2	Unconsolidated associates		-	-	-	-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**110,672**	**334**	**111,006**	**83,265**	**334**	**83,599**
4.2.1	Unconsolidated financial subsidiaries		110,672	334	111,006	83,265	334	83,599
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	**Jointly Controlled Partnerships (Joint Ventures) (net)**	**(I-9)**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-	-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**817,487**	**-**	**817,487**	**946,477**	**-**	**946,477**
VI.	**Intangible assets (net)**	**(I-13)**	**45,580**	**-**	**45,580**	**54,262**	**-**	**54,262**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		45,580	-	45,580	54,262	-	54,262
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Deferred tax asset**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Other assets (net)**	**(I-17)**	**507,391**	**13,048**	**520,439**	**454,857**	**4,343**	**459,200**
	Total assets		**38,652,895**	**22,572,155**	**61,225,050**	**38,103,831**	**19,040,890**	**57,144,721**

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

Unconsolidated balance sheet (statement of financial position)
as of 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Liabilities	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
I.	**Deposits**	**(II-1)**	**19,252,578**	**20,952,524**	**40,205,102**	**23,512,236**	**15,695,771**	**39,208,007**
II.	**Loans received**	**(II-3)**	**1,799,764**	**3,499,113**	**5,298,877**	**189,364**	**2,543,888**	**2,733,252**
III.	**Money market funds**		**9,438**	**57,784**	**67,222**	**14,228**	**82,601**	**96,829**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**791,573**	**174,586**	**966,159**	**819,686**	**163,048**	**982,734**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	678,574	170,418	848,992	470,966	156,390	627,356
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	112,999	4,168	117,167	348,720	6,658	355,378
VIII.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Lease payables (net)**	**(II-6)**	**229,076**	**-**	**229,076**	**298,719**	**-**	**298,719**
X.	**Provisions**	**(II-8)**	**320,794**	**-**	**320,794**	**275,590**	**-**	**275,590**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		59,554	-	59,554	55,089	-	55,089
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		261,240	-	261,240	220,501	-	220,501
XI.	**Current tax liability**	**(II-9)**	**150,352**	**-**	**150,352**	**127,771**	**-**	**127,771**
XII.	**Deferred tax liability**	**(II-9)**	**185,063**	**-**	**185,063**	**190,647**	**-**	**190,647**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**4,019,844**	**4,019,844**	**-**	**4,237,398**	**4,237,398**
14.1	Loans		-	4,019,844	4,019,844	-	4,237,398	4,237,398
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**745,093**	**83,403**	**828,496**	**654,019**	**109,248**	**763,267**
XVI.	**Shareholders' equity**	**(II-12)**	**8,957,837**	**(3,772)**	**8,954,065**	**8,236,954**	**(6,447)**	**8,230,507**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to Profit or Loss		144,420	-	144,420	139,597	-	139,597
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		(7,592)	(3,772)	(11,364)	(72,920)	(6,447)	(79,367)
16.5	Profit reserves		4,708,096	-	4,708,096	3,207,698	-	3,207,698
16.5.1	Legal reserves		317,508	-	317,508	243,692	-	243,692
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		4,390,588	-	4,390,588	2,964,006	-	2,964,006
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		626,645	-	626,645	1,476,311	-	1,476,311
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		626,645	-	626,645	1,476,311	-	1,476,311
	Total liabilities and shareholders' equity		**32,441,568**	**28,783,482**	**61,225,050**	**34,319,214**	**22,825,507**	**57,144,721**

Unconsolidated statement of off-balance sheet items as of 31 December 2020

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

					Audited			Audited
					Current period			**Prior period**
	Off-balance sheet items	**Note**			**(31/12/2020)**			**(31/12/2019)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**Off-balance sheet commitments (I+II+III)**		**31,462,913**	**67,020,353**	**98,483,266**	**34,463,153**	**80,441,539**	**114,904,692**
I.	**Guarantees and warranties**	**(III-1)**	**1,354,541**	**9,433,715**	**10,788,256**	**1,656,079**	**11,937,632**	**13,593,711**
1.1	Letters of guarantee		1,345,689	6,107,892	7,453,581	1,652,005	5,434,532	7,086,537
1.1.1	Guarantees subject to state tender law		3,477	-	3,477	4,075	-	4,075
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,342,212	6,107,892	7,450,104	1,647,930	5,434,532	7,082,462
1.2	Bank acceptances		-	1,269	1,269	-	4,008	4,008
1.2.1	Import letter of acceptance		-	1,269	1,269	-	4,008	4,008
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		4,491	718,677	723,168	445	1,125,301	1,125,746
1.3.1	Documentary letters of credit		4,491	718,677	723,168	445	1,125,301	1,125,746
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	2,533,518	2,533,518	-	5,178,054	5,178,054
1.9	Other warranties		4,361	72,359	76,720	3,629	195,737	199,366
II.	**Commitments**	**(III-1)**	**3,540,483**	**1,365,816**	**4,906,299**	**3,703,566**	**3,993,491**	**7,697,057**
2.1	Irrevocable commitments		3,540,483	1,365,816	4,906,299	3,703,566	3,993,491	7,697,057
2.1.1	Forward asset purchase commitments		262,390	1,359,233	1,621,623	405,769	3,986,470	4,392,239
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,869,773	3,834	1,873,607	1,695,522	4,890	1,700,412
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		231,822	-	231,822	271,795	-	271,795
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9	Commitments for credit card limits		1,146,789	-	1,146,789	1,300,968	-	1,300,968
2.1.10	Commitments for credit cards and banking services promotions		5,929	-	5,929	5,732	-	5,732
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	2,749	2,749	-	2,131	2,131
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**26,567,889**	**56,220,822**	**82,788,711**	**29,103,508**	**64,510,416**	**93,613,924**
3.1	Derivative financial instruments for hedging purposes		1,970,000	1,275,834	3,245,834	5,080,000	2,205,819	7,285,819
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		1,970,000	1,275,834	3,245,834	5,080,000	2,205,819	7,285,819
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		24,597,889	54,944,988	79,542,877	24,023,508	62,304,597	86,328,105
3.2.1	Forward foreign currency buy/sell transactions		2,675,190	7,758,902	10,434,092	1,887,129	6,750,727	8,637,856
3.2.1.1	Forward foreign currency transactions-buy		1,799,674	3,508,433	5,308,107	1,152,631	3,165,311	4,317,942
3.2.1.2	Forward foreign currency transactions-sell		875,516	4,250,469	5,125,985	734,498	3,585,416	4,319,914
3.2.2	Swap transactions related to foreign currency and interest rates		21,900,003	43,716,268	65,616,271	21,428,055	52,028,104	73,456,159
3.2.2.1	Foreign currency swap-buy		3,659,443	19,803,373	23,462,816	1,995,789	20,179,446	22,175,235
3.2.2.2	Foreign currency swap-sell		9,228,560	12,703,843	21,932,403	4,018,266	16,330,202	20,348,468
3.2.2.3	Interest rate swap-buy		4,506,000	5,604,526	10,110,526	7,707,000	7,759,228	15,466,228
3.2.2.4	Interest rate swap-sell		4,506,000	5,604,526	10,110,526	7,707,000	7,759,228	15,466,228
3.2.3	Foreign currency, interest rate and securities options		22,696	3,469,818	3,492,514	708,324	3,525,766	4,234,090
3.2.3.1	Foreign currency options-buy		11,348	1,734,909	1,746,257	354,162	1,762,883	2,117,045
3.2.3.2	Foreign currency options-sell		11,348	1,734,909	1,746,257	354,162	1,762,883	2,117,045
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**Custody and pledged items (IV+V+VI)**		**192,007,939**	**42,846,154**	**234,854,093**	**191,814,960**	**32,697,106**	**224,512,066**
IV.	**Items held in custody**		**2,223,196**	**2,776,102**	**4,999,298**	**1,581,605**	**2,085,348**	**3,666,953**
4.1	Customer fund and portfolio balances		1,940,931	-	1,940,931	1,314,449	-	1,314,449
4.2	Investment securities held in custody		30,936	679,754	710,690	57,473	320,291	377,764
4.3	Checks received for collection		104,175	490,452	594,627	73,866	432,425	506,291
4.4	Commercial notes received for collection		147,153	1,598,009	1,745,162	135,816	1,279,406	1,415,222
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		1	7,887	7,888	1	53,226	53,227
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**22,671,501**	**8,328,932**	**31,000,433**	**25,845,046**	**7,230,622**	**33,075,668**
5.1	Marketable securities		132,034	32,216	164,250	133,731	57,440	191,171
5.2	Guarantee notes		209,030	317,950	526,980	215,042	245,927	460,969
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		19,113,316	6,566,119	25,679,435	22,542,362	6,200,939	28,743,301
5.6	Other pledged items		3,216,211	1,412,647	4,628,858	2,953,001	726,316	3,679,317
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**167,113,242**	**31,741,120**	**198,854,362**	**164,388,309**	**23,381,136**	**187,769,445**
	Total off-balance sheet items (A+B)		**223,470,852**	**109,866,507**	**333,337,359**	**226,278,113**	**113,138,645**	**339,416,758**

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Unconsolidated statement of profit or loss
for the year ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items	Note (section five)	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
I.	**Interest income**	**(IV-1)**	**4,896,134**	**6,964,124**
1.1	Interest on loans		3,979,161	5,267,641
1.2	Interest on reserve requirements		7,607	64,659
1.3	Interest on banks		10,881	81,537
1.4	Interest on money market transactions		344,831	1,104,221
1.5	Interest on marketable securities portfolio		553,119	444,089
1.5.1	Financial assets at fair value through profit or loss		13,771	20,463
1.5.2	Financial assets at fair value through other comprehensive income		106,453	152,865
1.5.3	Financial assets measured at amortised cost		432,895	270,761
1.6	Finance lease income		-	-
1.7	Other interest income		535	1,977
II.	**Interest expense (-)**	**(IV-2)**	**(2,094,699)**	**(3,809,721)**
2.1	Interest on deposits		(1,773,122)	(3,436,275)
2.2	Interest on funds borrowed		(190,974)	(313,354)
2.3	Interest on money market transactions		(59,735)	(9,340)
2.4	Interest on securities issued		-	-
2.5	Finance lease expense		(28,922)	(48,506)
2.6	Other interest expenses		(41,946)	(2,246)
III.	**Net interest income/expense (I + II)**		**2,801,435**	**3,154,403**
IV.	**Net fees and commissions income/expense**		**426,316**	**588,604**
4.1	Fees and commissions received		593,294	762,035
4.1.1	Non-cash loans		181,250	224,234
4.1.2	Other	(IV-12)	412,044	537,801
4.2	Fees and commissions paid (-)		(166,978)	(173,431)
4.2.1	Non-cash loans		(978)	(699)
4.2.2	Other	(IV-12)	(166,000)	(172,732)
V	**Dividend income**	**(IV-3)**	**215**	**67,860**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**225,408**	**615,086**
6.1	Trading gain/(loss) on securities		98,406	(2,681)
6.2	Gain/(loss) on derivative financial transactions		500,981	1,050,558
6.3	Foreign exchange gain/(loss)		(373,979)	(432,791)
VII.	**Other operating income**	**(IV-5)**	**570,120**	**590,204**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**4,023,494**	**5,016,157**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(1,143,177)**	**(1,204,303)**
X.	**Other provision expenses (-)**		**(10,595)**	**(9,004)**
XI.	**Personnel expenses (-)**		**(721,229)**	**(717,368)**
XII	**Other operating expenses**	**(IV-7)**	**(1,321,862)**	**(1,209,414)**
XIII.	**Net operating profit/(loss) (VIII-IX-X-XI-XII)**		**826,631**	**1,876,068**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XIII+...+XVI)**	**(IV-8)**	**826,631**	**1,876,068**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(199,986)**	**(399,757)**
18.1	Current tax provision		(222,557)	(459,489)
18.2	Expense effect of deferred tax (+)		(28,437)	(252,262)
18.3	Income effect of deferred tax (-)		51,008	311,994
XIX.	**Net profit/(loss) from continuing operations (XVII±XVIII)**	**(IV-10)**	**626,645**	**1,476,311**
XX.	**Income from discontinued operations**		**-**	**-**
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		**-**	**-**
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XX-XXI)**		**-**	**-**
XXIII.	**Tax provision for discontinued operations (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXII±XXIII)**		**-**	**-**
XXV.	**Net profit/(loss) (XIX+XXIV)**	**(IV-11)**	**626,645**	**1,476,311**
	Earnings per share		0.1797	0.4235

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Unconsolidated statement profit or loss and other comprehensive income for the year ended 31 December 2020

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

	Profit or loss and other comprehensive income	Audited Current period (01/01/2020- 31/12/2020)	Audited Prior period (01/01/2019- 31/12/2019)
I.	**Current period profit/loss**	**626,645**	**1,476,311**
II.	**Other comprehensive income**	**96,913**	**(668,966)**
2.1	**Other income/expense items not to be recycled to profit or loss**	**28,910**	**(938)**
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(352)	(1,180)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	29,003	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	259	242
2.2	**Other income/expense items to be recycled to profit or loss**	**68,003**	**(668,028)**
2.2.1	Translation differences	-	-
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(72,917)	118,732
2.2.3	Gains/(losses) from cash flow hedges	158,166	(966,734)
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	(17,246)	179,974
III.	**Total comprehensive income (I+II)**	**723,558**	**807,345**

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

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Unconsolidated statement of changes in equity
for the year ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss			Other comprehensive income/expense items to be recycled to profit or loss						
	Audited	**Note**	**Paid-in capital**	**Share premium**	**Share cancellation profits**	**Other capital reserves**	**Revaluation surplus on tangible and intangible assets**	**Defined benefit plans' actuarial gains/losses**	**Other (1)**	**Translation differences**	**Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI**	**Other (2)**	**Profit reserves**	**Prior period profit or (loss)**	**Current period profit or (loss)**	**Total shareholders' equity**
	Prior period (01/01/2019-31/12/2019)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
IV.	Total comprehensive income		-	-	-	-	-	(938)	-	-	94,559	(762,587)	-	-	1,476,311	807,345
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	977	-	-	-	-	-	1,061,698	-	(1,061,760)	915
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-	-	-	-	1,060,783	-	(1,061,760)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	915	-	-	915
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**	**326**	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
	Current period (01/01/2020-31/12/2020)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**	**326**	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**	**326**	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
IV.	Total comprehensive income		-	-	-	-	-	(93)	29,003	-	(57,888)	125,891	-	-	626,645	723,558
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	(24,087)	-	-	-	-	-	1,500,398	-	(1,476,311)	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	(24,087)	-	-	-	-	-	1,500,398	-	(1,476,311)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,153)**	**28,762**	**326**	**22,042**	**(33,732)**	**4,708,096**	**-**	**626,645**	**8,954,065**

(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)

(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumulated amounts of other comprehensive income items recycled to other profit or loss)

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

ING Bank A.Ş.

Unonsolidated statement of cash flows
for the year ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of cash flows	Note	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
A.	**Cash flows from banking operations**			
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**3,631,001**	**1,407,464**
1.1.1	Interest received		5,014,708	7,083,068
1.1.2	Interest paid		(2,107,182)	(3,888,038)
1.1.3	Dividend received		215	67,860
1.1.4	Fees and commissions received		581,436	773,051
1.1.5	Other income	(VI-2)	119,862	126,975
1.1.6	Collections from previously written-off loans and other receivables		635,292	766,049
1.1.7	Payments to personnel and service suppliers		(1,567,554)	(1,478,568)
1.1.8	Taxes paid		(199,976)	(571,313)
1.1.9	Other	(VI-2)	1,154,200	(1,471,620)
1.2	**Changes in operating assets and liabilities**		**(3,853,610)**	**1,642,351**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		17,666	(93,803)
1.2.2	Net (increase) decrease in due from bank		178,572	(156,960)
1.2.3	Net (increase) decrease in loans		(1,761,817)	4,732,241
1.2.4	Net (increase) decrease in other assets	(VI-2)	(120,411)	3,070,160
1.2.5	Net increase (decrease) in bank deposits		(748,092)	(447,237)
1.2.6	Net increase (decrease) in other deposits		(763,847)	5,686,300
1.2.7	Net increase/decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		(840,547)	(10,083,411)
1.2.9	Net increase / (decrease) in matured payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(VI-2)	184,866	(1,064,939)
I.	**Net cash provided from banking operations**		**(222,609)**	**3,049,815**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(1,387,931)**	**(1,415,360)**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	13,223
2.3	Purchases of property and equipment		(342,202)	(355,958)
2.4	Disposals of property and equipment		444,554	385,181
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(1,298,023)	(553,200)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		1,946,210	15,836
2.7	Cash paid for purchase of financial assets measured at amortised cost		(3,644,739)	(912,878)
2.8	Cash obtained from sale of financial assets measured at amortised cost		1,553,437	36,299
2.9	Other	(VI-2)	(47,168)	(43,863)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(102,737)**	**(104,913)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	-
3.5	Payments for finance leases		(102,737)	(104,913)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-2)**	**1,030,782**	**931,358**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(682,495)**	**2,460,900**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-1)**	**13,091,283**	**10,630,383**
VII.	**Cash and cash equivalents at the end of the period**	**(VI-1)**	**12,408,788**	**13,091,283**

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

ING Bank A.Ş.

Statement of profit distribution
for the year ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit distribution table	Audited Current period (31/12/2020) (*)	Audited Prior period (31/12/2019) (*)
I.	**Distribution of current year profit**		
1.1	Current year profit	826,631	1,876,068
1.2	Taxes and duties payable (-)	199,986	399,757
1.2.1	Corporate tax (Income tax)	222,557	459,489
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(22,571)	(59,732)
A.	**Net profit for the year (1.1-1.2)**	**626,645**	**1,476,311**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	73,816
1.5	Other statutory reserves (-)	-	-
B.	**Net profit available for distribution (A-(1.3+1.4+1.5))**	**626,645**	**1,402,495**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	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 privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves (**)	-	1,401,809
1.12	Other reserves	-	-
1.13	Special funds (***)	-	686
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Dividends to shareholders (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of preferred shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	Dividends to personnel (-)	-	-
2.4	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0.18	0.42
3.2	To owners of ordinary shares (%)	17.97%	42.35%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2020 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 26 March 2020, amounting to TL 174,313 of distributable profit for the year 2019, has been classified as first dividend share and related amount has been kept as extraordinary reserves with TL 1,227,496.

(***) According to Ordinary General Meeting dated 26 March 2020, amounting to TL 686 of distributable profit for the year 2019 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

Section three

Accounting policies

I. Explanations on basis of presentation

a. The preparation of the unconsolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The unconsolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency ("BRSA") in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereafter, referred as "BRSA Accounting and Financial Reporting Legislation"). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation. TFRS contains Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards and explanations and interpretations related to the standards.

The unconsolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets and financial liabilities measured on a fair value basis.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

The spread of the COVID-19 virus to various countries in the world, affects both regional and global economic conditions negatively as well as causing disruptions in operations especially in countries which are heavily exposed to COVID-19. As a result of the spread of COVID-19 around the world, various precautions have been taken and are still being taken in our country as well as in the world in order to prevent the transmission of the virus. In addition to these precautions, extensive economic precautions have also been taken in order to minimize the economic impact of the virus, simultaneously.

While preparing the financial statements as of 31 December 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on impairment of financial assets section.

b. Additional paragraph for convenience translation to English

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

c. Accounting policies and valuation principles applied in the presentation of financial statements

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. These accounting policies and valuation principles are explained in Notes II to XXIV below.

The accounting policies adopted in the preparation of the unconsolidated financial statements are consistent with the standards used in the previous year.

I. Explanations on basis of presentation (continued)

d. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2020 have no material effect on accounting policies, financial position and financial performance of the Bank. New and revised TAS and TFRS issued but not yet effective as of the finalization date of the financial statements will not have material effect on accounting policies, financial position and financial performance of the Bank.

In addition, the Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published by the POA in the Official Gazette dated 14 December 2019 and numbered 30978 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Bank's financials have been evaluated and it has been concluded that there is no need for early application. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank's studies continue within the scope of compliance with the changes.

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

The Bank manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As reporting date, the Bank's asset and shareholder's equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Bank does not take significant currency positions. In case of a currency risk due from the customer transactions, the Bank makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items' maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Bank aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

III. Presentation of information related to consolidated subsidiaries

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Separate Financial Statements" ("TAS 27") in the unconsolidated financial statements and measured in the financial statements according to their costs. Subsidiaries whose shares are not traded in an active market (stock market), are followed at their cost of acquisition and these assets are shown in the financial statements with their cost values after the deduction of impairment losses.

IV. Explanations on forward and options contracts and derivative instruments

The Bank's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

Derivative financial instruments of the Bank are classified as "Derivative Financial Assets Designated at Fair Value through Profit or Loss" per TFRS 9.

IV. Explanations on forward and options contracts and derivative instruments (continued)

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in income statement at the date they incur. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

From 30 June 2020, the Bank started to use TLREF OIS ("Overnight Indexed Swap") curves in order to reflect fair valuation measurement of the CBRT swap transactions more accurately and made the necessary fair value measurement arrangements.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Bank continues to apply hedge accounting in accordance with "TAS 39 Financial Instruments: Recognition and Measurement ("TAS 39").

The Bank applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders' equity is removed and included in profit or loss statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to profit or loss statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity until the cash flows of the hedged item are realized and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in profit or loss statement considering the original maturity.

V. Explanations on interest income and expenses

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

V. Explanations on interest income and expenses (continued)

As of 1 January 2018, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest income from loans" for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Commissions paid for the loans provided and fees and commissions collected from clients in return for these loans are reflected on the statement of profit or loss in the period when they arise. On the other hand, of the fees and commissions collected from clients, the portions exceeding the amounts paid, and the fees and commissions collected without being associated with any cost are treated as an element of the effective interest of the loan, and they are recognized in the statement of profit or loss during the term of the loan on an accrual basis. Fees and commission expenses paid to the institutions and companies granting the loan are treated as an element of the effective interest, and they are associated with the statement of profit or loss during the term of the loan.

VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

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

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Bank has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

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

VII. Explanations on financial instruments (continued)

Assessment of business model

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

The Bank's business models are divided into three categories.

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

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. Financial assets measured at fair value through profit/loss derivative financial instruments are evaluated within this business model.

Measurement categories of financial assets and liabilities

According to TFRS 9, the Bank's financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/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 collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

Due to adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets measured at fair value through profit/loss, and no change is required in the fair value measurement of these financial assets as of the reporting date.

VII. Explanations on financial instruments (continued)

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "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 statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income income/expense items to be recycled in profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In this context, the Bank has evaluated that the costs of equity securities, which are classified as financial assets measured at fair value through other comprehensive income, has been assessed that they reflects the approximate fair values. The fair value level of the related assets has been determined as Level 3.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed both the valuation of its financial assets measured at fair value through other comprehensive income and its financial assets designated as Level 3 and no change is required in the fair value measurement of these financial assets as of the reporting date.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

The Bank's loans are recorded under the "Loans Measured at Amortized Cost" account.

VIII. Explanations on impairment of financial assets

With the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)" promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Bank has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected credit loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Bank has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

Bank considers the following criteria.

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Bank implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary.

Qualitative criteria: Bank considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- ➢ Having past due more than legal regulations
- ➢ Loans classified to watch list status according to the decision of the Bank's management,
- ➢ Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ",
- ➢ Restructured loans according to an administrative judgement,
- ➢ Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.

- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

VIII. Explanations on impairment of financial assets (continued)

The following criteria are taken into consideration in determining the impairment:

- Having past due more than legal regulations
- Problems in aspect of client's creditworthiness
- Collaterals and/or debtor's equities are insufficient for the timely payment of receivables
- Collection of receivables is considered to be delayed for more than legal regulations due to macroeconomic, industry specific or customer specific reasons.

In accordance with the BRSA Decision numbered 8948 and dated 17 March 2020, starting from 17 March 2020, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

In accordance with the BRSA Decision numbered 8970 and dated 27 March 2020, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

As of 31 December 2020, the Bank has made its classifications in accordance with the related changes and reflected the effects in its unconsolidated financial statements.

Use of present, past, future information and macroeconomic predictions:

Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, real estate prices index and interest rates). Bank has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Bank applies "Probability of Default x Exposure at Default x Loss Given Default" method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-month period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

According to the Bank's risk policies, lifetime loan loss provision is calculated for the loans which have overdue between 30 to 90 days and classified under Stage 1 in accordance with BRSA Decision numbered 8970 and dated 27 March 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

According to the Bank's risk policies, lifetime loan loss provisions is calculated by taking into account the probability of default as 100% for the loans which have overdue between 90 to 180 days and classified under Stage 2 in accordance with BRSA Decision numbered 8948 and dated 17 March 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

As of 31 December 2020, the Bank has used the updated macroeconomic data including the negative effects of the COVID-19 outbreak in the expected credit loss allowance calculation and reflected the related effects to the expected credit losses with the best estimation approach.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Bank has a legally enforceable right to offset the recognized amounts and intents to settle the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements ("Repo") are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the "funds provided by repo transactions" accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in "interest on money market borrowings" accounts.

Securities ("Reverse repo") that are purchased with repurchase agreements are classified under receivables from reverse repo transactions. Interest income obtained from reverse repo transactions are recognized under the account "interest obtained from money market transactions".

Securities lending transactions are classified under "money market placements" and accruals are calculated for the interest expense occurred.

XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations ("TFRS 5").

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Bank's receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Bank does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order. Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets	7% - 33%

The Bank does not have goodwill.

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

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables	2%
Movables, assets acquired by financial leasing	2% - 50%
Right-of-use assets	9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense.

There is no injunction, pledge or mortgage on property and equipment.

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Bank performs operating lease for branches ATM locations and vehicles. With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset and under "Liabilities from Leasing" as a liability. Other operating leases are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Other Operating Expenses.

TFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the accounting periods after 31 December 2018. The Bank has started to apply the standard starting from 1 January 2019 for the first time. This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, comparative financial statements are not restated.

The Bank – as lessee:

The Bank assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under "Tangible Assets" and lease liabilities are recognized under "Lease Payables" by the Bank.

XIV. Explanations on leasing transactions (continued)

The Bank initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

(a) Lease liabilities in the balance sheet, initially measured at the present value,

(b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,

(c) All initial direct costs beared by the Bank,

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Bank applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset's lease term and payments that are not made at the commencement date are indicated below:

(a) Remaining amount of fixed payments after elimination of any lease incentives receivable,

(b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments' initial measurement at the commencement date,

(c) Amounts expected to be payable under a residual value guarantee by the Bank,

(d) Purchasing option's cost if the Bank is sure at a reasonable level that purchasing option will be used,

(e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Bank measures the lease liability as indicated below:

(a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,

(b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made,

(c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

XV. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVI. Explanations on obligations related to employee rights

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

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

The Bank has calculated provision for employee severance benefits in the attached financial statements in accordance with "Turkish Accounting Standard for Employee Benefits ("TAS 19")" by using the "Projection Method" and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the "TAS 19" standard.

In accordance with the existing social legislation in Turkey, the Bank is required to make contribution to Social Security Institution ("SSI") on behalf of their employees. Other than the contributions that the Bank is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

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.

XVII. Explanations on taxation

a. Current tax

The Bank is subject to tax legislation and practices effective in Turkey.

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, 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 President has been authorized to reduce the rate of 22% down to 20%.

While according to the provisions of Corporate Tax Law, No. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties.

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

XVII. Explanations on taxation (continued)

b. Deferred tax

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. As of 31 December 2020, within the scope of TAS 12, the Bank calculated its deferred tax assets or liabilities at 20%, which is the tax rate that will be valid as of 2021, according to the tax law in force.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

c. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

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

XVIII. Explanations on borrowings

The Bank, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2020.

XX. Explanations on guarantees and acceptances

The Bank's letters of acceptances with its customers are simultaneously realized with customers' payments and are followed in off-balance sheet items.

XXI. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Bank.

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and

c. For which discrete financial information is available.

Reporting according to the operational segment is presented in note XII of Section Four.

XXIII. Profit reserves and distribution of profit

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXIV. Explanations on other disclosures

None.

Section four

Information on financial position and risk management of the Bank

I. Explanations on unconsolidated capital

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

Within the context of the measures that are announced by BRSA with the numbered 9312 and dated 8 December 2020, in capital adequacy ratio calculation until 30 June 2021;

- The negative valuation differences of the securities stems from "Financial Assets at Fair Value through Other Comprehensive Income" portfolio may not be taken into consideration in the equity amount that is used in the capital adequacy ratio calculation as of 23 March 2020,
- In capital adequacy ratio calculation, the banks may calculate their risk weighted assets by using the simple arithmetic average of Central Bank rates for the last 252 business days

In addition, it was decided to apply zero percent risk weight in the calculation of the value at credit risk of banks' receivables from the central government denominated in FX in accordance with BRSA Decision numbered 3984 and dated 17 April 2020.

The Bank does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 31 December 2020.

As of 31 December 2020, the Bank's total capital is TL 12,328,040 and the capital adequacy ratio is 25.12%. As of 31 December 2019, the Bank's total capital amounted to TL 12,458,250 and capital adequacy ratio was 26.82%.

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	4,708,096	
Other comprehensive income according to TAS	140,179	
Profit	626,645	
Net profit for the period	626,645	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	29,003	
Common equity Tier I capital before deductions	**8,990,191**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,394	
Leasehold improvements on operational leases	50,147	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	45,733	45,733
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 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, which exceeds 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	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**98,274**	
Total common equity Tier I capital	**8,891,917**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	**-**	
Deductions from additional Tier I capital	**-**	
Bank's direct and indirect investments in its own Additional Tier I capital	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions 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	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,891,917**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,922,714	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	522,581	
Tier II Capital Before Deductions	**3,445,295**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions 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 (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**3,445,295**	
Total capital (the sum of tier i capital and tier ii capital)	**12,337,212**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA (-)	9,172	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	**-**	
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,328,040	
Total risk weighted amounts	49,075,278	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.12	
Tier I Capital Adequacy Ratio (%)	18.12	
Capital Adequacy Ratio (%)	25.12	
BUFFERS		
Total buffer requirement	2.65	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.15	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	12.12	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the 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	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	162,977	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	556,541	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	522,581	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,207,698	
Other comprehensive income according to TAS	221,913	
Profit	1,476,311	
Net profit for the period	1,476,311	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Common equity Tier I capital before deductions	**8,392,190**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,060	
Leasehold improvements on operational leases	55,069	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	54,262	54,262
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 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, which exceeds 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	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**111,391**	
Total common equity Tier I capital	**8,280,799**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	**-**	
Deductions from additional Tier I capital	**-**	
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions 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	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,280,799**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,767,469	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	415,377	
Tier II Capital Before Deductions	**4,182,846**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total 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, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions 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 (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**4,182,846**	
Total capital (the sum of tier i capital and tier ii capital)	**12,463,645**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA	5,395	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	**-**	
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total 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 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,458,250	
Total risk weighted amounts	46,444,698	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.83	
Tier I Capital Adequacy Ratio (%)	17.83	
Capital Adequacy Ratio (%)	26.82	
BUFFERS		
Total buffer requirement	2.75	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.25	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.83	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the 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	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	176,577	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	415,377	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	415,377	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

Information about debt instruments that will be included in total capital calculation (*)

Issuer	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 55 million (TL 406 million) and EUR 51 million (TL 465 million)	USD 50 million (TL 368 million) and EUR 185 million (TL 1,684 million)
Par value of instrument (Currency in million)	USD 91 million (TL 676 million) and EUR 85 million (TL 775 million)	USD 62 million (TL 460 million) and EUR 231 million (TL 2,105 million)
Accounting classification	Subordinated Loans	Subordinated Loans
Original date of issuance	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated
Original maturity date	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons / dividends	-	-
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-
Fully discretionary, partially discretionary or mandatory	-	-
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	-	-
Convertible or non-convertible	None	None
If convertible, conversion trigger(s)	-	-
If convertible, fully or partially	-	-
If convertible, conversion rate	-	-
If convertible, mandatory or optional conversion	-	-
If convertible, specify instrument type convertible into	-	-
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature	None	None
If write-down, write-down trigger(s)	-	-
If write-down, full or partial	-	-
If write-down, permanent or temporary	-	-
If temporary write-down, description of write-up mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-

(*) The subordinated loans amounting to USD 102 million and EUR 90 million obtained from ING Bank N.V. on 11 March 2014 were paid on interest payment date of the subordinated loans, respectively 11 March 2020 and 11 September 2020, by using the early redemption option, in accordance with the BRSA's approval letters dated 9 March 2020 and 31 March 2020.

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

I. Explanations on unconsolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,954,065	8,954,065
Gains from cash flow hedge transactions	(33,732)	33,732
Leasehold improvements on operational leases	50,147	(50,147)
Goodwill and intangible assets	45,580	(45,733)
General provision	556,541	522,581
Subordinated debt (*)	4,019,844	2,922,714
Other deductions from shareholders' equity	9,172	(9,172)
Capital		**12,328,040**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Bank amounting to USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 December 2020.

II. Explanations on unconsolidated credit risk

1. The Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying financial statements starting from 1 January 2018. The Bank calculates Expected Credit Loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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

II. Explanations on unconsolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	12,595,800	13,192,228	9,617,952	9,937,908
Conditional and unconditional receivables from regional or local governments	942,635	972,254	1,096,530	939,945
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	1
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	10,209,491	10,240,723	14,936,304	13,884,492
Conditional and unconditional receivables from corporates	25,416,811	24,475,770	21,682,171	22,028,504
Conditional and unconditional receivables from retail portfolios	13,983,620	14,303,180	14,524,431	15,201,180
Conditional and unconditional receivables secured by mortgages	2,717,007	2,987,316	2,608,006	3,324,620
Past due receivables	132,330	220,540	253,061	249,671
Receivables defined under high risk category by BRSA	509,319	854,943	1,114,344	1,000,879
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	121,767	104,649	92,680	95,302
Other receivables	2,677,350	2,758,451	2,609,825	3,561,787
Total	**69,306,130**	**70,110,054**	**68,535,304**	**70,224,289**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Bank does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

II. Explanations on unconsolidated credit risk (continued)

6. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 36% and 44% respectively (31 December 2019: 32% and 38%).

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 88% and 92% (31 December 2019: 85% and 90%).

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 47% and 54% (31 December 2019: 46% and 52%).

7. Stage 1 and Stage 2 expected losses for unconsolidated credit risk amount to TL 556,541 (31 December 2019: TL 415,377).

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

II. Explanations on unconsolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)																	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Current period																		
Domestic	12,595,800	942,635	-	-	-	5,497,060	23,352,482	13,979,819	2,714,561	132,310	509,319	-	-	-	-	10,448	2,677,350	62,411,784
European Union Countries	-	-	-	-	-	4,192,475	132,423	2,765	192	-	-	-	-	-	-	313	-	4,328,168
OECD Countries (***)	-	-	-	-	-	162,889	-	65	-	-	-	-	-	-	-	-	-	162,954
Off- Shore banking regions	-	-	-	-	-	6,547	-	-	-	-	-	-	-	-	-	-	-	6,547
USA, Canada	-	-	-	-	-	332,841	-	11	-	-	-	-	-	-	-	-	-	332,852
Other Countries	-	-	-	-	-	17,679	1,142,899	960	2,254	20	-	-	-	-	-	-	-	1,163,812
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	789,007	-	-	-	-	-	-	-	-	111,006	-	900,013
Undistributed assets / liabilities (****)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**12,595,800**	**942,635**	**-**	**-**	**-**	**10,209,491**	**25,416,811**	**13,983,620**	**2,717,007**	**132,330**	**509,319**	**-**	**-**	**-**	**-**	**121,767**	**2,677,350**	**69,306,130**

	Risk categories (**)																	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Prior period																		
Domestic	9,617,952	1,096,530	-	-	-	10,665,996	20,230,190	14,520,916	2,607,740	252,986	1,114,344	-	-	-	-	8,852	2,609,822	62,725,328
European Union Countries	-	-	-	-	-	3,578,901	189,402	2,330	266	38	-	-	-	-	-	229	3	3,771,169
OECD Countries (***)	-	-	-	-	-	231,393	-	107	-	-	-	-	-	-	-	-	-	231,500
Off- Shore banking regions	-	-	-	-	-	7,262	-	-	-	-	-	-	-	-	-	-	-	7,262
USA, Canada	-	-	-	-	-	423,814	-	8	-	-	-	-	-	-	-	-	-	423,822
Other Countries	-	-	-	-	-	28,938	918,611	1,070	-	37	-	-	-	-	-	-	-	948,656
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	343,968	-	-	-	-	-	-	-	-	83,599	-	427,567
Undistributed assets / liabilities (****)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**9,617,952**	**1,096,530**	**-**	**-**	**-**	**14,936,304**	**21,682,171**	**14,524,431**	**2,608,006**	**253,061**	**1,114,344**	**-**	**-**	**-**	**-**	**92,680**	**2,609,825**	**68,535,304**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor
(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables
(***) EU countries, OECD countries other than USA and Canada
(****) Assets and liabilities that are not distributed according to a consistent principle

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

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Current period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**330,460**	**26,366**	**4,894**	**-**	**4,984**	**-**	**-**	**-**	**-**	**-**	**3**	**159,623**	**207,084**	**366,707**
Farming and raising livestock	-	-	-	-	-	-	177,004	20,790	4,894	-	4,005	-	-	-	-	-	3	133,805	72,891	206,696
Forestry	-	-	-	-	-	-	30	4,768	-	-	227	-	-	-	-	-	-	5,025	-	5,025
Fishing	-	-	-	-	-	-	153,426	808	-	-	752	-	-	-	-	-	-	20,793	134,193	154,986
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**12,768,707**	**1,591,380**	**553,607**	**-**	**156,160**	**-**	**-**	**-**	**-**	**-**	**712**	**5,349,396**	**9,721,170**	**15,070,566**
Mining	-	-	-	-	-	-	2,725,236	23,332	2,600	-	7,048	-	-	-	-	-	12	80,650	2,677,578	2,758,228
Production	-	-	-	-	-	-	9,448,075	1,553,249	550,871	-	148,242	-	-	-	-	-	690	5,121,226	6,579,901	11,701,127
Electricity, gas, water	-	-	-	-	-	-	595,396	14,799	136	-	870	-	-	-	-	-	10	147,520	463,691	611,211
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,732,396**	**183,174**	**104,927**	**10**	**31,900**	**-**	**-**	**-**	**-**	**-**	**127**	**645,991**	**1,406,543**	**2,052,534**
Services	**7,772,610**	**-**	**-**	**-**	**-**	**10,209,491**	**10,473,291**	**1,448,724**	**838,704**	**-**	**297,732**	**-**	**-**	**-**	**-**	**121,767**	**12,361**	**14,788,324**	**16,386,356**	**31,174,680**
Wholesale and retail trade	-	-	-	-	-	-	3,787,899	1,144,378	272,368	-	230,430	-	-	-	-	-	695	4,021,468	1,414,302	5,435,770
Hotel food, beverage services	-	-	-	-	-	-	525,489	73,332	483,346	-	18,864	-	-	-	-	-	361	148,734	952,658	1,101,392
Transportation and telecommunication	-	-	-	-	-	-	1,622,824	143,444	61,933	-	25,719	-	-	-	-	-	118	442,473	1,411,565	1,854,038
Financial institutions	7,772,610	-	-	-	-	10,209,491	1,869,054	13,135	1,729	-	669	-	-	-	-	121,767	10,962	9,528,197	10,471,220	19,999,417
Real estate and renting service	-	-	-	-	-	-	657,813	16,776	10,254	-	6,217	-	-	-	-	-	104	307,499	383,665	691,164
Self-employment service	-	-	-	-	-	-	1,298,653	50,979	7,753	-	14,395	-	-	-	-	-	88	130,084	1,241,784	1,371,868
Education services	-	-	-	-	-	-	24,960	1,105	636	-	459	-	-	-	-	-	11	14,017	13,154	27,171
Health and social services	-	-	-	-	-	-	686,599	5,575	685	-	979	-	-	-	-	-	22	195,852	498,008	693,860
Other	**4,823,190**	**942,635**	**-**	**-**	**-**	**-**	**111,957**	**10,733,976**	**1,214,875**	**132,320**	**18,543**	**-**	**-**	**-**	**-**	**-**	**2,664,147**	**19,248,392**	**1,393,251**	**20,641,643**
Total	**12,595,800**	**942,635**	**-**	**-**	**-**	**10,209,491**	**25,416,811**	**13,983,620**	**2,717,007**	**132,330**	**509,319**	**-**	**-**	**-**	**-**	**121,767**	**2,677,350**	**40,191,726**	**29,114,404**	**69,306,130**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

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

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Prior period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**238,954**	**37,152**	**12,230**	**-**	**16,720**	**-**	**-**	**-**	**-**	**-**	**12**	**91,343**	**213,725**	**305,068**
Farming and raising livestock	-	-	-	-	-	-	133,516	30,272	12,133	-	13,732	-	-	-	-	-	9	76,295	113,367	189,662
Forestry	-	-	-	-	-	-	5,036	3,159	97	-	49	-	-	-	-	-	2	8,343	-	8,343
Fishing	-	-	-	-	-	-	100,402	3,721	-	-	2,939	-	-	-	-	-	1	6,705	100,358	107,063
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**11,412,667**	**1,841,173**	**682,026**	**-**	**323,257**	**-**	**-**	**-**	**-**	**-**	**911**	**3,762,779**	**10,497,255**	**14,260,034**
Mining	-	-	-	-	-	-	2,594,340	62,501	7,873	-	11,741	-	-	-	-	-	20	185,834	2,490,641	2,676,475
Production	-	-	-	-	-	-	8,611,860	1,755,592	669,341	-	307,406	-	-	-	-	-	849	3,487,802	7,857,246	11,345,048
Electricity, gas, water	-	-	-	-	-	-	206,467	23,080	4,812	-	4,110	-	-	-	-	-	42	89,143	149,368	238,511
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,604,123**	**256,217**	**94,937**	**10**	**106,578**	**-**	**-**	**-**	**-**	**-**	**194**	**722,852**	**1,339,207**	**2,062,059**
Services	**6,174,181**	**-**	**-**	**-**	**-**	**14,936,304**	**8,380,268**	**2,219,795**	**875,412**	**2**	**646,698**	**-**	**-**	**-**	**-**	**92,145**	**10,373**	**17,943,730**	**15,391,448**	**33,335,178**
Wholesale and retail trade	-	-	-	-	-	-	3,123,183	1,708,851	380,567	2	512,552	-	-	-	-	-	1,044	4,062,160	1,664,039	5,726,199
Hotel food, beverage services	-	-	-	-	-	-	405,160	101,808	396,297	-	30,062	-	-	-	-	-	394	274,924	658,797	933,721
Transportation and telecommunication	-	-	-	-	-	-	1,314,338	223,178	68,937	-	51,531	-	-	-	-	-	204	543,685	1,114,503	1,658,188
Financial institutions	6,174,181	-	-	-	-	14,936,304	875,559	24,478	3,887	-	1,574	-	-	-	-	92,145	8,478	12,266,602	9,850,004	22,116,606
Real estate and renting service	-	-	-	-	-	-	703,306	42,327	15,797	-	10,548	-	-	-	-	-	115	407,968	364,125	772,093
Self-employment service	-	-	-	-	-	-	1,375,369	82,840	6,764	-	36,669	-	-	-	-	-	103	214,410	1,287,335	1,501,745
Education services	-	-	-	-	-	-	21,772	13,092	1,637	-	1,457	-	-	-	-	-	15	24,725	13,248	37,973
Health and social services	-	-	-	-	-	-	561,581	23,221	1,526	-	2,305	-	-	-	-	-	20	149,256	439,397	588,653
Other	**3,443,771**	**1,096,530**	**-**	**-**	**-**	**-**	**46,159**	**10,170,094**	**943,401**	**253,049**	**21,091**	**-**	**-**	**-**	**-**	**535**	**2,598,335**	**17,417,680**	**1,155,285**	**18,572,965**
Total	**9,617,952**	**1,096,530**	**-**	**-**	**-**	**14,936,304**	**21,682,171**	**14,524,431**	**2,608,006**	**253,061**	**1,114,344**	**-**	**-**	**-**	**-**	**92,680**	**2,609,825**	**39,938,384**	**28,596,920**	**68,535,304**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

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

II. Explanations on unconsolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current Period	Time to maturity						
Risk categories	**1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Demand**	**Total**
Conditional and unconditional receivables from central governments and Central Banks	7,744,108	351,772	1,582,341	193,354	2,723,888	337	12,595,800
Conditional and unconditional receivables from regional or local governments	-	-	53,932	-	888,703	-	942,635
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,539,983	268,699	411,490	724,555	1,916,883	1,347,881	10,209,491
Conditional and unconditional receivables from corporates	1,115,572	2,737,723	2,437,114	3,137,454	10,480,015	5,508,933	25,416,811
Conditional and unconditional receivables from retail portfolios	431,988	531,733	935,242	1,755,778	9,524,678	804,201	13,983,620
Conditional and unconditional receivables secured by mortgages	11,463	61,113	106,229	245,653	1,830,069	462,480	2,717,007
Past due receivables	-	-	-	-	-	132,330	132,330
Receivables defined under high risk category by BRSA	-	-	-	-	-	509,319	509,319
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	121,767	121,767
Other receivables	-	-	-	-	-	2,677,350	2,677,350
Total	**14,843,114**	**3,951,040**	**5,526,348**	**6,056,794**	**27,364,236**	**11,564,598**	**69,306,130**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

Prior Period	Time to maturity						
Risk categories	**1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Demand**	**Total**
Conditional and unconditional receivables from central governments and Central Banks	6,178,914	519,002	151,947	1,326,484	1,441,365	240	9,617,952
Conditional and unconditional receivables from regional or local governments	-	-	-	-	1,096,530	-	1,096,530
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,223,818	380,798	534,284	1,811,233	2,168,049	818,122	14,936,304
Conditional and unconditional receivables from corporates	487,453	1,430,249	2,985,171	3,349,106	10,795,386	2,634,806	21,682,171
Conditional and unconditional receivables from retail portfolios	396,554	742,600	917,679	1,899,855	9,785,551	782,192	14,524,431
Conditional and unconditional receivables secured by mortgages	19,995	89,574	94,750	210,364	1,888,521	304,802	2,608,006
Past due receivables	-	-	-	-	-	253,061	253,061
Receivables defined under high risk category by BRSA	-	-	-	-	-	1,114,344	1,114,344
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	92,680	92,680
Other receivables	-	-	-	-	-	2,609,825	2,609,825
Total	**16,306,734**	**3,162,223**	**4,683,831**	**8,597,042**	**27,175,402**	**8,610,072**	**68,535,304**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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

II. Explanations on unconsolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Bank uses the ratings provided by international rating firm, Fitch Ratings in the Credit Risk Based Amount calculations as of 31 December 2020. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

Risk amounts based on risk weights

Current Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	12,686,125	-	7,882,000	-	3,957,114	15,512,240	29,108,625	160,026	-	-	-	107,446
Amount after credit risk mitigation	13,402,065	-	2,871,777	1,293,912	5,140,206	13,480,530	27,671,737	159,344	-	-	-	107,446

Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	9,542,554	-	10,543,066	-	3,774,730	15,878,636	28,392,120	404,198	-	-	-	116,786
Amount after credit risk mitigation	11,594,935	-	2,257,915	1,037,933	5,137,129	12,942,789	26,571,729	404,198	-	-	-	116,786

12. Miscellaneous information regarding important sectors or counterparty type

The Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in section three note VIII. In this respect, the life time expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans (stage 2).

For loans in stage 1, 12-month default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		
	Impaired (TFRS 9)		Expected credit losses (TFRS 9)
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	**6,020**	**20,869**	**18,513**
Farming and raising livestock	5,691	18,273	15,715
Forestry	-	310	95
Fishing	329	2,286	2,703
Manufacturing	**680,602**	**502,552**	**475,562**
Mining	5,700	43,106	48,026
Production	661,792	422,984	382,004
Electricity, gas, water	13,110	36,462	45,532
Construction	**795,274**	**187,372**	**180,578**
Services	**2,377,991**	**973,452**	**836,331**
Wholesale and retail trade	508,305	751,320	569,733
Hotel food, beverage services	555,424	75,423	96,040
Transportation and telecommunication	780,104	78,247	77,012
Financial institutions	119,234	1,293	6,113
Real estate and lending service	186,131	18,608	22,004
Self-employment service	26,412	42,020	36,465
Education service	13,039	2,234	3,069
Health and social services	189,342	4,307	25,895
Other	**1,382,749**	**523,969**	**489,363**
Total	**5,242,636**	**2,208,214**	**2,000,347**

(*) Represents the distribution of cash loans.

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

II. Explanations on unconsolidated credit risk (continued)

Prior Period	Loans (*)		
	Impaired (TFRS 9)		
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Expected credit losses (TFRS 9)
Agriculture	**13,809**	**32,857**	**17,839**
Farming and raising livestock	13,225	27,247	14,425
Forestry	534	988	989
Fishing	50	4,622	2,425
Manufacturing	**848,681**	**628,288**	**369,558**
Mining	20,981	42,035	33,538
Production	817,146	544,657	298,178
Electricity, gas, water	10,554	41,596	37,842
Construction	**210,862**	**249,795**	**159,955**
Services	**1,696,988**	**1,350,066**	**831,703**
Wholesale and retail trade	631,233	1,061,339	588,018
Hotel food, beverage services	249,495	84,201	65,256
Transportation and telecommunication	300,494	97,397	86,187
Financial institutions	233,389	2,584	8,988
Real estate and lending service	176,274	18,147	21,640
Self-employment service	48,224	77,602	49,297
Education service	18,536	3,145	3,565
Health and social services	39,343	5,651	8,752
Other	**1,365,866**	**683,609**	**512,072**
Total	**4,136,206**	**2,944,615**	**1,891,127**

(*) Represents the distribution of cash loans.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,609,573	818,963	(833,038)	-	**1,595,498**
Stage 1 and stage 2 provisions (**)	424,127	433,852	(298,170)	-	**559,809**

Prior Period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,074,061	1,169,665	(634,153)	-	**1,609,573**
Stage 1 and stage 2 provisions (**)	597,455	244,823	(418,151)	-	**424,127**

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	35,542,468	457,500	35,999,968
Azerbaijan	1,143,636	-	1,143,636
United Kingdom	251,890	785,088	1,036,978
France	38,024	284,437	322,461
USA	17,529	135,341	152,870
Holland	78,002	15,163	93,165
Germany	88,330	-	88,330
Romania	52,463	-	52,463
Greece	23,682	-	23,682
Korea	18,807	-	18,807
Other	66,315	297	66,612

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

III. Explanation on unconsolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is also managed in terms of foreign currency position limits scope. The results of limit utilizations are shared periodically with related senior management, Asset Liability Committee, Audit Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty days before the balance sheet date are 7.7087 (Full TL) and 9.3852 (Full TL) respectively.

The Bank's USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	**1 EUR**
The Bank's "foreign exchange buying rates" (31 December 2020)	7.4265	9.1131
Previous days;		
30 December 2020	7.3545	9.0321
29 December 2020	7.3560	9.0177
28 December 2020	7.4682	9.1254
25 December 2020	7.5679	9.2275
24 December 2020	7.5847	9.2275

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

III. Explanation on unconsolidated currency risk (continued)

Information related to currency risk

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	5,372,047	2,374,205	377,220	8,123,472
Banks	136,529	189,564	1,100,772	1,426,865
Financial assets at fair value through profit or loss	61,930	73,037	-	134,967
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	313	-	-	313
Loans	9,264,829	3,397,397	8,649	12,670,875
Investments in associates, subsidiaries and joint ventures	-	334	-	334
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	11,650	1,227	171	13,048
Total assets	**14,847,298**	**6,035,764**	**1,486,812**	**22,369,874**
Liabilities				
Bank deposit	1,499,352	150,957	-	1,650,309
Foreign currency deposits	7,091,067	9,063,105	3,148,043	19,302,215
Funds from interbank money market	57,784	-	-	57,784
Borrowings	3,998,276	3,520,681	-	7,518,957
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	4,212	34,294	2	38,508
Hedging derivative financial liabilities	4,168	-	-	4,168
Other liabilities	18,850	34,957	1,913	55,720
Total liabilities	**12,673,709**	**12,803,994**	**3,149,958**	**28,627,661**
Net on-balance sheet position	**2,173,589**	**(6,768,230)**	**(1,663,146)**	**(6,257,787)**
Net off-balance sheet position	**(2,131,632)**	**6,771,906**	**1,665,293**	**6,305,567**
Financial derivative assets	6,244,111	16,947,262	2,508,995	25,700,368
Financial derivative liabilities	8,375,743	10,175,356	843,702	19,394,801
Non-cash loans	**3,712,642**	**5,490,207**	**230,866**	**9,433,715**
Prior period				
Total assets	**14,060,909**	**3,484,485**	**1,510,515**	**19,055,909**
Total liabilities	**9,869,516**	**12,051,388**	**761,928**	**22,682,832**
Net on-balance sheet position	**4,191,393**	**(8,566,903)**	**748,587**	**(3,626,923)**
Net off-balance sheet position	**(4,187,714)**	**8,547,259**	**(746,180)**	**3,613,365**
Financial derivative assets	8,256,457	17,520,277	1,416,254	27,192,988
Financial derivative liabilities	12,444,171	8,973,018	2,162,434	23,579,623
Non-cash loans	**4,818,547**	**6,936,265**	**182,820**	**11,937,632**

In the foreign currency risk table:

The principal and accrual of TL 51,640 (31 December 2019: TL 130,287) of foreign currency indexed loans are shown under loans.

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 253,921 (31 December 2019: TL 115,268).
Held-for trading derivative financial liabilities: TL 159,593 (31 December 2019: TL 149,122).
Hedge funds: TL (3,772) (31 December 2019: TL (6,447)).
Interest rate swap (buy) transactions and options (buy): TL 6,242,443 (31 December 2019: TL 8,862,138).
Interest rate swap (sell) transactions and options (sell): TL 6,242,443 (31 December 2019: TL 8,862,138).

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

III. Explanation on unconsolidated currency risk (continued)

Financial derivative assets/liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 653,653 (31 December 2019: TL 2,085,348).
Forward foreign currency-sell transactions: TL 705,580 (31 December 2019: TL 1,901,122).

Sensitivity to currency risk

Table below shows the sensitivity of the Bank to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit / loss before tax		Effect on equity (*)	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	10% increase	368	(1,964)	-	-
USD	10% decrease	(368)	1,964	-	-
EURO	10% increase	4,196	368	(377)	(645)
EURO	10% decrease	(4,196)	(368)	377	645

(*) Represents effect on equity excluding profit/loss before tax

IV. Explanations on unconsolidated interest rate risk

Interest risk, which refers to the loss due to interest sensitive assets and liabilities in balance sheet and off balance sheet items that might be subject to the changes in the interest rate as a result of maturity mismatch, is differentiated and managed on the basis of banking book and trading book as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at risk limit for trading book, sensitivity limits against interest rate shocks has been defined for trading books and banking books. Capital requirement that relates to market risk is calculated through the Standard Method according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions within the limits approved by the Board of Directors, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets and liabilities within the balance sheet.

The limit utilizations and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the related senior management, Asset Liability Committee, the Audit Committee and the Board of Directors periodically. Internal analysis for the interest rate risk in the banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported to BRSA on a monthly basis.

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

IV. Explanations on unconsolidated interest rate risk (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	7,719,891	7,607	-	-	-	1,382,291	9,109,789
Banks	302,017	-	-	-	-	1,125,484	1,427,501
Financial assets at fair value through profit and loss	723,803	1,711,243	128,551	81,557	13,459	62	2,658,675
Money market placements	4,952,440	-	-	-	-	-	4,952,440
Financial assets measured at fair value through other comprehensive income	5,102	20,766	-	569,876	-	10,761	606,505
Loans	6,504,551	4,884,062	13,712,104	10,521,588	852,228	250,530	36,725,063
Financial assets measured at amortised cost	33,547	404,107	1,691,674	2,123,431	-	-	4,252,759
Other assets (*)	-	-	-	-	-	1,492,318	1,492,318
Total assets	**20,241,351**	**7,027,785**	**15,532,329**	**13,296,452**	**865,687**	**4,261,446**	**61,225,050**
Liabilities							
Bank deposits	1,650,302	-	-	-	-	12,634	1,662,936
Other deposits	29,030,879	1,588,399	125,616	-	-	7,797,272	38,542,166
Money market borrowings	9,438	-	-	57,784	-	-	67,222
Miscellaneous payables	120,318	-	-	-	-	303,316	423,634
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	4,062,358	4,238,791	657,036	360,536	-	-	9,318,721
Other liabilities (**)	469,247	367,638	357,048	1,302	-	10,015,136	11,210,371
Total liabilities	**35,342,542**	**6,194,828**	**1,139,700**	**419,622**	**-**	**18,128,358**	**61,225,050**
Balance sheet long position	-	832,957	14,392,629	12,876,830	865,687	-	28,968,103
Balance sheet short position	(15,101,191)	-	-	-	-	(13,866,912)	(28,968,103)
Off-balance sheet long position	-	1,100,635	656,959	341,014	-	-	2,098,608
Off-balance sheet short position	(339,878)	-	-	-	(30,000)	-	(369,878)
Total position	**(15,441,069)**	**1,933,592**	**15,049,588**	**13,217,844**	**835,687**	**(13,866,912)**	**1,728,730**

(*) Non-interest bearing column in other assets line, tangible assets, intangible assets, assets held for sale, associates and subsidiaries expected loss provisions for non-credit financial assets, current tax assets and other assets.
(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, taxes payable and equity.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	6,173,942	-	-	-	-	1,253,609	7,427,551
Due from other banks and financial institutions	578,003	-	-	-	-	317,742	895,745
Financial assets at fair value through profit and loss	600,153	1,885,382	89,787	191,066	11,805	35	2,778,228
Money market placements	8,202,551	-	-	-	-	-	8,202,551
Available-for-sale financial assets	149,177	303,234	191,169	722,053	-	9,081	1,374,714
Loans and receivables	5,488,335	4,136,897	10,428,569	10,850,076	751,546	1,160,227	32,815,650
Held-to-maturity investments	39,629	1,202,325	381,325	491,292	-	-	2,114,571
Other assets (*)	-	-	-	-	-	1,535,711	1,535,711
Total assets	**21,231,790**	**7,527,838**	**11,090,850**	**12,254,487**	**763,351**	**4,276,405**	**57,144,721**
Liabilities							
Bank deposits	2,119,017	-	-	-	-	6,297	2,125,314
Other deposits	30,674,457	1,432,378	187,090	1,107	-	4,787,661	37,082,693
Money market borrowings	14,228	-	-	82,601	-	-	96,829
Miscellaneous payables	94,267	-	-	-	-	320,601	414,868
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	1,685,490	4,383,541	532,189	369,430	-	-	6,970,650
Other liabilities (**)	419,255	554,354	68,963	75,905	-	9,335,890	10,454,367
Total liabilities	**35,006,714**	**6,370,273**	**788,242**	**529,043**	**-**	**14,450,449**	**57,144,721**
Balance sheet long position	-	1,157,565	10,302,608	11,725,444	763,351	-	23,948,968
Balance sheet short position	(13,774,924)	-	-	-	-	(10,174,044)	(23,948,968)
Off-balance sheet long position	234,833	2,659,036	-	879,280	-	-	3,773,149
Off-balance sheet short position	-	-	(1,688,216)	-	(281,638)	-	(1,969,854)
Total position	**(13,540,091)**	**3,816,601**	**8,614,392**	**12,604,724**	**481,713**	**(10,174,044)**	**1,803,295**

(*) Non-interest bearing column in other assets line consists of, tangible assets, intangible assets, assets held for sale, associates and subsidiaries expected loss provisions for non-credit financial assets and other assets.
(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, lease payables, taxes payable and equity.

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

IV. Explanations on unconsolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments by the Bank

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.43)	0.11	-	3.50
Financial assets at fair value through profit and loss	2.34	5.87	-	10.48
Money market placements	-	-	-	17.99
Financial assets measured at fair value through other comprehensive income	-	-	-	14.74
Loans	2.85	4.10	-	13.98
Financial assets measured at amortised cost	-	-	-	13.87
Liabilities				
Bank deposits	(0.47)	0.08	-	-
Other deposits	0.12	0.56	-	12.69
Money market borrowings	-	-	-	11.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.01	1.79	-	3.13

Prior period average interest rates applied to monetary financial instruments by the Bank

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks and financial institutions	(0.45)	1.25	-	-
Financial assets at fair value through profit and loss	2.04	6.46	-	14.31
Money market placements	-	-	-	11.36
Financial assets available-for-sale	-	-	-	16.07
Loans and receivables	3.40	6.17	-	17.00
Held-to-maturity investments	-	-	-	17.79
Liabilities				
Bank deposits	(0.46)	1.61	-	-
Other deposits	0.18	1.46	-	9.13
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.22	3.56	-	12.19

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

V. Explanations on equity securities position risk derived from unconsolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**10,761**	**887**	**887**
Equity investments	10,761	887	887
Financials subsidiaries	**111,006**	**-**	**-**
Financials subsidiaries	111,006	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**9,081**	**887**	**887**
Equity investments	9,081	887	887
Financials subsidiaries	**83,599**	**-**	**-**
Financials subsidiaries	83,599	-	-

(*) Only equity investments having market value are presented under "Fair Value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

	Realized	Revaluation increases		Unrealized gains/ losses		
Current period	gains/losses during the period	Total	Including into the additional capital	Total	Including into the core capital	Including into the additional capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

	Realized	Revaluation increases		Unrealized gains/ losses		
Prior period	gains/losses during the period	Total	Including into the supplementary capital	Total	Including into the core capital	Including into the supplementary capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	121,767	121,767	9,741

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	92,680	92,680	7,414

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

A policy ("Market Risk Management Policy") was established which includes actions to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed by Asset Liability Committee where senior representatives of businesses are members of the Committee.

In accordance with the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is unpledged, has been defined. In addition, the Contingency Funding Plan to be implemented in times of stress is currently in force. Besides, liquidity risk appetite (that is approved by Asset Liability Committee and Board of Directors) has been established in order to enable monitoring and managing the risk quantitatively. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Bank's liquidity buffer is evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group's common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self-Assessment process still within scope of ILAAP, comprehensive assessments are performed related to liquidity risk, and after the relevant risks are identified, and their potential financial impact on the Bank's operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit flows are monitored. The Contingency Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Funding Plan monitoring metrics can trigger decision-making conditions on whether the Bank will implement the Contingency Funding Plan in order to anticipate the potential development in liquidity stressed conditions.

b. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries

The liquidity risk of the Bank is managed by the Asset Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits that are approved by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Bank's funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Bank. Besides, the Bank's funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, the factors which may affect the ability to create additional funding and the validity of the estimated funding capacity can be monitored closely by senior management.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities

Almost all of the Bank's liabilities are in TRY, USD or EUR, and TRY funds consist of mainly equity and deposits. The Bank's liquidity in TRY is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TRY to fund TRY assets, the necessary FX swap transactions and FC funds are used in creating assets in TRY within the limits that is approved by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus are calculated on a daily basis by Asset and Liability Management and these figures are reported to the Asset Liability Committee. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Bank has TRY/FC borrowing limits ready to use in CBT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of mitigating actions was set in the Contingency Funding Plan to bring the Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these actions depending on the financial impact and stress scenarios, execution time of the actions are also explained.

e. Information on the use of stress tests

The Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities that is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Directorate plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Bank consider Bank specific, market-wide and combined scenario, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and related business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Funding Plan.

In addition, to consider the possible negative effects due to the COVID-19 outbreak, different scenario analysis related to liquidity risk are performed in addition to the periodical stress tests which are part of risk management and the impacts are evaluated.

f. Overview on contingency funding plan

The Bank has established the Contingency Funding Plan that is approved by Asset Liability Committee and Board of Directors, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or in liquidity shortages. In addition, as an early warning of liquidity shortage or an unexpected situation, contingency funding plan monitoring indicators are monitored and presented to the ALCO members monthly and to the Board of Directors (per meeting) by the Market Risk Management and Product Control Directorate. The effective internal and external communication channels and a liquidity contingency team are defined in order to ensure the liquidity contingency management and implement management actions of the plan. Monitoring metrics of the contingency funding plan are reviewed annually in terms of changes in market and stress conditions.

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity coverage ratio

In accordance with BRSA's "Regulation on Banks' Liquidity Coverage Ratio Calculation", promulgated in the Official Gazette, No. 28948, dated 21 March 2014, the Bank calculates and shares the Liquidity Coverage Ratio to BRSA on a weekly basis. Liquidity Coverage Ratio is above the values stated in the regulation.

Dates and values of the lowest and highest FC and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	148.06%	2 October 2020	205.41%	18 December 2020
FC	136.07%	2 October 2020	255.99%	20 November 2020

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value (*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			15,360,017	7,653,124
Cash Outflows				
Real person and retail deposits	32,286,940	14,491,281	2,728,314	1,449,128
Stable deposits	10,007,604	-	500,380	-
Less stable deposits	22,279,336	14,491,281	2,227,934	1,449,128
Unsecured funding other than real person and retail deposits	10,101,927	6,495,698	6,565,049	4,057,631
Operational deposits	58,152	6,603	14,538	1,651
Non-operational deposits	8,101,351	6,257,394	4,681,243	3,825,347
Other unsecured debt	1,942,424	231,701	1,869,268	230,633
Secured funding			-	-
Other cash outflows	18,759,980	10,092,547	8,988,794	4,472,422
Derivative exposures and collateral completion liabilities	7,426,006	3,275,182	7,426,006	3,275,181
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,333,974	6,817,365	1,562,788	1,197,241
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**18,282,157**	**9,979,181**
Cash inflows				
Secured lending	2,048,130	-	-	-
Unsecured lending	4,528,483	1,782,818	2,866,405	1,464,677
Other cash inflows	7,246,452	4,396,228	7,028,341	4,392,739
Total cash inflows	**13,823,065**	**6,179,046**	**9,894,746**	**5,857,416**
				Total adjusted value
Total high quality liquid assets stock			15,360,017	7,653,124
Total net cash outflows			8,387,411	4,124,350
Liquidity coverage ratio (%)			**184.03**	**193.92**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

	Total unweighted value (*)		Total weighted value (*)	
Prior period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			20,846,646	8,930,383
Cash Outflows				
Real person and retail deposits	31,533,232	10,406,754	2,598,831	1,040,676
Stable deposits	11,089,843	-	554,492	-
Less stable deposits	20,443,389	10,406,754	2,044,339	1,040,676
Unsecured funding other than real person and retail deposits	8,602,704	5,999,351	5,907,763	4,338,580
Operational deposits	138,518	7,805	34,630	1,951
Non-operational deposits	7,298,489	5,537,495	4,778,854	3,882,578
Other unsecured debt	1,165,697	454,051	1,094,279	454,051
Secured funding			-	-
Other cash outflows	15,185,068	7,982,196	5,886,089	3,334,318
Derivative exposures and collateral completion liabilities	4,597,942	2,448,125	4,597,942	2,448,125
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,587,126	5,534,071	1,288,147	886,193
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**14,392,683**	**8,713,574**
Cash inflows				
Secured lending	8,085,924	-	-	-
Unsecured lending	3,580,757	1,177,446	2,317,797	881,563
Other cash inflows	4,157,475	2,083,243	3,923,689	2,080,863
Total cash inflows	**15,824,156**	**3,260,689**	**6,241,486**	**2,962,426**
				Total adjusted value
Total high quality liquid assets stock			20,846,646	8,930,383
Total net cash outflows			8,151,197	5,751,148
Liquidity coverage ratio (%)			**260.16**	**157.12**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

3. Other explanations on unconsolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Bank, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Bank's unpledged high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Bank.

The Bank evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey, reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Bank are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Bank's wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Bank for a longer period compared to its original maturity.

Details of the Bank's foreign currency balance sheet as of 31 December 2020 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 26% of the Bank's foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 73% is composed of deposits. Cash and cash equivalents comprise 42% and loans comprise 56% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Bank's Turkish Lira balance sheet as of 31 December 2020 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 59% of the Bank's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Bank has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 62% of the assets in Turkish Lira balance sheet are net loans and 13% are marketable securities.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,208,438	4,901,351	-	-	-	-	-	9,109,789
Banks	1,347,917	79,584	-	-	-	-	-	1,427,501
Financial assets at fair value through profit or loss	-	179,263	289,354	768,507	1,406,880	14,609	62	2,658,675
Money market placements	-	4,952,440	-	-	-	-	-	4,952,440
Financial assets measured at fair value through other comprehensive income	-	150	2,024	1,164	591,102	1,304	10,761	606,505
Loans	42,663	5,229,366	4,623,100	13,447,273	12,322,670	852,124	207,867	36,725,063
Financial assets measured at amortised cost	-	33,547	404,107	1,691,674	2,123,431	-	-	4,252,759
Other assets (*)	-	-	-	-	-	-	1,492,318	1,492,318
Total assets	**5,599,018**	**15,375,701**	**5,318,585**	**15,908,618**	**16,444,083**	**868,037**	**1,711,008**	**61,225,050**
Liabilities								
Bank deposits	1,662,936	-	-	-	-	-	-	1,662,936
Other deposits	8,040,528	28,787,623	1,588,399	125,616	-	-	-	38,542,166
Borrowings	-	1,713,036	471,373	1,162,640	5,971,672	-	-	9,318,721
Funds from interbank money market	-	9,438	-	-	57,784	-	-	67,222
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	303,316	-	-	-	-	-	120,318	423,634
Other liabilities (**)	-	400,106	195,509	204,687	349,023	45,910	10,015,136	11,210,371
Total liabilities	**10,006,780**	**30,910,203**	**2,255,281**	**1,492,943**	**6,378,479**	**45,910**	**10,135,454**	**61,225,050**
Liquidity (deficit)/surplus	**(4,407,762)**	**(15,534,502)**	**3,063,304**	**14,415,675**	**10,065,604**	**822,127**	**(8,424,446)**	**-**
Net Off Balance Sheet Position	**-**	**(11,927)**	**66,341**	**580,980**	**1,077,141**	**-**	**-**	**1,712,535**
Derivative financial assets	-	16,649,491	6,056,788	10,651,521	8,622,823	270,000	-	42,250,623
Derivative financial liabilities	-	16,661,418	5,990,447	10,070,541	7,545,682	270,000	-	40,538,088
Non-cash loans	**58,753**	**351,876**	**3,386,903**	**2,920,272**	**2,766,715**	**1,303,737**	**-**	**10,788,256**
Prior period								
Total assets	3,884,878	17,604,287	4,445,262	13,224,886	14,605,170	782,194	2,598,044	57,144,721
Total liabilities	7,186,385	31,096,902	2,003,553	1,063,004	4,459,715	1,977,888	9,357,274	57,144,721
Liquidity (deficit)/surplus	**(3,301,507)**	**(13,492,615)**	**2,441,709**	**12,161,882**	**10,145,455**	**(1,195,694)**	**(6,759,230)**	**-**
Net Off Balance Sheet Position	**-**	**(48,911)**	**224,210**	**288,985**	**1,360,511**	**-**	**-**	**1,824,795**
Derivative financial assets	-	15,627,483	7,431,759	13,079,309	11,058,809	522,000	-	47,719,360
Derivative financial liabilities	-	15,676,394	7,207,549	12,790,324	9,698,298	522,000	-	45,894,565
Non-cash loans	**34,003**	**352,299**	**833,743**	**6,280,412**	**4,764,268**	**1,328,986**	**-**	**13,593,711**

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, intangible assets, assets held for sale, associates and subsidiaries, expected loss provisions for non-credit financial assets.

(**) Unallocated column in other liabilities mainly consists of provisions, taxes payables, other foreign liabilities and shareholders' equity.

5. Breakdown of liabilities according to their remaining contractual maturities

The Bank's remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	9,703,464	28,815,267	1,607,249	129,759	-	-	40,255,739	(50,637)	40,205,102
Funds borrowed from other financial institutions	-	1,713,036	472,104	1,176,406	6,000,973	-	9,362,519	(43,798)	9,318,721
Funds from interbank money market	-	9,449	-	-	57,784	-	67,233	(11)	67,222
Securities issued	-	-	-	-	-	-	-	-	-

Prior period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	6,955,876	30,631,555	1,530,317	235,388	1,190	-	39,354,326	(146,319)	39,208,007
Funds borrowed from other financial institutions	-	37,184	498,842	577,858	4,132,773	1,927,574	7,174,231	(203,581)	6,970,650
Funds from interbank money market	-	14,228	-	-	82,601	-	96,829	-	96,829
Securities issued	-	-	-	-	-	-	-	-	-

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**17,804**	**41,118**	**1,525,823**	**2,240,558**	**602,597**	**4,427,900**
Buying transactions	6,661	30,157	748,153	1,077,718	283,808	2,146,497
Selling transactions	11,143	10,961	777,670	1,162,840	318,789	2,281,403
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**17,804**	**41,118**	**1,525,823**	**2,240,558**	**602,597**	**4,427,900**
Derivative transactions held for trading						
Trading transactions (I)	**32,623,602**	**11,217,646**	**9,824,330**	**6,056,976**	**-**	**59,722,554**
Forward foreign currency transactions – buy	1,953,062	1,472,472	1,691,201	191,372	-	5,308,107
Forward foreign currency transactions – sell	1,907,485	1,425,477	1,595,002	198,021	-	5,125,985
Swap transactions- buy	12,618,940	4,159,993	3,495,285	3,411,323	-	23,685,541
Swap transactions – sell	12,658,313	4,152,991	3,042,842	2,256,260	-	22,110,406
Foreign currency options – buy	1,715,422	3,312	-	-	-	1,718,734
Foreign currency options – sell	1,770,380	3,401	-	-	-	1,773,781
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**883,782**	**1,112,582**	**11,006,308**	**9,473,675**	**89,140**	**22,565,487**
Interest rate swap - buy	440,040	548,708	5,486,454	4,700,351	45,690	11,221,243
Interest rate swap - sell	443,742	563,874	5,519,854	4,773,324	43,450	11,344,244
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total trading derivative transactions (I+II+III)	**33,507,384**	**12,330,228**	**20,830,638**	**15,530,651**	**89,140**	**82,288,041**
Derivative transaction total (A+B)	**33,525,188**	**12,371,346**	**22,356,461**	**17,771,209**	**691,737**	**86,715,941**

Prior period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Buying transactions	40,560	647,012	1,176,778	2,271,466	344,142	4,479,958
Selling transactions	2,729	610,870	1,420,726	2,457,541	395,652	4,887,518
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Derivative transactions held for trading						
Trading transactions (I)	**27,958,159**	**9,027,637**	**11,580,627**	**7,613,267**	**-**	**56,179,690**
Forward foreign currency transactions – buy	1,225,880	1,209,021	1,779,093	103,948	-	4,317,942
Forward foreign currency transactions – sell	1,217,809	1,195,191	1,772,070	134,844	-	4,319,914
Swap transactions- buy	10,883,710	3,152,336	4,118,813	4,371,119	-	22,525,978
Swap transactions – sell	10,940,506	2,957,859	3,880,045	3,003,356	-	20,781,766
Foreign currency options – buy	1,825,203	252,602	15,173	-	-	2,092,978
Foreign currency options – sell	1,865,051	260,628	15,433	-	-	2,141,112
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**3,646,151**	**5,067,727**	**13,778,423**	**11,128,342**	**568,998**	**34,189,641**
Interest rate swap - buy	1,875,314	2,566,186	6,936,607	5,537,099	273,926	17,189,132
Interest rate swap - sell	1,770,837	2,501,541	6,841,816	5,591,243	295,072	17,000,509
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total derivative transactions held for trading (I+II+III)	**31,604,310**	**14,095,364**	**25,359,050**	**18,741,609**	**568,998**	**90,369,331**
Derivative transaction total (A+B)	**31,647,599**	**15,353,246**	**27,956,554**	**23,470,616**	**1,308,792**	**99,736,807**

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

VII. Explanations on unconsolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 31 December 2020, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 10.71% (31 December 2019: 9.70%). This ratio is above the minimum ratio. While the capital increased by 8% mainly as a result of increase in net profits, total risk amount decreased by 2%.Therefore, the current period leverage ratio increased by 101 basis points compared to prior period.

Information on unconsolidated leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*62,440,445*	*58,180,864*
Asset deducted from core capital	*(85,636)*	*(82,907)*
The total amount of risk on-balance sheet exposures	62,354,809	58,097,957
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*3,027,673*	*2,678,007*
The potential credit risk amount of derivative financial instruments and credit derivatives	*470,074*	*538,988*
The total risk amount of derivative financial instruments and credit derivatives	3,497,747	3,216,995
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*112,236*	*469,851*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	112,236	469,851
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*17,590,614*	*23,419,176*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	17,590,614	23,419,176
Capital and total exposures		
Core capital	8,944,235	8,255,005
Total exposures	83,555,406	85,203,979
Leverage ratio		
Leverage ratio	10.71	9.70

(*) The amounts in the table represents the average of last three months.

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities.

	Carrying value	Fair value	Carrying value	Fair value
	Current period	**Current period**	**Prior period**	**Prior period**
Financial assets	**47,938,400**	**46,425,425**	**45,366,798**	**45,996,555**
Money market placements	4,952,440	4,951,204	8,202,551	8,200,512
Due from banks	1,427,501	1,426,880	895,745	894,945
Financial assets at fair value through other comprehensive income	580,637	580,637	1,338,281	1,338,281
Financial assets measured at amortised cost	4,252,759	4,382,198	2,114,299	2,268,208
Loans	36,725,063	35,084,506	32,815,922	33,294,609
Financial liabilities	**50,014,679**	**48,391,113**	**46,690,354**	**45,361,573**
Bank deposits	1,662,936	1,661,610	2,125,314	2,124,107
Other deposits	38,542,166	36,901,989	37,082,693	35,729,004
Funds borrowed	9,318,721	9,336,666	6,970,650	6,997,172
Money market borrowings	67,222	67,214	96,829	96,422
Securities issued	-	-	-	-
Miscellaneous payables	423,634	423,634	414,868	414,868

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities:

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities.

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1.

Level 3: Data not based on observable data regarding assets or liabilities.

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value in financial statements as of 31 December 2020 and 31 December 2019 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	**675,681**	**2,578,738**	**10,761**	**3,265,180**
Financial assets at fair value through profit or loss	105,805	2,552,870	-	2,658,675
Government debt securities	105,743	-	-	105,743
Trading derivative financial assets	-	2,552,870	-	2,552,870
Equity instruments	62	-	-	62
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	569,876	-	10,761	580,637
Equity instruments	-	-	10,761	10,761
Government debt securities	569,876	-	-	569,876
Hedging derivative financial assets	-	25,868	-	25,868
Cash flow hedges	-	25,868	-	25,868
Total liabilities	**-**	**966,159**	**-**	**966,159**
Trading derivative financial liabilities	-	848,992	-	848,992
Hedging derivative financial liabilities	-	117,167	-	117,167
Cash flow hedges	-	117,167	-	117,167

Prior period	Level 1	Level 2	Level 3	Total
Total assets	**1,451,924**	**2,691,937**	**9,081**	**4,152,942**
Financial assets at fair value through profit or loss	122,724	2,655,504	-	2,778,228
Government debt securities	122,689	-	-	122,689
Trading derivative financial assets	-	2,655,504	-	2,655,504
Equity instruments	35	-	-	35
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,200	-	9,081	1,338,281
Equity instruments	-	-	9,081	9,081
Government debt securities	1,329,200	-	-	1,329,200
Hedging derivative financial assets	-	36,433	-	36,433
Cash flow hedges	-	36,433	-	36,433
Total liabilities	**-**	**982,734**	**-**	**982,734**
Trading derivative financial liabilities	-	627,356	-	627,356
Hedging derivative financial liabilities	-	355,378	-	355,378
Cash flow hedges	-	355,378	-	355,378

There are no transfers between the 1st and the 2nd levels as of 31 December 2020 and 31 December 2019.

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
Balance at the end of the prior period	9,081	6,121
Purchases	1,596	2,939
Redemption / sale	-	-
Valuation difference	84	21
Transfers	-	-
Balance at the end of the current period	**10,761**	**9,081**

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Bank performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Bank has no trust transactions.

X. Explanations on unconsolidated 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, promulgated in the Official Gazette, No. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Bank, tables required by Internal Rating Based approach ("IRB") are not presented.

1. General explanations on Bank's risk management and risk weighted assets

a. Bank's risk management approach

Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Bank is based on three lines of defence model.

First line of defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

Second line of defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

Third line of defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

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

X. Explanations on unconsolidated risk management (continued)

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Bank's regulatory limits is breached. The Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Bank. Accordingly, the Bank performs the stress test together with all relevant units in a consolidated manner.

Detailed explanations on the Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

b. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	**Prior period**	**Current period**
Credit risk (excluding counterparty credit risk) (CCR)	**39,850,503**	**38,523,295**	**3,188,040**
Standardized approach (SA)	39,850,503	38,523,295	3,188,040
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**1,955,949**	**1,928,264**	**156,476**
Standardized approach for counterparty credit risk (SA-CCR)	1,955,949	1,928,264	156,476
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
Investments made in collective investment companies – mandate-based approach	-	-	-
Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
Settlement Risk	-	-	-
Securitization positions in banking accounts	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB Supervisory Formula Approach (SFA)	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	**202,225**	**156,025**	**16,178**
Standardized approach (SA)	202,225	156,025	16,178
Internal model approaches (IMM)	-	-	-
Operational risk	**7,066,601**	**5,837,114**	**565,328**
Basic indicator approach	7,066,601	5,837,114	565,328
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**49,075,278**	**46,444,698**	**3,926,022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

X. Explanations on unconsolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

		Revalued amount in accordance with TAS				
Assets	**Revalued amount in accordance with TAS as reported in published financial statements**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Securitization positions**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and balances with Central Bank	9,109,789	9,109,789	-	-	-	-
Financial assets at fair value through profit and loss	2,658,675	-	2,552,870	-	2,658,675	-
Banks	1,427,501	1,427,501	-	-	-	-
Money market placements	4,952,440	-	4,952,440	-	-	-
Financial assets measured at fair value through other comprehensive income	580,637	580,637	-	-	-	-
Financial assets measured at amortised cost	4,253,314	4,253,314	-	-	-	-
Expected credit losses (-)	2,854	-	-	-	-	2,854
Loans (Net)	**36,724,508**	**37,158,845**	**-**	**-**	**-**	**(425,165)**
Loans	36,517,196	36,517,196	-	-	-	9,172
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Non performing receivables	2,208,214	2,208,214	-	-	-	-
Expected credit losses (-)	2,000,902	1,566,565	-	-	-	434,337
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	111,006	111,006	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Derivative financial assets held for hedging	25,868	-	25,868	-	-	-
Tangible assets (net)	817,487	767,340	-	-	-	50,147
Intangible assets (net)	45,580	-	-	-	-	45,733
Investment property (net)	-	-	-	-	-	-
Tax asset	-	-	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	-	-	-	-
Other assets	520,439	525,128	-	-	-	(4,689)
Total assets	**61,225,050**	**53,934,220**	**7,531,178**	**-**	**2,658,675**	**(336,828)**
Liabilities						
Deposit	40,205,102	-	-	-	-	40,205,102
Derivative financial liabilities at fair value through profit or loss	848,992	-	-	-	-	848,992
Loans received	5,298,877	-	-	-	-	5,298,877
Money market funds	67,222	-	67,222	-	-	-
Securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	229,076	-	-	-	-	229,076
Derivative financial liabilities at fair value through other comprehensive income	117,167	-	-	-	-	117,167
Provisions	320,794	28,933	-	-	-	177,197
Tax liability	335,415	-	-	-	-	335,415
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	4,019,844	-	-	-	-	4,019,844
Other liabilities	828,496	-	-	-	-	-
Shareholders’ equity	8,954,065	-	-	-	-	8,950,796
Total liabilities	**61,225,050**	**28,933**	**67,222**	**-**	**-**	**60,182,466**

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

X. Explanations on unconsolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statements

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	**61,561,878**	**53,934,220**	**-**	**7,531,178**	**2,658,675**
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	1,042,584	28,933	-	67,222	-
Total net amount under scope of regulatory consolidation	**60,519,294**	**53,905,287**	**-**	**7,463,956**	**2,658,675**
Off-balance sheet amount	15,659,862	7,135,594	-	829,746	-
Differences due to risk mitigation	-	(295,580)	-	(5,019,432)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	(2,456,450)
Exposure amounts	**-**	**60,745,301**	**-**	**3,274,270**	**202,225**

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations and the integration of rating models in the bank systems. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing, IRB calculations based on QRM system which is a credit portfolio corporate risk management solution allowing bank based risk management and reporting.

Risk appetite expresses the total risk level assumed by the Bank in order to realise its strategies. To ensure that the Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

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

X. Explanations on unconsolidated risk management (continued)

Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing, etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

	Gross carrying values of (according to TAS)			
	Defaulted	**Non-defaulted**	**Provisions / amortization and impairment**	**Defaulted**
Loans	2,208,214	36,517,196	2,000,347	36,725,063
Debt securities (*)	-	4,823,190	3,825	4,819,365
Off-balance sheet exposures	99,328	15,595,227	143,596	15,550,959
Total	**2,307,542**	**56,935,613**	**2,147,768**	**57,095,387**

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

c. Changes in stock of defaulted loans and debt securities

	Current period	**Prior period**
Defaulted loans and debt securities at the end of the previous reporting period	2,944,615	2,053,925
Loans and debt securities defaulted since the last reporting period	236,597	1,818,616
Transferred to non-defaulted status	-	-
Amounts written off (*)	(337,706)	(161,877)
Other changes (**)	(635,292)	(766,049)
Defaulted loans and debt securities at the end of the reporting period	**2,208,214**	**2,944,615**

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Bank amounting to TL 314,769 (31 December 2019: TL 149,567).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four – II explanations on credit risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII – explanations on impairment in financial assets.

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

X. Explanations on unconsolidated risk management (continued)

Definitions of the restructured receivables:

The Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II – explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions:

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	2,205,002	1,563,319
EU Countries	3,113	3,168
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	99	78
Total	**2,208,214**	**1,566,565**

(*) OECD countries other than EU countries, USA and Canada.
(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Overdue 31 – 60 days	165,301	294,350
Overdue 61 – 90 days	50,883	115,937
Total	**216,184**	**410,287**

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	994,236	1,071,845
Loans restructured from non-performing loans	48,137	23,986

The Bank classifies all of its loans and receivables as Stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as Stage 2 are subject to Stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

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

X. Explanations on unconsolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	**201,269**	**222,858**	**1,609,573**	**2,033,700**
Additional provision during the period	133,972	299,880	818,963	1,252,815
Disposals (-)	(100,368)	(114,661)	(539,042)	(754,071)
Amounts written off (-)	-	-	(293,908)	(293,908)
Transferred to Stage 1	-	(9,472)	-	(9,472)
Transferred to Stage 2	(32,635)	-	(88)	(32,723)
Transferred to Stage 3	(10,070)	(30,964)	-	(41,034)
Ending balance	**192,168**	**367,641**	**1,595,498**	**2,155,307**

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Bank pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Bank are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Bank monitors up to date value of the collaterals by type. As a general principle, the Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Bank makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

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

X. Explanations on unconsolidated risk management (continued)

b. Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	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
Loans (*)	31,323,256	5,401,807	4,335,527	1,088,085	976,498	-	-
Debt securities (*)	4,819,365	-	-	-	-	-	-
Total	**36,142,621**	**5,401,807**	**4,335,527**	**1,088,085**	**976,498**	**-**	**-**
Of which defaulted	2,208,214	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

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

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
Claims on sovereigns and Central Banks	12,565,602	325,539	13,542,102	30,197	2,311,008	17.03%
Claims on regional governments or local authorities	942,635	-	864,205	-	491,839	56.91%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	9,003,041	3,359,609	3,992,817	1,206,451	782,662	15.05%
Claims on corporates	19,556,745	9,265,897	18,900,386	5,845,053	22,891,991	92.51%
Claims on retails	13,566,238	3,088,152	13,072,397	408,190	10,081,750	74.79%
Claims secured by residential property	1,296,167	10,106	1,296,167	3,376	458,501	35.28%
Claims secured by commercial property	1,401,247	52,068	1,401,247	16,217	825,808	58.26%
Past due loans	132,330	-	132,330	-	128,517	97.12%
Higher risk categories decided by the Board	509,319	-	509,319	-	461,275	90.57%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,672,418	24,661	2,672,418	4,932	1,295,385	48.38%
Stock investments	121,767	-	121,767	-	121,767	100.00%
Total	**61,767,509**	**16,126,032**	**56,505,155**	**7,514,416**	**39,850,503**	**62.25%**

d. Standardised approach – exposures by asset classes and risk weights

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	11,231,094	-	-	-	-	-	2,341,205	-	-	-	13,572,299
Claims on regional governments or local authorities	-	-	-	-	744,733	-	119,472	-	-	-	864,205
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,588,657	-	2,380,587	-	214,236	15,788	-	-	5,199,268
Claims on corporates	789,010	-	283,120	-	588,218	-	23,081,184	3,907	-	-	24,745,439
Claims on retails	-	-	-	-	-	13,480,530	54	3	-	-	13,480,587
Claims secured by residential property	-	-	-	1,293,912	-	-	5,631	-	-	-	1,299,543
Claims secured by commercial property	-	-	-	-	1,183,312	-	234,152	-	-	-	1,417,464
Past due loans	-	-	-	-	8,401	-	123,154	775	-	-	132,330
Higher risk categories decided by the Board	-	-	-	-	234,955	-	135,496	138,868	-	-	509,319
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,381,961	-	-	-	-	-	1,295,386	3	-	-	2,677,350
Stock investments	-	-	-	-	-	-	121,767	-	-	-	121,767
Total	**13,402,065**	**-**	**2,871,777**	**1,293,912**	**5,140,206**	**13,480,530**	**27,671,737**	**159,344**	**-**	**-**	**64,019,571**

X. Explanations on unconsolidated risk management (continued)

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited, monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

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

X. Explanations on unconsolidated risk management (continued)

b. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	2,578,738	460,410	-	1.40	3,039,148	1,720,951
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	235,122	47,024
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,767,975**

(*) Effective expected positive exposure

c. Credit valuation adjustment (CVA) for capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the standardised CVA capital charge	3,039,148	187,974
Total subject to the CVA capital charge	3,039,148	187,974

ç. Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	14,580	-	-	-	-	30,197	-	-	44,777
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	536,590	2,101,527	-	5,199	-	-	2,643,316
Claims on corporates	1,599	-	-	1,023	-	545,280	-	-	547,902
Claims included in the regulatory retail portfolios	-	-	-	-	38,275	-	-	-	38,275
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**16,179**	**-**	**536,590**	**2,102,550**	**38,275**	**580,676**	**-**	**-**	**3,274,270**

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

e. Credit derivatives

There is no credit derivative transaction.

X. Explanations on unconsolidated risk management (continued)

5. Explanations on securitisation

There is no securitisation transaction.

6. Explanations on market risk

The Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and is approved by Board of Director's. In relation to the regulatory capital requirements, on a consolidated and the bank only basis, standard method is used in measuring the market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Bank's policies related to market risk, especially for the international regulations, is reviewed regularly. All these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	**202,225**
Interest rate risk (general and specific)	155,100
Equity risk (general and specific)	-
Foreign exchange risk	47,125
Commodity risk	-
Options	**-**
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**202,225**

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

X. Explanations on unconsolidated risk management (continued)

7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2020 is calculated by using the gross income of the Bank in 2017, 2018 and 2019.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2017 amount	2018 amount	2019 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	2,903,831	3,911,401	4,491,330	3,768,854	15	565,328
Amount subject to operational risk (Amount*12.5)						**7,066,601**

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+ / -x basis points)	Gains / (Losses)	Gains / Equity (Losses) / Equity
TL	(-) 400	866,073	7.03%
TL	(+) 500	(938,579)	(7.61)%
EURO	(-) 200	(11,916)	(0.10)%
EURO	(+) 200	(46,400)	(0.38)%
USD	(-) 200	3,759	0.03%
USD	(+) 200	(27,042)	(0.22)%
Total (for negative shocks)		**857,916**	**6.96%**
Total (for positive shocks)		**(1,012,021)**	**(8.21)%**

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

XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	3,245,834	25,868	117,167	7,285,819	36,433	355,378
Cross currency swaps	-	-	-	-	-	-
Total	**3,245,834**	**25,868**	**117,167**	**7,285,819**	**36,433**	**355,378**

Explanations on derivative transactions used in cash flow hedges

Current period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	15,117	115,088	198,147	(33,397)	(4,493)
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	10,751	2,079	2,375	-	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(42,356)	-	-
Total			**25,868**	**117,167**	**158,166**	**(33,397)**	**(4,493)**

Prior period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	9,043	355,378	(708,869)	49,675	21,119
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	27,390	-	(42,988)	4,959	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(214,877)	1,094	-
Total			**36,433**	**355,378**	**(966,734)**	**55,728**	**21,119**

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

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

XII. Explanations on segment reporting

The Bank operates mainly in corporate, SME, commercial and retail banking services. In scope of corporate, SME and commercial banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Bank's Management Reporting System.

Current period – 31 December 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	961,638	1,503,882	335,915	2,801,435
Net fees and commissions income and other operating income	537,753	310,831	147,852	996,436
Trading gain/loss	143,672	75,856	5,880	225,408
Dividend income	-	-	215	215
Expected credit loss	(707,199)	(405,446)	(30,532)	(1,143,177)
Segment results	935,864	1,485,123	459,330	2,880,317
Other operating expenses (*) (**)	-	-	-	(2,053,686)
Income from continuing operations before tax	-	-	-	826,631
Tax provision (*)	-	-	-	(199,986)
Net profit				**626,645**

Prior period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,198,919	1,502,986	452,498	3,154,403
Net fees and commissions income and other operating income	641,956	442,299	94,553	1,178,808
Trading gain/loss	106,517	46,661	461,908	615,086
Dividend income	-	-	67,860	67,860
Expected credit loss	(883,269)	(314,129)	(6,905)	(1,204,303)
Segment results	1,064,123	1,677,817	1,069,914	3,811,854
Other operating expenses (*) (**)	-	-	-	(1,935,786)
Income from continuing operations before tax	-	-	-	1,876,068
Tax provision (*)	-	-	-	(399,757)
Net profit				**1,476,311**

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.
(**) Includes "Personnel Expenses" and "Other Provision Expenses" that presented in the statement of profit or loss as a different items.

Current period – 31 December 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	26,250,297	12,342,747	22,632,006	61,225,050
Liability	11,540,729	28,809,496	11,920,760	52,270,985
Equity	-	-	8,954,065	8,954,065

Prior period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	22,930,428	11,631,450	22,582,843	57,144,721
Liability	10,448,513	28,957,843	9,507,858	48,914,214
Equity	-	-	8,230,507	8,230,507

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

Section five

Information and disclosures related to unconsolidated financial statements

I. Explanations and notes related to assets of the unconsolidated balance sheet

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Cash in TL/foreign currency	224,383	1,157,572	305,784	947,584
Balances with the Central Bank of Turkey	761,934	6,965,900	344,422	5,829,761
Other	-	-	-	-
Total	**986,317**	**8,123,472**	**650,206**	**6,777,345**

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

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposit	761,934	2,064,549	344,422	1,465,328
Restricted time deposit	-	2,050,448	-	1,336,860
Reserve requirement	-	2,850,903	-	3,027,573
Total	**761,934**	**6,965,900**	**344,422**	**5,829,761**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date at a rate ranging between 1% and 6% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 21% for foreign currency deposits and other foreign currency liabilities and vary between 18% and 22% for gold liabilities depending on their maturity.

In accordance with the "Communiqué Regarding the Reserve Requirements", the reserve requirements can be maintained as TL, USD, EUR and standard gold. Interest rate which is applied to required reserves denominated by Turkish lira has been determined as 12% for all banks as of 27 November 2020. The Central Bank also decreased the commission rate applied to reserve requirements maintained against USD-denominated deposit/participation fund liabilities to 0% from 1.25%.

TL 761,598 (31 December 2019: TL 344,181) of the TL reserve deposits provided over the average balance and TL 2,064,549 (31 December 2019: TL 1,465,328) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

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

2.1. Information on financial assets at fair value through profit/loss subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through profit or loss subject to repo transactions and those given as collateral/blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	67,198	52,090
Collateral / blocked	38,607	70,634
Total	**105,805**	**122,724**

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	185,704	-	71,372
Swap transactions	2,242,982	123,811	2,467,192	114,566
Futures transactions	-	-	-	-
Options	-	373	134	2,240
Other	-	-	-	-
Total	**2,242,982**	**309,888**	**2,467,326**	**188,178**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	636	1,426,865	242	895,503
Domestic	516	37	242	30
Foreign	120	1,426,828	-	895,473
Headquarters and branches abroad	-	-	-	-
Total	**636**	**1,426,865**	**242**	**895,503**

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	1,184,056	324,592	222,045	406,420
USA, Canada	10,717	23,226	388	396
OECD Countries (*)	8,611	139,304	-	-
Off-shore banking regions	-	-	-	-
Other	1,131	1,535	-	-
Total	**1,204,515**	**488,657**	**222,433**	**406,816**

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2020, restricted bank balance amounting to TL 222,433 (31 December 2019: TL 406,816) all of which is comprised of (31 December 2019: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

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

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	447,474	1,324,062
Repo transactions	-	14,219
Collateral / blocked	133,163	-
Total	**580,637**	**1,338,281**

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

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	570,257	1,329,581
Quoted to stock exchange	570,257	1,329,581
Not quoted	-	-
Equity certificates	10,761	9,081
Quoted to stock exchange	-	-
Not quoted	10,761	9,081
Provision for impairment (-)	(381)	(381)
Total	**580,637**	**1,338,281**

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Bank	3,714	944,813	120	569,874
Corporate shareholders	3,692	944,813	-	569,874
Real person shareholders	22	-	120	-
Indirect loans granted to shareholders of the Bank	8,949	358,190	39	201,879
Loans granted to employees of the Bank	40,689	-	32,606	-
Total	**53,352**	**1,303,003**	**32,765**	**771,753**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

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

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables: Revised contract terms	Restructured loans and receivables: Refinance
Non-specialized loans	31,274,560	4,248,400	994,236	-
Business loans	11,191,722	2,661,302	605,343	-
Export loans	5,742,086	416,538	75,903	-
Import loans	-	-	-	-
Loans given to financial sector	1,798,129	117,276	-	-
Consumer loans	10,100,460	974,505	287,387	-
Credit cards	512,454	62,188	25,603	-
Other	1,929,709	16,591	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**31,274,560**	**4,248,400**	**994,236**	**-**

	Current period		Prior period	
	Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	156,633	58	134,255	5
Loans	*148,595*	-	*120,823*	-
Other assets	*4,629*	*58*	*4,673*	*5*
Banks and money market placements	*2,854*	-	*8,487*	-
Marketable securities	*555*	-	*272*	-
Lifetime expected credit losses significant increase in credit risk	-	285,187	-	193,094
Loans	-	*285,187*	-	*193,094*
Total	**156,633**	**285,245**	**134,255**	**193,099**

5.3. Loans according to their maturity structure

Cash loans	Standard loans	Loans and other receivables under close monitoring	
		Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	11,733,315	1,448,029	119,455
Medium and long-term loans and other receivables	19,541,245	2,800,371	874,781
Total	**31,274,560**	**4,248,400**	**994,236**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	**398,027**	**10,761,032**	**11,159,059**
Mortgage loans	111	3,836,870	3,836,981
Automotive loans	38,687	451,361	490,048
General purpose loans	359,229	6,472,801	6,832,030
Other	-	-	-
Consumer loans – indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**540,183**	**18,315**	**558,498**
With installments	179,712	18,315	198,027
Without installments	360,471	-	360,471
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**3,431**	**28,607**	**32,038**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	3,431	28,607	32,038
Other	-	-	-
Personnel loans – indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	**8,673**	**-**	**8,673**
With installments	2,908	-	2,908
Without installments	5,765	-	5,765
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**171,255**	**-**	**171,255**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,121,569**	**10,807,954**	**11,929,523**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	**1,045,377**	**2,392,710**	**3,438,087**
Real estate loans	-	10,036	10,036
Automotive loans	466	161,411	161,877
General purpose loans	-	-	-
Other	1,044,911	2,221,263	3,266,174
Commercial installment loans – indexed to FC	**4**	**22,304**	**22,308**
Real estate loans	-	-	-
Automotive loans	-	64	64
General purpose loans	-	-	-
Other	4	22,240	22,244
Commercial installment loans - FC	**-**	**8,053**	**8,053**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	8,053	8,053
Corporate credit cards – TL	**33,074**	**-**	**33,074**
With installments	16,022	-	16,022
Without installments	17,052	-	17,052
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**44,463**	**-**	**44,463**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**1,122,918**	**2,423,067**	**3,545,985**

5.6. Loans according to borrowers

	Current period	Prior period
Public	1,791,031	1,288,869
Private	34,726,165	30,473,565
Total	**36,517,196**	**31,762,434**

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	36,497,039	31,420,640
Foreign loans	20,157	341,794
Total	**36,517,196**	**31,762,434**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.8. Loans granted to subsidiaries and associates

	Current period	Prior period
Direct loans granted to subsidiaries and associates	783,360	342,373
Indirect loans granted to subsidiaries and associates	-	-
Total	**783,360**	**342,373**

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	15,806	136,197
Loans and receivables with doubtful collectability	36,622	260,303
Uncollectible loans and receivables	1,514,137	1,180,710
Total	**1,566,565**	**1,577,210**

5.10. Information on non-performing loans (net)

5.10.1 Information on non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	-	209	47,928
Restructured loans	-	209	47,928
Prior period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**415,051**	**617,099**	**1,912,465**
Additions (+)	200,473	7,589	28,535
Transfers to other categories of non-performing loans (+)	-	515,644	998,330
Transfers from other categories of non-performing loans (-)	(515,644)	(998,330)	-
Collections (-)	(70,628)	(71,021)	(493,643)
Write-offs (-)	(72)	(19)	(22,846)
Sold Portfolio (-) (*)	-	(7,378)	(307,391)
Corporate and commercial loans	-	(7,378)	(120,012)
Retail loans	-	-	(154,993)
Credit cards	-	-	(32,386)
Other	-	-	-
Current period end balance	**29,180**	**63,584**	**2,115,450**
Provisions (-)	(15,806)	(36,622)	(1,514,137)
Net balance on balance sheet	**13,374**	**26,962**	**601,313**

(*) The Bank sold non-performing loan portfolio amounting to TL 314,769 (31 December 2019: TL 149,567) to domestic asset management companies at 20 October 2020.

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	2,654	6,447	165,675
Provision (-)	(1,947)	(5,142)	(106,500)
Net balance on balance sheet	**707**	**1,305**	**59,175**
Prior period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	**11,926**	**26,157**	**32,408**

Non-performing loans granted as foreign currency are followed under TL accounts at the balance sheet.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**13,374**	**26,962**	**601,313**
Loans granted to corporate entities and real person (gross)	29,180	63,584	2,115,450
Provision amount(-)	(15,806)	(36,622)	(1,514,137)
Loans granted to corporate entities and real person (net)	13,374	26,962	601,313
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	**278,854**	**356,796**	**731,755**
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount (-)	(136,197)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	278,854	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**1,949**	**3,249**	**29,102**
Interest accruals and valuation differences	4,262	7,503	82,158
Provision (-)	(2,313)	(4,254)	(53,056)
Prior period (Net)	**15,129**	**18,365**	**22,846**
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,897)	(12,729)	(18,455)

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.11. Liquidation policy for uncollectible loans and receivables

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

5.12. Information on the write-off policy

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

In current period, the amount of write-off made 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 27 November 2019 and numbered 30961 is TL 22,937 (31 December 2019: TL 12,310) and its effect on the NPL ratio is 0.06% (31 December 2019: 0.03%).

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

6. Financial assets measured at amortised cost (net)

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked

	Current period	Prior period
Investments subject to repurchase agreements	9,081	-
Collateralised / blocked investments (*)	1,274,855	350,729
Total	**1,283,936**	**350,729**

(*) Consists of bonds given as collaterals by the Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	4,253,314	2,114,571
Treasury bills	-	-
Other government securities	-	-
Total	**4,253,314**	**2,114,571**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	4,253,314	2,114,571
Quoted to stock exchange	4,253,314	2,114,571
Not quoted	-	-
Impairment provision (-)	-	-
Total	**4,253,314**	**2,114,571**

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	2,114,571	1,194,996
Foreign currency differences on monetary assets	-	-
Purchases during the period	3,644,739	912,878
Disposals through sales and redemptions	(1,553,437)	(36,299)
Provision for impairment (-)	-	-
Valuation effect	47,441	42,996
Period end balance	**4,253,314**	**2,114,571**

7. Information on associates (net)

7.1. Explanations related to the associates

The Bank does not have any associates.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 December 2020 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring (*)	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	1,760	50,000	30,000	31,907
Profit reserves, capital reserves and prior year profit/loss	108,041	97,486	139,628	2,170
Profit	53,271	12,753	30,833	25,994
Development cost of operating lease (-)	-	(2)	(1)	-
Intangible assets (-)	-	(461)	(422)	(4)
Total core capital	**163,072**	**159,776**	**200,038**	**60,067**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**163,072**	**159,776**	**200,038**	**60,067**
Net usable shareholder's equity	**163,072**	**159,776**	**200,038**	**60,067**

(*) In accordance with the Bank's Board of Directors decision dated 3 December 2020; it has been decided for initiating the liquidation process of its subsidiary, ING Factoring A.Ş., applying for the approval of the BRSA on this matter by taking a decision in the ING Faktoring A.Ş.'s Board of Directors for the liquidation of the company and giving authorization to General Management to carry out the liquidation procedures and processes. The liquidation process still continues.

The Bank does not have any additional capital requirements due to the subsidiaries included in the calculation of capital requirement.

8.2. Information on consolidated subsidiaries

Title	Address (City / Country)	The Bank's share percentage-If different voting (%)	The Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Factoring	İstanbul/Turkey	100%	100%
(3) ING Leasing	İstanbul/Turkey	100%	100%
(4) ING Securities	İstanbul/Turkey	100%	100%

As of 31 December 2020 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	4,225,153	163,072	25	222,904	-	53,271	62,924	-
(2)	601,327	160,239	2,925	51,322	-	12,753	28,330	-
(3)	986,540	200,461	1,822	55,892	-	30,833	37,262	-
(4)	215,309	60,071	548	6,002	-	25,994	7,724	-

(*) The financial information of ING Factoring, ING Leasing, ING Brokerage and ING European Financial Services Plc are obtained from 31 December 2020 audited financial statements.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	83,599	95,907
Movements during the period	27,407	(12,308)
Purchases	-	-
Bonus shares obtained	27,407	-
Dividends from current year income	-	-
Sales (*)	-	(12,308)
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	111,006	83,599
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) A share sale and purchase agreement representing the 100% of capital of ING Portfolio Management has been signed between the Bank and TEB Portföy Yönetimi A.Ş on 5 April 2019. The actual sales transaction and share transfer were completed on 31 May 2019 following the completion of necessary legal permissions and other procedures related to the sale in accordance with the agreement.

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	50,000	40,000
Leasing companies	30,000	22,500
Finance companies	-	-
Other financial subsidiaries	31,006	21,099

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on finance lease receivables (net)

The Bank has no receivables from finance lease.

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	25,868	-	35,316	1,117
Net investment hedge	-	-	-	-
Total	**25,868**	**-**	**35,316**	**1,117**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

12. Information on tangible assets (net)

Current period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	282,843	349,428	948,214	1,580,485
Additions	3,988	153,546	184,668	342,202
Disposals	(586)	(199,360)	(210,072)	(410,018)
Transfers	-	-	(395)	(395)
Currency differences	-	-	-	-
Provisions for impairment	154	-	-	154
Closing balance	286,399	303,614	922,415	1,512,428
Accumulated depreciation				
Opening balance	(124,641)	(55,150)	(454,217)	(634,008)
Current year depreciation expense	(6,882)	(64,990)	(62,312)	(134,184)
Disposals	262	33,967	38,370	72,599
Transfers	-	-	652	652
Currency differences	-	-	-	-
Closing balance	(131,261)	(86,173)	(477,507)	(694,941)
Net book value	**155,138**	**217,441**	**444,908**	**817,487**

Prior period	Real estates	Leased tangible assets	Right-of-use assets	Other fixed assets	Total
Cost					
Opening balance	272,473	51,329	-	912,699	1,236,501
Additions	7,486	-	524,791	348,472	880,749
Disposals	-	(51,329)	(175,363)	(314,278)	(540,970)
Transfers	-	-	-	(200)	(200)
Currency differences	-	-	-	21	21
Provisions for impairment	2,884	-	-	1,500	4,384
Closing balance	282,843	-	349,428	948,214	1,580,485
Accumulated depreciation					
Opening balance	(117,981)	(50,781)	-	(384,267)	(553,029)
Current year depreciation expense	(6,660)	(40)	(70,382)	(53,924)	(131,006)
Disposals	-	50,821	15,232	34,663	100,716
Transfers	-	-	-	(50,668)	(50,668)
Currency differences	-	-	-	(21)	(21)
Closing balance	(124,641)	-	(55,150)	(454,217)	(634,008)
Net book value	**158,202**	**-**	**294,278**	**493,997**	**946,477**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	246,970	203,107
Additions	19,694	43,863
Disposals	(15)	-
Closing balance	266,649	246,970
Accumulated amortization		
Opening balance	(192,708)	(163,303)
Current year's amortization expense	(28,376)	(29,405)
Disposals	15	-
Closing balance	(221,069)	(192,708)
Net book value	**45,580**	**54,262**

14. Information on investment properties (net)

The Bank does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 31 December 2020, current tax asset and corporation tax payable are netted of and accounted as current tax liability in the balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted and shown in liabilities of unconsolidated balance sheet as deferred tax liability, and explanations about deferred tax asset / liability for the current and prior period are disclosed in Note II 9 of Section Five.

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	-	-
Depreciation (-)	-	-
Balance at the end of the period (net)	**660**	**660**

16.2. Explanations on discontinued operations

The Bank does not have assets with respect to the discontinued operations.

17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments), breakdown of the names and amounts of accounts constructing at least 20% of grand totals

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1,019,238	-	12,916,901	3,257,890	66,226	27,754	14,045	-	17,302,054
Foreign currency deposits	4,318,662	-	9,103,314	2,951,563	100,843	50,860	29,907	-	16,555,149
Residents in Turkey	4,036,918	-	9,041,070	2,839,428	91,135	41,595	26,110	-	16,076,256
Residents abroad	281,744	-	62,244	112,135	9,708	9,265	3,797	-	478,893
Public sector deposits	75,720	-	6	16,019	86	-	-	-	91,831
Commercial deposits	658,156	-	1,125,935	41,269	2,209	89	-	-	1,827,658
Other institutions deposits	8,944	-	6,550	2,795	32	35	52	-	18,408
Precious metals deposits	1,959,808	-	787,258	-	-	-	-	-	2,747,066
Interbank deposits	1,662,936	-	-	-	-	-	-	-	1,662,936
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10	-	-	-	-	-	-	-	10
Foreign banks	1,662,926	-	-	-	-	-	-	-	1,662,926
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**9,703,464**	**-**	**23,939,964**	**6,269,536**	**169,396**	**78,738**	**44,004**	**-**	**40,205,102**

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	831,751	-	16,240,073	4,026,182	99,910	44,510	24,430	-	21,266,856
Foreign currency deposits	2,889,150	-	6,374,771	3,655,967	182,604	69,118	21,210	-	13,192,820
Residents in Turkey	2,676,347	-	6,296,101	3,523,314	154,601	60,151	19,799	-	12,730,313
Residents abroad	212,803	-	78,670	132,653	28,003	8,967	1,411	-	462,507
Public sector deposits	227,064	-	-	11,718	82	-	-	-	238,864
Commercial deposits	607,211	-	1,152,694	206,515	2,704	2,877	-	-	1,972,001
Other institutions deposits	11,704	-	914	15,328	90	132	95	-	28,263
Precious metals deposits	383,889	-	-	-	-	-	-	-	383,889
Interbank deposits	2,005,107	-	119,046	-	-	-	1,161	-	2,125,314
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	119,046	-	-	-	-	-	119,048
Foreign banks	2,005,105	-	-	-	-	-	1,161	-	2,006,266
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**6,955,876**	**-**	**23,887,498**	**7,915,710**	**285,390**	**116,637**	**46,896**	**-**	**39,208,007**

1.2. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
Saving deposits	**Current period**	**Prior period**	**Current period**	**Prior period**
Saving deposit	11,915,530	15,320,004	5,380,088	5,935,983
Foreign currency saving deposits	6,027,959	4,343,663	7,678,193	5,705,258
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Bank's head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	22,033	18,655
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	40,999	-	39,986
Swap transactions	678,567	128,082	470,639	113,360
Future transactions	-	-	-	-
Options	7	1,337	327	3,044
Other	-	-	-	-
Total	**678,574**	**170,418**	**470,966**	**156,390**

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	140,946	7,814	184,763	18,842
Funds borrowed from foreign banks, institutions and funds	1,658,818	3,491,299	4,601	2,525,046
Total	**1,799,764**	**3,499,113**	**189,364**	**2,543,888**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	1,798,732	65,300	189,364	15,849
Medium and long term	1,032	3,433,813	-	2,528,039
Total	**1,799,764**	**3,499,113**	**189,364**	**2,543,888**

3.3. Funding industry group where the Bank's liabilities are concentrated

The Bank's liabilities are concentrated on the main shareholder, ING Bank N.V.

4. Explanations on securities issued (net)

The Bank does not have any securities issued end of the reporting period (31 December 2019: None).

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	2,509	2,343	850	806
Between 1-4 years	103,996	84,738	117,963	97,473
More than 4 year	227,229	141,995	322,533	200,440
Total	**333,734**	**229,076**	**441,346**	**298,719**

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	112,999	4,168	348,720	6,658
Net investment hedge	-	-	-	-
Total	**112,999**	**4,168**	**348,720**	**6,658**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2019: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	28,933	32,363
Provision for credit card score promotion	1,291	1,373
Other provisions	231,016	186,765
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*114,663*	*88,023*
Other	*116,353*	*98,742*
Total	**261,240**	**220,501**

(*) Non-cash loan provisions are included.

Amount to TL 73,642 (31 December 2019: TL 69,225) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Bank.

The deposit holders of off-shore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Bank (former title Oyak Bank A.Ş.). As a result of these lawsuits, the Bank pays certain amounts to these off-shore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Transfer Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (STA).

SDIF, however, does not fully indemnify the Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated eight enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 478 million (Full TL). Upon the Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Bank, SDIF initiated cancellation of objection lawsuits against the Bank. Currently, there are seven of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) and the Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mediation before mandatory proceedings) and a minute was drawn up in order not to agree between the bank and the SDIF. A lawsuit has been filed by the SDIF for the cancellation of the Bank's objection to this execution proceeding.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

In the First Case, the first instance court ruled in favor of the Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report has been completed and it was in favor of the Bank. The first instance court decided in favor of the Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. Currently the SDIF made a decision correction, the decision is expected to be finalized in favor of the Bank in the year of 2021. The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the bank for each case. Also in the sixth case, the first instance court decided in favor of the bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals. The Regional Appeal Court decided in favor of the bank in second, third and the fourth cases.

On the other hand, there is an administrative law dispute between the Bank and SDIF. The Bank has filed a lawsuit for the annulment of the administrative resolution No. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the STA, (ii) relevant provisions of the of the Share Purchase Agreement dated 18 June 2007 relating to the purchase of the Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

8.3. Information on provisions for employee benefits

As of 31 December 2020, TL 31,054 (31 December 2019: TL 29,879) of TL 59,554 (31 December 2019: TL 55,089) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

TL 28,500 (31 December 2019: TL 25,210) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 7,117.17 (Full TL) at 31 December 2020 and TL 6,379.86 (Full TL) at 31 December 2019 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the unconsolidated financial statements dated 31 December 2020 and 31 December 2019, the Bank operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

	Current period	Prior period
Net discount rate	3.27%	3.71%
Inflation rate	9.40%	8.20%
Interest rate	12.98%	12.21%
Probability of severance	35.03%	32.92%

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	25,210	21,485
Change during the year	12,605	19,086
Actuarial gain	352	1,180
Benefits paid during the year	(9,667)	(16,541)
Balance at the end of the period	**28,500**	**25,210**

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Bank has current corporate tax liability as of 31 December 2020 amounting to TL 84,739 (31 December 2019: TL 37,900).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	84,739	37,900
Taxation of securities	17,344	35,451
Banking insurance transaction tax ("BITT")	17,861	21,682
Foreign exchange transaction tax	2,642	2,312
Value added tax payable	2,604	5,840
Property tax	512	839
Other	11,000	10,682
Total	**136,702**	**114,706**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,062	4,850
Social security premiums-employer	7,518	7,187
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	356	342
Unemployment insurance-employer	714	686
Other	-	-
Total	**13,650**	**13,065**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

9.2. Explanations on deferred tax liabilities

As of 31 December 2020, the net deferred tax liabilities of the Bank amounts to TL 185,063 (31 December 2019: TL 190,647) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Provisions (*)	147,258	29,452	142,710	31,023
Fair value differences for financial assets and liabilities	(33,301)	(6,698)	67,935	14,095
Derivative valuation differences	(1,645,778)	(329,156)	(1,657,516)	(339,656)
Expected credit losses of Stage I and II	556,541	111,308	415,377	83,491
Other	57,420	10,031	103,232	20,400
Total deferred tax assets / (liabilities) net		**(185,063)**		**(190,647)**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

Deferred tax assets / liabilities movements of the current and previous years are as follows:

Deferred tax assets / (liabilities)	Current period (1 January – 31 December 2020)	Prior period (1 January – 31 December 2019)
Opening balance	**(190,647)**	**(430,595)**
Deferred tax income / (expense) net	22,571	59,732
Deferred tax recognized under equity	(16,987)	180,216
Balance at the end of the period	**(185,063)**	**(190,647)**

10. Information on liabilities regarding assets held for sale

As of 31 December 2020 and 31 December 2019, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
To be included in the calculation of additional capital borrowing instruments	**-**	**-**	**-**	**-**
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation (*)	**-**	**4,019,844**	**-**	**4,237,398**
Subordinated loans	-	4,019,844	-	4,237,398
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,019,844**	**-**	**4,237,398**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Bank amounting to USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 December 2020.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

12. Information on shareholders' equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

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

Paid-in-capital amount is TL 3,486,268 and registered share capital system is not applied.

12.3. Information on share capital increases and their sources; other information on increased capital shares in current period

None.

12.4. Information on share capital increases from capital reserves

There is no capital increase from capital reserves in the current period.

12.5 Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Bank's equity:

The Bank's balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Bank's operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The Bank tries to invest the majority of its shareholder's equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	21,801	-	79,689	-
Foreign exchange difference	-	-	-	-
Total	**21,801**	**-**	**79,689**	**-**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Bank on 26 March 2020, the distribution of the net profit of the year 2019, is as follows.

Profit distribution table of 2019	
2019 net profit	**1,476,311**
A – I. Legal Reserve (TCC 519/A) 5%	(73,816)
B – The First Dividend for Shareholders	-
C – Extraordinary Reserves	(1,401,809)
D – Special funds	(686)

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

III. Explanations and notes related to unconsolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	1,621,623	4,392,239
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,873,607	1,700,412
Commitments for cheque payments	231,822	271,795
Commitments for credit card limits	1,146,789	1,300,968
Commitments for credit cards and banking services promotions	5,929	5,732
Other irrevocable commitments	26,529	25,911
Total	**4,906,299**	**7,697,057**

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Commitments and contingencies	2,610,238	5,377,420
Letter of credits	723,168	1,125,746
Bank acceptance loans	1,269	4,008
Total	**3,334,675**	**6,507,174**

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	6,184,978	5,199,241
Cash loans letters of guarantees	561,537	1,301,515
Advance letters of guarantees	576,439	473,458
Temporary letters of guarantees	46,459	27,687
Other	84,168	84,636
Total	**7,453,581**	**7,086,537**

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	3,095,056	6,479,567
With original maturity of 1 year or less than 1 year	45,314	334,422
With original maturity of more than 1 year	3,049,742	6,145,145
Other non-cash loans	7,693,200	7,114,144
Total	**10,788,256**	**13,593,711**

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

III. Explanations and notes related to unconsolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loans

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**6,928**	**0.51**	**838**	**0.01**	**6,744**	**0.41**	**11,176**	**0.08**
Farming and raising	6,240	0.46	838	0.01	3,241	0.20	11,176	0.08
Forestry	34	-	-	-	34	-	-	-
Fishing	654	0.05	-	-	3,469	0.21	-	-
Manufacturing	**239,131**	**17.65**	**4,900,910**	**51.95**	**260,944**	**15.76**	**6,867,638**	**57.52**
Mining	4,251	0.31	2,566,686	27.21	8,049	0.49	2,953,664	24.74
Production	202,304	14.94	2,328,234	24.68	230,479	13.92	3,646,274	30.54
Electric, gas and water	32,576	2.40	5,990	0.06	22,416	1.35	267,700	2.24
Construction	**186,030**	**13.73**	**606,823**	**6.43**	**219,062**	**13.23**	**687,075**	**5.76**
Services	**915,059**	**67.56**	**3,921,361**	**41.57**	**1,158,675**	**69.96**	**4,369,667**	**36.62**
Wholesale and retail trade	563,257	41.58	395,717	4.21	748,516	45.20	940,702	7.88
Hotel, food and beverage	7,667	0.57	32,254	0.34	13,541	0.82	91,559	0.77
Transportation and telecommunication	87,372	6.45	554,914	5.88	89,191	5.39	594,959	4.98
Financial institutions	219,267	16.19	1,558,793	16.52	207,270	12.52	1,685,128	14.12
Real estate and renting services	9,591	0.71	6,953	0.07	20,154	1.22	8,407	0.07
Self-employment services	25,864	1.91	889,842	9.43	69,845	4.22	635,732	5.33
Education services	25	-	-	-	44	-	-	-
Health and social services	2,016	0.15	482,888	5.12	10,114	0.61	413,180	3.47
Other	**7,393**	**0.55**	**3,783**	**0.04**	**10,654**	**0.64**	**2,076**	**0.02**
Total	**1,354,541**	**100.00**	**9,433,715**	**100.00**	**1,656,079**	**100.00**	**11,937,632**	**100.00**

1.3.3. Non-cash loans classified in Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	1,300,954	9,025,649	19,682	395,486
Letter of guarantees	1,292,102	5,974,008	19,682	123,217
Bank acceptances	-	1,269	-	-
Letter of credits	4,491	716,764	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other	4,361	2,333,608	-	272,269

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

III. Explanations and notes related to unconsolidated off-balance sheet accounts (continued)

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	**3,245,834**	**7,285,819**
Purchase transactions	1,622,917	3,642,909
Sale transactions	1,622,917	3,642,910
Net investment hedges (III)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	**3,245,834**	**7,285,819**
Derivative transactions held for trading		
Trading transactions (I)	**59,321,825**	**55,395,649**
Forward foreign currency transactions – buy	5,308,107	4,317,942
Forward foreign currency transactions – sell	5,125,985	4,319,914
Swap transactions- buy	23,462,816	22,175,235
Swap transactions – sell	21,932,403	20,348,468
Foreign currency options – buy	1,746,257	2,117,045
Foreign currency options – sell	1,746,257	2,117,045
Foreign currency futures – buy	-	-
Foreign currency futures – sell	-	-
Interest rate derivatives (II)	**20,221,052**	**30,932,456**
Interest rate swap - buy	10,110,526	15,466,228
Interest rate swap - sell	10,110,526	15,466,228
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	**-**	**-**
B. Total derivative transactions held for trading (I+II+III)	**79,542,877**	**86,328,105**
Total derivative transactions (A+B)	**82,788,711**	**93,613,924**

3. Information on credit swaps and related risks

As of 31 December 2020 and 31 December 2019, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2020, a total provision of TL 73,642 (31 December 2019: TL 69,225) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Bank and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in note IX of section four.

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

IV. Explanations and notes related to unconsolidated statement of profit or loss

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	3,527,380	451,781	4,814,598	453,043
Short term loans	880,393	122,089	1,410,192	100,283
Medium and long term loans	2,418,959	329,692	3,170,258	352,760
Interest on loans under follow-up	228,028	-	234,148	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	1,985	176	41,656	907
From foreign banks	126	8,594	454	38,520
From branches abroad	-	-	-	-
Total	**2,111**	**8,770**	**42,110**	**39,427**

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	12,508	1,263	19,866	597
Financial assets measured at fair value through other comprehensive income	106,453	-	152,865	-
Financial assets measured at amortised cost	432,895	-	270,761	-
Total	**551,856**	**1,263**	**443,492**	**597**

1.4 Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	7,679	4,963

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	58,843	129,059	38,675	269,677
Central Bank of Turkey	-	-	-	-
Domestic banks	16,244	325	19,809	1,184
Foreign banks	42,599	128,734	18,866	268,493
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	3,072	-	5,002
Total	**58,843**	**132,131**	**38,675**	**274,679**

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

	Current period	Prior period
Interest expenses paid to associates and subsidiaries	5,803	19,853

2.3. Information on interest on securities issued

There is no interest on securities issued on current period.

2.4. Allocation of interest expenses on deposits according to maturity of deposits

		Time deposit						
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulated deposits	Total
Turkish lira								
Bank deposits	-	2,657	-	-	-	-	-	2,657
Saving deposits	-	1,274,095	316,023	5,445	2,074	3,315	-	1,600,952
Public sector deposits	-	-	614	4	-	-	-	618
Commercial deposits	-	98,026	9,217	144	6	42	-	107,435
Other deposits	-	809	342	2	1	4	-	1,158
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**1,375,587**	**326,196**	**5,595**	**2,081**	**3,361**	**-**	**1,712,820**
Foreign currency								
Foreign currency deposits	-	25,222	29,301	1,126	720	452	-	56,821
Banks deposits	-	3,481	-	-	-	-	-	3,481
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**28,703**	**29,301**	**1,126**	**720**	**452**	**-**	**60,302**
Grand total	**-**	**1,404,290**	**355,497**	**6,721**	**2,801**	**3,813**	**-**	**1,773,122**

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

3. Information on dividend income

	Current period	Prior period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	215	3,000
Other	-	64,860
Total	**215**	**67,860**

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**53,081,183**	**26,628,255**
Gains on capital market transactions	183,390	68,028
Gains on derivative financial instruments	15,296,141	13,958,825
Foreign exchange gains	37,601,652	12,601,402
Loss (-)	**(52,855,775)**	**(26,013,169)**
Loss on capital market transactions	(84,984)	(70,709)
Loss on derivative financial instruments	(14,795,160)	(12,908,267)
Foreign exchange loss	(37,975,631)	(13,034,193)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 714,724 (31 December 2019: TL 20,133 net loss).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	450,389	464,961
Income arising from sale of assets	60,174	55,314
Banking services income	1,758	2,945
Other non-interest income	57,799	66,984
Total	**570,120**	**590,204**

6. Allowance for expected credit losses

	Current period.	Prior period
Expected credit losses	1,143,132	1,204,103
12-Month expected credit loss (Stage 1)	44,779	59,281
Expected credit loss significant increase in credit risk (Stage 2)	192,714	14,468
Expected credit loss impaired credits (Stage 3)	905,639	1,130,354
Impairment losses on securities	45	200
Financial assets measured at fair value through profit/loss	45	200
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**1,143,177**	**1,204,303**

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	2,938	2,545
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	3,600	5,500
Depreciation expense of tangible assets	134,184	131,006
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	28,376	29,405
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	846,327	761,197
Operating lease expenses related with TFRS 16 exception	17,415	15,808
Repair and maintenance expenses	29,357	32,862
Advertisement expenses	92,656	101,739
Other expenses	706,899	610,788
Loss on sales of assets	10,550	21,818
Other (*)	295,887	257,943
Total	**1,321,862**	**1,209,414**

(*) Includes saving-deposits-insurance-fund related expenses of TL 131,304 (31 December 2019: TL 116,674)

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 31 December 2020, the income before taxes is TL 826,631 (31 December 2019: TL 1,876,068).

9. Information on tax provision for continued and discontinued operations

As of 31 December 2020, the corporate tax provision expense for the period is TL 222,557 (31 December 2019: TL 459,489), and the deferred tax income is TL 22,571 (31 December 2019: TL 59,732 deferred tax income).

10. Information on net operating income after taxes for continued and discontinued operations

As of 31 December 2020, the net operating income after taxes is TL 626,645 (31 December 2019: TL 1,476,311).

11. The explanations on net income/loss for the period

Interest income from regular banking transactions is TL 4,896,134 (31 December 2019: TL 6,964,124), while the interest expense is TL 2,094,699 (31 December 2019: TL 3,809,721).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the statement of profit or loss exceed 10% of the statement of profit or loss total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 412,044 (31 December 2019: TL 537,801) has included TL 109,726 (31 December 2019: TL 197,911) resulting from the credit card fees and commissions, TL 31,556 (31 December 2019: TL 92,639) resulting from service fees and commissions from contracted merchants and TL 136,957 (31 December 2019: TL 144,548) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 166,000 (31 December 2019: TL 172,732) has included TL 73,823 (31 December 2019: TL 115,225) resulting from credit card exchange commissions.

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

V. Explanations and notes related to unconsolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

The Ordinary General Assembly Meeting of the Bank was held on 26 March 2020. In the Ordinary General Assembly meeting, it was decided to transfer TL 1,476,311 unconsolidated net income from 2019 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 73,816 TL 1,401,809 and TL 686 respectively.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

As of the balance sheet date, unconsolidated legal reserves amount to TL 317,508 (31 December 2019: TL 243,692), and TL 73,816 (31 December 2019: TL 53,088) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, extraordinary reserves amount to TL 4,390,588 (31 December 2019: TL 2,964,006).

VI. Explanations and notes related to the unconsolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2019	31 December 2018
Cash	**1,253,368**	**1,641,069**
Cash in vault	305,784	291,076
Cash in foreign currency	947,584	1,349,993
Cash equivalents	**11,837,915**	**8,989,314**
Central Bank of Turkey	3,146,437	4,517,388
Banks	488,927	281,926
Interbank money market	8,202,551	4,190,000
Total	**13,091,283**	**10,630,383**

1.2. Cash and cash equivalents at the end of period

	31 December 2020	31 December 2019
Cash	**1,381,955**	**1,253,368**
Cash in vault	224,383	305,784
Cash in foreign currency	1,157,572	947,584
Cash equivalents	**11,026,833**	**11,837,915**
Central Bank of Turkey	4,869,324	3,146,437
Banks	1,205,069	488,927
Interbank money market	4,952,440	8,202,551
Total	**12,408,788**	**13,091,283**

VI. Explanations and notes related to the unconsolidated statement of cash flows (continued)

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement:

Amounting to TL 119,862 increase (31 December 2019: TL 126,975 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 1,154,200 increase (31 December 2019: TL 1,471,620 decrease) under "Operating profit before changes in operating assets and liabilities" consists of profit / loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 120,411 decrease (31 December 2019: TL 3,070,160 increase) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses and changes in exchange accounts under other assets.

Amounting to TL 184,866 increase (31 December 2019: TL 1,064,939 decrease) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 47,168 decrease (31 December 2019: TL 43,863 decrease) under "Net cash flow from investment activities" consists of mainly purchase of intangible assets.

As of 31 December 2020, the effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 1,030,782 (31 December 2019: TL 931,358).

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

VII. Explanations and notes related to risk group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances

1.1. Current period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	342,373	2,441	120	569,874	39	201,879
End of the period	783,360	8,094	3,714	944,813	8,949	358,190
Interest and commission income	7,679	78,035	41	2,788	-	421

1.2 Prior period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	535,713	23,051	71	570,374	47	200,958
End of the period	342,373	2,441	120	569,874	39	201,879
Interest and commission income	4,963	90,494	4	1,260	-	280

1.3. Information on deposit balances of the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	238,282	61,826	102,613	25,152	29,018	2,400
End of the period	74,219	238,282	49,817	102,613	67,237	29,018
Interest expense on deposits	5,803	19,853	355	497	2,361	688

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit / loss						
Beginning of the period	36,724	-	23,135,735	11,502,875	27,994	20,039
End of the period	228,066	36,724	12,046,297	23,135,735	-	27,994
Total profit/loss	(4,457)	14,133	(37,591)	88,037	45,053	41,236
Transactions with hedging purposes						
Beginning of the period	-	-	2,005,290	-	-	-
End of the period	-	-	1,002,441	2,005,290	-	-
Total profit/loss	-	-	(36,269)	(31,269)	-	-

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

VII. Explanations and notes related to risk group of the Bank (continued)

1.5. Information on placements made with the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	20,051	13,735	8,121	4,087
End of the period	-	-	112,480	20,051	15,623	8,121
Interest income received	-	-	130	698	28	236

1.6. Information on loans borrowed from the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	1,563,448	5,309,702	3,901	7,702
End of the period	-	-	3,804,444	1,563,448	19,104	3,901
Interest and commission paid	-	-	71,275	94,244	362	1,495

The Bank also has subordinated loan amounting to TL 4,019,844 from its shareholder ING Bank NV as of 31 December 2020 (31 December 2019: TL 4,237,398).

1.7 Information regarding benefits provided to the Bank's top management:

Benefits paid to key management personnel for the period ended as of 31 December 2020 is amounting to TL 24,102 (31 December 2019: TL 33,246).

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank

	Number	Number of employees
Domestic branches	191	3,442

			Country
Foreign representative offices	-	-	-

			Total assets	Capital
Foreign branches	-	-	-	-
Off-shore banking region branches	-	-	-	-

Section six

Other Explanations

I. Other explanations on the Bank's operations

None.

II. Explanations and notes related to subsequent events

Umut Pasin has been appointed as Financial Risk Management Executive Vice President per the Board of Directors resolution No. 107/1 and dated 23 December 2020 and after completion of the BRSA process, he started his duty as of 8 February 2021.

Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2020, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent auditors' report dated 15 February 2021 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Bank that is not mentioned above.