



Being an institution of the Republic, İşbank has been working for its extensive stakeholder group besides the Turkish economy, and retaining its position as the pioneer of banking in Turkey ever since its incorporation. İşbank is geared up for its second century with its investments in technology and digital transformation, as well as its qualified and trained human capital.

Constantly strengthening its distribution channels in a bid to deliver the high added-value products and services produced with its innovative muscle and agile structure in the fastest and most efficient manner possible, the Bank also builds on its digital banking capabilities.

Having positioned sustainability as a prime focus of its strategy, İşbank addresses economic, environmental, social and governance matters with a holistic approach, and generates shared and sustainable value for all its stakeholders.

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## Corporate Profile

Playing a part in building the financial futures of its millions of customers through its service network covering all over Turkey and its digital service channels, İşbank carries on its activities focused on innovation in line with its goal of contributing to the welfare of its stakeholders.

### Turkey's Bank

As Turkey's leading and largest private bank, İşbank's total assets reached TL 593.9 billion as at year-end 2020. İşbank is the leader among private banks also in terms of loans, deposits and shareholders' equity, as well as asset size.

As of the end of 2020, İşbank meets the demands of its customers effectively and efficiently with high value-added products, services and solutions offered through its 23,518 employees, 1,205 domestic and 22 overseas branches, 6,521 domestic Bankamatik ATMs, and mobile channels, of which the share in total transactions increases day by day.

### A Bank of Firsts for 96 Years

İşbank celebrated its 96<sup>th</sup> year in 2020. Playing a pioneering and guiding role in the Turkish banking industry since the first day of its operations, İşbank carries out its activities in line with its vision of developing innovative products, services and applications that are aligned with global banking trends.

The first ATM, the first internet branch and the first mobile banking application can be cited among the many firsts İşbank introduced to Turkey with its focus on the future and innovation focusing on investments İşbank makes a difference in the sector also in new generation digital banking application recently.

According to year-end 2020 data, İşbank is the leader among private banks in terms of total assets, loans, deposits and shareholders' equity.

## 96<sup>th</sup> year

Founded in 1924,  
İşbank celebrated its  
96<sup>th</sup> year in 2020.

## Sustainability

İşbank positions  
sustainability as one of  
the main focus areas  
of its strategy.

### Solid and Resilient Financial Structure

İşbank possesses a solid, resilient and agile financial structure. In its history that nearly spans a century, the Bank has always stood by companies, investors, entrepreneurs and individuals, and contributed to the development and advancement of the Turkish economy with its banking products and services.

As at year-end 2020, İşbank's shareholders' equity amounted to TL 67.8 billion and its capital adequacy ratio was 18.7%, well above the regulatory limit. The Bank is determined to reinforce its support to its customers by taking the advantage of the opportunities created by its sustainable and strong financial structure.

### Deep-Rooted Banking Tradition

İşbank owns a brand that stands for trust, respectability and prestige in the eyes of its stakeholders in national and international markets.

Having undertaken pioneering roles and critical duties through every period of the Turkish economy, İşbank creates permanent value for its stakeholders in the medium- and long-term, as it does in the short-term, with its deep-rooted and powerful business model.

Representing a well-established banking tradition, the Bank names its working concept as "İşbank Banking", which is a solid and productive business model structured with a focus on "Shared and Sustainable Value Generation".

### Pioneer in Sustainability

Since the day it was founded, İşbank has been carrying out countless activities targeted at all components of the sustainability concept. Managing economic, environmental, social and governance issues with a holistic approach, İşbank boasts an effective sustainability management system structure.

Having undersigned numerous innovations in the area of sustainability recently, İşbank positions this topic as one of the main focus areas of its strategy. The Bank generates multi-dimensional value for all its stakeholders under the sustainability framework with a long-term perspective.

### Broad-based Shareholding Structure

A key characteristic of İşbank is its broad shareholder base made up of approximately 165,000 shareholders and institutional investors.

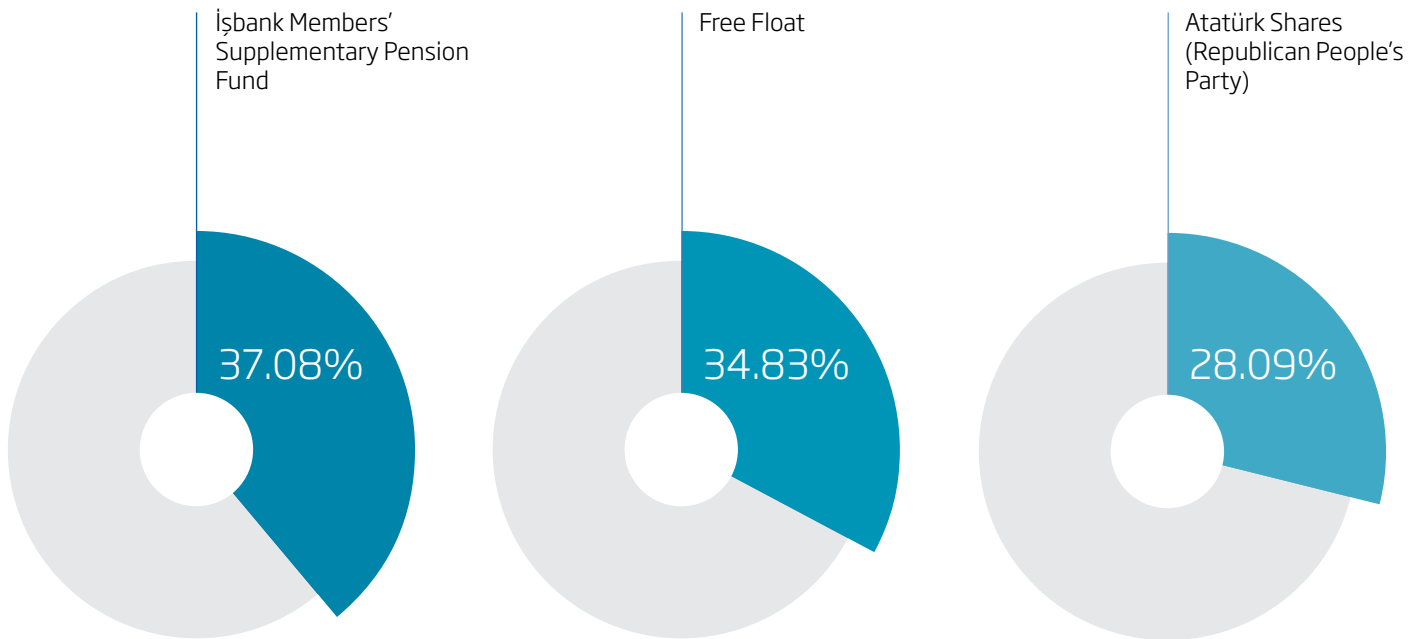
As of 2020 year-end, 37.08% of the Bank's capital belongs to İşbank Members' Supplementary Pension Fund, the members of which are around 50,000 employees and retirees.

## İşbank in Figures

Being one of the cornerstones of sustainable economic development in Turkey, İşbank has been supporting every sector from finance to agriculture and working to increase the welfare of the society since 1924.

### Shareholding Structure (\*)

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(\*) The shareholding structure is provided as of 31 December 2020. (31 December 2019: Pension Fund 39.10%, Atatürk Shares 28.09%, Free Float 32.81%).

## TL 67.8 billion

Leader among private  
banks in terms of  
shareholders' equity

## TL 345.2 billion

Leader among private  
banks in terms of  
total loans

## TL 368.9 billion

Leader among private  
banks in terms of  
total deposits

### Key Financial Items (TL Million)

	31.12.2020	31.12.2019	Change (%)
Total Assets	593,902	468,059	26.9
Loans	345,150	270,360	27.7
Deposits	368,876	295,922	24.7
Shareholders' Equity	67,781	58,873	15.1

### Key Financial Ratios (%)

	31.12.2020	31.12.2019
Interest Earning Assets <sup>(1)</sup> / Total Assets	89.4	89.0
Loans / Total Assets	58.1	57.8
Loans / Deposits	93.6	91.4
NPL Ratio	5.6	6.5
NPL Coverage Ratio	63.7	54.7
Demand Deposits / Total Deposits	41.7	28.4
Shareholders' Equity / Total Liabilities	11.4	12.6
Capital Adequacy Ratio	18.7	17.9
Return on Average Equity <sup>(2)</sup>	10.9	11.4

<sup>(1)</sup> Interest earning assets include TL and FC required reserves at Central Bank.

<sup>(2)</sup> Average figures are calculated based on quarterly balances.

# Our Vision, Values, Strategic Goals and Strategy

## Our Vision

Becoming the bank of the future, creating sustainable value with an inclusive and participatory approach

## Our Strategic Goals

- Commitment to our country
- Strong and sustainable financial performance
- Effective risk management
- Flawless customer experience
- Value creating technology and innovation leadership
- Happy and productive human resources
- Ethical and responsible banking, that is compassionate towards people, society and environment

## Our Values

Innovation, solidarity, common sense, reliability, sincerity, transparency guided by the principles of "Intelligence, diligence, integrity; technical and methodical work" in reference to İşbank's founding philosophy.

## Our Strategy

Managing our balance sheet to ensure sustainable and value added growth while using our internal and external resources in accordance with the priorities of the country's economy and preparing our enterprise for the future by continuously improving our business model in synergy with our group companies and all our business partners in the period of technological transformation.



## İşbank Since 1924

İşbank continued to support the real sector and Turkey's economy steadily also in 2020.

In keeping with its founding mission, İşbank has aimed to accept even the smallest amount of savings and to put it toward economic development.

Beginning to expand into a country-wide branch network upon its foundation, İşbank was also the first Turkish bank to establish branches abroad, with the first international branches opening in 1932 in Hamburg, Germany and Alexandria, Egypt.

In 1950s, İşbank focused on developing its equity participations portfolio.

As İşbank's equity participations became drivers of Turkish industry, the Bank supplied resources in the form of capital and financing to a number of industries with a focus on manufacturing. In 1960s and 1970s, İşbank accelerated the pace of the branch network expansion at the national level. In 1980s, the Bank focused on increasing the number of its overseas branches.

At İşbank, the 1980s were characterized by the growing importance of multichannel banking and the Bank started offering an even broader range of products and services to customers.

In 1982, İşbank introduced the first ATMs to the Turkish market. Its ATM, named "Bankamatik", became the generic name for automatic teller machines in Turkey.

İşbank further solidified its position as the sector's pioneer in alternative distribution channels when it launched the country's first telephone banking service, "Mavi Hat (Blueline)" in 1991, and Turkey's first online branch in 1997.

In subsequent years, İşbank continued to move forward by improving service quality and by developing products tailored to customer expectations. In parallel with these innovations, the Bank also focused on R&D efforts and made maximum use of new technology.

## İşbank Since 1924

Maintaining strong and stable growth, İşbank relocated the Bank's headquarters from Ankara to İstanbul in 2000.

In 2006, İşbank initiated the Customer- Centric Transformation (MOD) program, aimed at restructuring the Bank with a customer-focused approach. Under this program, many projects and initiatives that resulted in truly revolutionary changes were successfully completed.

In line with rapid advances in technology, İşbank continued to improve the innovative multi-channel banking network, allowing customers to utilize the most suitable channel to perform any banking transaction conveniently, quickly and reliably, 24 hours a day, 7 days a week.

Initiating the customer-centered Digital Transformation Program with the vision of becoming "Turkey's Best Digital Bank", İşbank founded MaxiTech in Silicon Valley in 2016 which will provide support to digital transformation.

"Workup by İşbank" entrepreneurship program was initiated under Kolektif House in order to support high potential and technology focused startups. Besides, Innovation Committee was established at İşbank in order to provide extending innovation culture and carrying on with innovation process continually.

With TekCep service, Turkey's first open banking application, İşbank provided the opportunity to track account movements in different banks through İşCep.

İşbank has proven once again its success in providing long-term funds from international markets at favorable terms.

In 2018, İşbank kept consolidating its leadership in digital banking. While the personal assistant application Maxi that quickly achieved a record number of customer contacts was integrated to the service platform.

Cooperation activities are intensified with ventures contacted in the entrepreneurship ecosystem. İşbank moved one step further in the innovation universe with the opening of the Shanghai Innovation Center.

İşbank, continued to support the real sector and Turkey's economy steadily. The Bank continued its efforts to improve its value proposition to its customers with its product and service range. With TekCep service, Turkey's first open banking app which allows to track account movements at different banks via İşCep was put into use for legal entity customers.

Apart from this, the Bank offered many innovative products to its customers from all segments, took the digitalization journey to new levels and materialized further its support for entrepreneurship.

While 2020 was an extraordinary period in pandemic conditions, İşbank demonstrated its support to households and companies through special product and service applications.

The Bank also proved once again its success in providing long-term funds from international markets under favorable conditions and further increased its support to the Turkish economy in this difficult year.

## Firsts and Innovations

- İşbank;
- Developed and introduced the “Money Box” account to Turkey to foster a culture of savings.
  - Introduced the first use of cheques as a convenient means of carrying out regular payments.
  - Launched electronic banking in Turkey, with the introduction of the country’s first ATMs: Bankamatik.
  - Became the first Turkish bank to open branches in Europe and TRNC
  - Rolled out the first investment account service in the Turkish financial services industry.
  - Launched Turkey’s first mutual fund.
  - Became Turkey’s first bank to introduce trading services of investment securities.
  - Initiated the first interactive telephone banking service.
  - Opened the first online branch.
  - Developed and rolled out the first application-based native mobile banking service (İşCep) for customers.
  - Offered the first term deposit product for customers in Turkey, “Floating Account” whose yields are indexed to the TRLIBOR market.
  - Turkey’s first social responsibility-focused mutual fund, “TEMA Environmental Variable Fund,” investing in environmentally friendly companies.
  - Launched the “Environmentally Friendly Housing Loan” product to support the development of environmentally friendly technologies in the housing sector.
  - Introduced Mobile Signature, enabling customers to pay off loans without having to visit a branch and to withdraw cash, without using a debit or credit card.
  - The integrated “Mobil Borsa” feature within İşCep gives access to real-time stock exchange data and allows stock exchange transactions in that without a dedicated application.
  - Developed and introduced “Mobile Key (Cep Anahtar),” a mobile phone application that strengthens the transaction security of the online branch and mobile banking channels, and also enables cash withdrawals from Bankamatik (ATMs) without the need for a card.
  - Developed “Üstü Kalsın (Keep the Change)” an innovative application that helps customers to grow their savings by rounding up outstanding credit card debt balances to a specified limit, and uses the difference to purchase mutual fund shares.
  - Developed the “Kur Korumalı (Opsiyonlu) Döviz Kredisi (Exchange Rate Protected Foreign Currency Loan with Option),” a foreign currency loan with a guaranteed exchange rate option that protects the borrower against excessive increases in the exchange rate; “Sabit Faizli Rotatif (BCH) Kredi (Fixed Rate Revolving Loan),” a fixed-interest-rate revolving line of credit for those who do not want to be affected by fluctuating interest rates; and Chinese Yuan credit and loans for customers who conduct business with China.
  - Introduced the “Temassız Kartla Para Çekme (Money Withdrawal by Contactless Card),” a contactless card application that enables users to withdraw cash with a single key press.
  - Designed and opened a specialized branch with a completely different and unique structure to deliver services exclusively to companies backed by foreign capital, which is an unprecedented service offering in Turkey.

- Became the first privately-owned bank in Turkey to introduce the 2B Loan.
- Launched the “Şipşak” product that allows customers to carry out instant shopping by scanning a QR code in print media, such as newspapers, magazines, banners or catalogues.
- Launched the “Anında Alışveriş Kredisi (Instant Shopping Loan)” product that allows customers to use consumer loan instantly during the payment process without leaving the web site in which they shop by the use of API (Application Programming Interface) technology.
- Introduced the “İşCepMatik”, which is a new generation ATM device designed for its customers, allowing them to withdraw cash through Bluetooth or QR code technologies without having to carry an ATM card or entering a passcode.
- Became the first bank working online in Turkey that has been integrated into the invoice registry center with the “Supplier Financing” application that allows customers to use invoice amounts before their terms by discounting.
- Launched “Exporter Card” product which is specifically designed for SMEs who make their export transactions via the Bank.
- Launched “Sosyal Hesap” (Social Account) whereby İşCep users can ask for a money transfer for meals, presents, entertainment, school fees and similar purposes into a designated account from their families and friends, or whereby they can quickly respond to such requests.
- Became the first bank in Turkish capital markets that issued a domestic subordinated bond denominated in TL.
- Allowed to make stock exchange transactions and futures transactions in Europe’s, America’s and Asia’s leading 26 stock markets such as NASDAQ, NYSE, XETRA, LSE, ICE, SEHK with İşCep International Markets service.
- Introduced Digital Moneybox to its customers which is a first in Turkey in the way of transformation of the Internet of Things (IoT) and a FinTech initiative into a banking product.
- Set up the Agile Atelier, one of the few implementations in the global banking sector.
- Launched Maxi, the personal assistant application based on AI, on its mobile banking service (İşCep).
- “TekCep” service, Turkey’s first open banking app which allows to track their account movements at different banks via İşCep was put into use for legal entity customers.
- Daily Deposit Account, which can be used on non-branch channels and earns interest for one-day terms was added the product range.
- Within the scope of its work on alternative and innovative foreign trade solutions, it successfully carried out two pilot transactions; became the first Turkish bank to guarantee payment with blockchain technology in foreign trade.
- In order to eliminate the security concerns of all e-commerce customers; Dynamic Security Code application was implemented for the first time in Turkey.
- Digital Vault, the first step of the “Digital Identity” defined as the main product in the medium-term under the innovation strategy, was launched for İşbank customers and non-customer users.

## Message from the Chairperson



As we leave our 96<sup>th</sup> year behind, being a role model and a pioneering company, we continue to carry out our activities within the frame of our future-oriented working concept.

**Füsun Tümsavaş**  
Chairperson

Esteemed shareholders,

In 2020 the Covid-19 pandemic dominated economic and social life all over the world.

Due to the pandemic, international trade, tourism and particularly capital flows to emerging countries presented a negative picture for the most part of the year. On the other hand, the US presidential elections and the post-Brexit trade deal negotiations took up an important place in the global political agenda.

In an effort to minimize the economic and financial impacts of the pandemic, major central banks and governments have introduced a set of measures to support the economy since March 2020. As risk factors such as high indebtedness and long-lived low-interest

rate environment were downplayed to some extent, policies prioritizing the prevention of employment loss and bankruptcies were implemented.

While the said measures limited the projected contraction of global economic activity to some extent, they provided a strong support to the financial markets particularly in developed countries.

As the pandemic is anticipated to have permanent effects upon global supply chains and ways of doing business in the services sector in general, the vaccination process that was initiated in numerous countries in the final weeks of 2020 is regarded as the key element shaping the expectations regarding the coming period.

**işbank**  
**Banking**  
işbank's value  
creation model

Amid these tough conditions, Turkey once again proved its resilience against external shocks. Having contracted rapidly in the second quarter due to the restrictive measures introduced within the scope of the fight against Covid-19, economic activity registered a fast recovery in the third quarter, backed by the credit expansion, and recorded a 1.8 percent growth for the whole year.

The banking sector achieved a fast growth in credits in 2020, driven by the policies adopted as part of the combat against the global crisis. The Turkish banking sector sustained its support to the economy amid the challenging global contraction conditions, while maintaining its solid structure.

### İşbank is in its 96<sup>th</sup> year

As we leave our 96<sup>th</sup> year behind, being a role model and a pioneering company, we continue to carry out our activities within the frame of our future-oriented working concept.

İşbank steadfastly adheres to its mission summed up in its slogan “Turkey’s Bank” in line with its vision of creating permanent value for all of its stakeholders, especially for the national economy as well as its shareholders. Our Bank continues to generate sustainable value for all of our stakeholders in line with our strong and productive business model that we call “İşbank Banking”.

Geared up for the future with its strategy formulated with a long-term perspective, its physical and digital service network, technological infrastructure and human capital, İşbank stands by the individuals, SMEs, corporate companies, farmers and exporters in good days and difficult ones alike. Our Bank plays an important part in building a sustainable future by contributing to the lifecycles of millions of individuals with its high added-value products and services.

To this end, İşbank also continues ceaselessly to further leverage its services. We carry on with our digital transformation in order to further upgrade our customers’ experience at all touchpoints, which will allow us to present personalized and life-easing solutions any time they need.

As we move forward as an actor ready to undertake new and key roles in Turkey’s economic future, our collective shareholding structure constitutes one of our key strengths. Our approximately 165,000 shareholders including İşbank Members’ Supplementary Pension Fund, which is our majority shareholder representing nearly 50,000 employees and retirees of the Bank, and our institutional investors, position İşbank in a special and solid place within the Turkish capital markets.

### Sustainability and İşbank

Sustainability requires incorporation of economic, environmental, social and governance aspects within the business model with a holistic approach. Ever since its incorporation, İşbank has been the flagbearer of all components of sustainability, and has increased its focus on the topic in keeping with the global approaches that evolved in time. Sustainability is currently positioned as one of the key focal points of our Bank’s strategy.

Based on this working concept, we continue to create value with our qualified human resource that represents our most valuable capital, the capabilities bestowed upon us by our financial power, our brand equity identified with trust and prestige, and our extensive physical service network, combined with our digital service channels and the products and services we develop by internalizing sustainability.

İşbank is a transparent and accountable institution, a reliable business partner, a fair employer, a company that is sensitive to the environment and society; in other words, İşbank is a bank that is conscious of its responsibilities to all its stakeholders. A signatory of the UN Global Compact, İşbank also supports Sustainable Development Goals.

## Message from the Chairperson

Being an organization possessing an exemplary Corporate Governance structure, we effectively utilize governance committees reporting to the Board of Directors. Since 2015, our sustainability-related activities were being conducted under the supervision of our Corporate Governance Committee. However, we set up a dedicated Sustainability Committee in 2020 in recognition of the intensive interdisciplinary communication and interaction required by this area. The Sustainability Committee is structured to enable effective oversight by the Board of Directors, as well as to allow all related activities to be tackled by all executive functions. We believe that the Committee will undertake a critical role in our activities owing to this characteristic.

Our Bank has also been an establishment gaining the foreground with its egalitarian approach to women. There are countless examples of our stance in this respect from the loans we have extended for increasing women employment and supporting women entrepreneurs to the egalitarian approach ahead of its time that we have been exhibiting towards our women employees ever since the day we have been incorporated. The ratio of our women employees as of 2020 year-end is 55 percent, whereas the ratio of women managers is 45 percent. Being a signatory of the Women's Empowerment Principles (WEPs), we will continue to conduct our activities targeted at strengthening the women's place in the society across our entire value chain.

Putting much emphasis on stakeholder communication and interaction and taking place in a number of domestic and international sustainability initiatives, İşbank relentlessly works towards satisfying the requirements arising from these commitments as well as expanding its sphere of influence in relation to sustainability. Possessing the infrastructure and resources necessary to support the

transformation of its customers, suppliers, employees -in short all its stakeholders- in this respect, İşbank is already set for the future.

### **İşbank fulfills its social responsibilities regardless of the conditions.**

Carrying on with its activities aimed at supporting social life through its social responsibility projects in the areas of education, culture, art and the environment, İşbank shares the value it generates in the economic cycle with our country's people in the widest scale possible.

Our priority in our social responsibility projects that we design with a long-term approach is the future generations, in other words, our children.

Under the "One Million Books, One Million Children" campaign that is one of the most concrete and farthest-reaching examples of our initiatives in this area that left behind 13 years, we have given 14 million hard-copy books to primary school students to date. In delivering these books, we cross Turkey's borders and take them to our children in the T.R.N.C., Iraq, UK, Kosovo, Germany, Russia and Georgia where we have an organization, have them printed in the Braille alphabet and send them to the schools providing education to visually impaired children, and we give them away to our children in Regional Boarding Secondary Schools, to children boarding in the housing of the General Directorate of Children's Services, and those in the Youth Closed Prisons and Juvenile Reformatories. In the 2019-2020 academic year that marked the 13<sup>th</sup> year of the campaign, we carried our project to the digital platform with four books due to the coronavirus measures.

Based on the thought that the chess sport is also an educational tool that has significant contributions to mental development of children and youth and protects them from harmful

**Being a signatory of the Women's Empowerment Principles (WEPs), we will continue to conduct our activities targeted at strengthening the women's place in the society across our entire value chain.**



Having started operations right after the establishment of the Turkish Republic, our Bank successfully managed crises and turbulences in its history, and generated permanent value for Turkey.

habits, we have become the main sponsor of the Turkish Chess Federation in 2005. Within the scope of this ongoing sponsorship, we have opened more than 27,500 chess classes to date across Turkey.

As İşbank, we are running the Project “81 Students from 81 Cities” in collaboration with Darüşşafaka, which is one of the longest-lived and most comprehensive projects in the area of education ever undertaken in Turkey. Including the graduates, the number of our students who received education in this framework exceeded 750. Under the project, we continue to support our students, whose educational expenses at Darüşşafaka Educational Institutions are fully covered by İşbank, also through their university lives.

For a bright future, İşbank will continue to extend multi-faceted social contribution and support to its stakeholders, and particularly to our children.

#### **The future must be better than today for the humankind.**

The pandemic served as sort of a warning regarding the future of the humankind. It is a joint responsibility for economic actors and authorities to understand this warning accurately and to fulfill its requirements quickly. Numerous topics from the resolution of the great injustice in the distribution of income to efficient use of scarce resources, as well as the combat against the climate crisis, are pending for solutions on the agenda of the humankind.

Having started operations right after the establishment of the Turkish Republic, our Bank successfully managed crises and turbulences in its history, and generated permanent value for Turkey.

İşbank employees hold a hopeful and determined outlook for the future as they stand united around their shared corporate ideals. Believing that the future must be better than today for the humankind, we continue to put our heart and soul in our efforts for topics that call for our contribution.

Being Turkey’s largest private bank and an esteemed constituent of the global league, İşbank will continue to be by the side of its other stakeholders as well as its customers, and to deliver the best to them, as it has done for the past 96 years.

On behalf of the Board of Directors, I would like to take this opportunity to thank all our stakeholders, and first and foremost the İşbank employees who have played a part in driving our Bank to its current position.

Yours sincerely,



Füsun Tümsavaş  
Chairperson

## Message from the CEO



işbank continued to put its resources to use towards the country's interests and to support its stakeholders during 2020.

**Adnan Bali**  
Chief Executive Officer

### 2020: A year dominated by the pandemic

Having started 2020 with the anticipation that the recovery in economic activity would gain momentum, the Turkish economy was put to an unprecedented test with the Covid-19 outbreak that became a global pandemic in March.

While economic indicators hit the bottom in April 2020, a recovery trend followed with the effect of the easing of restrictive measures implemented against the pandemic and the steps taken by policymakers to support the economy.

Although the risks stemming from the pandemic readopted an upturn in the last quarter of the year in our country as was the case in all over the world, the economic activity

was impacted at a lower extent as compared to the second quarter of the year, and Turkey emerged as one of the very few countries that displayed positive growth in such a tough year.

During this period, developments regarding the course of the pandemic have driven the global risk perception; hence, despite the loosened liquidity conditions, capital flows remained selective, taking country-specific factors into consideration.

When considered in conjunction with other risks, the likely persistence of the economic damage caused by the pandemic indicates that pursuance of foreseeable economy policies will make a greater difference than ever before for a high-potential emerging country, such as Turkey.

During the pandemic, we kept offering uninterrupted service to our broad and extensive customer base.

In the meanwhile, the banking sector once again proved that it possesses the strength and the capability to manage risks on the back of its solid financial structure and disciplined management approach, and sustained its support to the real sector, while adhering to its uninterrupted service concept.

The period ahead embodies significant opportunities for Turkey to positively decouple from its peers and to create a new story of growth. Provided that the risks are carefully managed, the Turkish economy is equipped to navigate through the ongoing recovery process with the dynamic and flexible structure of its real sector and the solid banking sector.

### **We acted with the motto “people come first”**

During the pandemic, we kept offering uninterrupted service to our broad and extensive customer base, and performed successfully in this process. Key drivers behind the success we achieved were the importance we attach to digitalization, our sustainability approach, our human resource, our far-reaching physical and digital service network, and our robust subsidiaries operating in different areas of financial services, as well as our solid financial structure.

Upon emergence of Covid-19 cases in Turkey, we immediately introduced a series of preventive actions first of all, for the health of our employees and our customers.

During 2020, we have fulfilled our responsibility to our country and our customers over a broad range from individuals to SMEs, from commercial establishments to our country's large-scale investments, employing a more focused approach than ever before. Having reached its targets to a large extent in 2020, our Bank's total assets grew by 26.9% year-over-year to TL 593.9 billion, while the Bank's total cash and non-cash lending in the same timeframe rose to TL 345.2 billion and TL 119.6 billion, respectively, for a total contribution of TL 464.8 billion channeled to the economy in the form of loans. In 2020, the ratio of İşbank's non-performing loans to total loans was registered as 5.6%.

We supported the SMEs that make up our traditional customer base through multi-faceted credit and service packages also in 2020. Cash loans İşbank made available to the SMEs added up to TL 69.4 billion as at year-end 2020.

Our individual customers made up of millions of households represent another important stakeholder group of our Bank. İşbank's consumer loans book expanded by 39.2% in the twelve months to end-2020 and amounted to TL 68.2 billion. Being the preferred choice of savers in 2020 dominated by tough conditions, we grew our total deposits by 24.7% to TL 368.9 billion.

With a shareholders' equity that reached TL 67.8 billion in the same timeframe, our Bank further consolidated its leadership among private banks in this area.

Amid the tough market conditions presented by 2020, İşbank also granted deferment on loans in the total amount of TL 42 billion of its corporate and individual customers. In summary, İşbank continued, as always, to put its resources to use towards the country's interests and to support its stakeholders during the pandemic-burdened 2020.

### **Uninterrupted support to the economy**

In this period, we were compelled to deal with challenges that we had never experienced before. Especially the world trade almost came to a standstill for a large number of goods and services in spring. The declined demand from the European Union countries that make one of our major export destinations and the issues confronted by the logistics industry led to plunges in production and exportation.

In this period when, in our opinion, Turkey acquired a much more important position for the supply of various goods and services because of its location, as İşbank, we never hesitated to assume responsibility. Upon the emergence of the pandemic, we launched our economic relief packages concurrently with the public banks. With the “Solidarity and Support Packages” that we subsequently announced, we extended support particularly to our tradesmen, small enterprises and SMEs through this rough patch.

## Message from the CEO

Under the protocol signed with the Turkish Exporters Assembly (TİM) by end-June, we have presented a cash loan package worth USD 500 million in total, which was available in Turkish lira and foreign currency to all the sectors without any exceptions. Within the scope of the protocol, we also offered special interest rates to women entrepreneurs.

### The new phase of digitalization

The pandemic has been a test experienced under extraordinary circumstances for all the economic actors. In 2020, business models, corporate cultures and working schemes we had become accustomed to embarked upon a radical change process. I consider that a breaking point, the start of a transformation. People of all ages experienced first-hand the power and importance of digitalization during the pandemic that squeezed a change that would normally take a few years to take place within just several months.

During the pandemic, İşbank found the opportunity to test its service delivery capability in the area of digital banking. The number of our active mobile banking customers went up from 7.8 million at year-end 2019 9 million at year-end 2020. In the same timeframe, the number of total digital customers arrived at 9.2 million, and the numbers of customers using Bankamatik ATMs and the Internet Branch reached 9.5 million and 3 million, respectively. The share of comparable transactions executed on non-branch channels in total transactions reached 96% in 2020. Maxi, our assistant application developed using Artificial Intelligence and natural language processing technologies, carried out nearly 60 million dialogues with more than 7.2 million customers as at year-end 2020.

In 2020, İşbank took one more step and signed its name under the establishment of Turkey's largest artificial intelligence center. Set up in cooperation with Koç University, the center

operates out of the university campus and also İş Towers. I believe that this project that will form a good example of the university-private sector cooperation will contribute to promote Turkey to the global league in this area.

Another collaboration we have made in 2020 for our country's future was the Research Center for Infectious Diseases established at Koç University. The Center is intended to conduct advanced research on infectious diseases, to work on suggested solutions in the development of disease diagnostics and treatments and protection methods, and to enrich researcher and educator human capital in terms of quantity and qualifications.

### Yet another first: the first financing transaction using the Blockchain technology

In 2020, we realized the first pilot financing transaction based on blockchain technology. This is the first step of a reliable and easier period in foreign trade finance, which is based on data matching. We are committed to rank among the world's fast advancing emerging technology formations and to develop products targeted at the financing of international trade and supply chains over the blockchain technology.

### Our support to the startup universe continue with increasing diversity

The founding mission of İşbank envisaged extension of support to entrepreneurship - a commitment that our Bank never compromised over the course of a century.

In 2020, we continued to stand by entrepreneurs and startups with our multi-faceted support. We carried on with the Workup Entrepreneurship Program, transferring it to the online platform in the wake of the pandemic. While 18 startups from various cities in Turkey were admitted to the 7<sup>th</sup> term of the

# 9.2 million

Number of total digital customers

The share of non-branch channels in total transactions at İşbank reached 96% in 2020.

program commenced in August, the number of the program graduates reached 60 at the end of the year.

Maxis Innovative Venture Capital Fund invested in two ventures in 2020, one of which is a Workup graduate. Including these two investments, which are engaged in the fields of cyber security and marketing technologies, the number of ventures the fund invested in reached four. We will continue to extend support to entrepreneurship which we deem vital for the growth of our economy with added value.

### Sustainability...

2020 has been a year of great momentum added to our sustainability-related initiatives.

Carrying out its activities with the utmost environmental sensitivity since its incorporation, our Bank set its medium- and long-term emissions reduction targets in 2020, and unveiled its roadmap to become carbon-neutral. Having forthwith started its projects in line with these targets, our Bank decided to supply the entirety of the electricity it will procure in 2021 as an eligible consumer from electricity generated from renewable sources.

In 2020, our Bank joined the United Nations Environment Programme - Finance Initiative (UNEP-FI), which seeks to improve and expand the links between the sustainability and financial performances of companies in the finance sector, and we have signed the Principles for Responsible Banking, which is a set of principles specific to the banking industry.

Also in 2020, we have upgraded our Carbon Disclosure Project (CDP) Climate Reporting rating to "A-" in only our second reporting, and qualified for the leadership category. This result attested to our Bank's efficient utilization of natural resources and natural capital, and its effective management of climate-related risks and opportunities. On another note, our Bank was granted "Platinum Prize" in five different categories at the Spotlight and Inspire 2020 award programs organized by the League of American Communications Professionals (LACP) with its 2019 Integrated Report.

We were happy to have achieved such good progress in the area of sustainability in the challenging year of 2020. İşbank will keep taking solid steps in this direction also in the following years and continue to generate shared value for all its stakeholders.

### One of the banks boasting the highest global brand strength

Our high brand strength and reputation continued to shape our competitive stance and our core operations in global markets in 2020.

İşbank secured two syndicated loans with a total amount of USD 1.6 billion in 2020 under two different deals. With these loans, support was extended to financing the foreign trade transactions of companies engaged in the real sector, and contribution was lent to the performance of the national economy.

Our Bank also carried out subordinated issues worth USD 750 million on international markets in January 2020. The said deal has been the first subordinated market issue held abroad by a Turkish bank since February 2018. The investors' demand for the issue exceeded USD 3.5 billion.

### Distinguished stakeholders,

The pandemic served as a reminder of the delicate balance upon which our civilization on earth is established. Our hope is that the humankind will learn from its experience in this process, look ahead, and strive wholeheartedly to build a sustainable future.

I would like to take this opportunity to extend my gratitude, first and foremost, to our employees who have produced the 2020 performance, and to our business partners and other stakeholders. I also would like to thank, on behalf of İşbank Family, the healthcare workers for their superhuman efforts and committed work throughout 2020.

İşbank is more than a bank with its identity as a century-old establishment that welcomes you with a deep-rooted and strong sense of trust that assures ease of mind. I believe from the bottom of my heart that this relationship will continue for generations to come.

Yours sincerely,



Adnan Bali  
Chief Executive Officer

# The Global Economy

## **The pandemic has driven the course of the global economy in 2020.**

Having taken the whole world in its grip in 2020, the Covid-19 pandemic brought along a global economic crisis. Measures restricting social life introduced all over the world in an effort to prevent the spread of the pandemic brought the global economic activity almost to a complete halt particularly in the second quarter of the year, causing historic-high contractions in the world's major economies. Despite the stronger-than-expected recovery of economic activity in the third quarter, the number of cases that took an upturn once again in the last quarter put pressure on recovery. In addition, the absence of a solid recovery in the services industry due largely to the lockdowns and travel restrictions led to significant decoupling in the course of manufacturing and services activity across the world. It is estimated that all major economies excluding China contracted significantly at the end of 2020.

In 2020, geopolitical events, as well as the uncertainties related to protectionist trade policies, have had an impact on global economic activity. The US presidential election that took place in the second half of the year and the developments concerning the deal that will regulate the post-Brexit trade relationships between the EU and the UK were watched closely.

## **Expansionary monetary and fiscal policies were implemented.**

The destruction that the pandemic caused to global economic activity compelled the implementation of supportive monetary and fiscal policies. As numerous countries announced relief packages at unprecedented scale, central banks of developed countries injected significant amounts of liquidity to the markets through low interest rate policies coupled with substantial bond purchases. The

said central banks announced that they will maintain supportive policies and might adopt new measures if needed until the economic outlook and the labor market that experienced major employment losses recover markedly.

## **Commodity prices have also been influenced by the pandemic.**

The fact that economic activity came to a halt all over the world because of the pandemic, particularly in the second quarter of the year, negatively affected energy and commodity prices. During this period, oil prices were close to the lowest levels of the past two decades, and producer countries attempted to curb the decline in prices through supply cuts. As the economic activity began recovering globally in the third quarter of the year, oil prices increased rapidly, but failed to reach the pre-pandemic levels. The investors' shift towards safe-haven investment instruments during this period, on the other hand, fueled the demand for gold. Due also to the expansionary monetary policy implementations of the central banks of developed countries, gold price per ounce exceeded USD 2,000 in August. In the following period, gold prices decreased somewhat as the positive news flow regarding vaccination and medication efforts eased the concerns over the pandemic.

## **Expectations for 2021**

In 2021, global economy is projected to recover quickly due to the low base effect of 2020. The scale and success of vaccination campaigns will likely be influential upon the course of the said recovery. Although the policies of the central banks of developed countries which will possibly remain supportive of economic activity in 2021 provide a favorable outlook for the financing conditions of emerging economies, country-specific risks will determine the direction of capital flows.

Having taken the whole world in its grip in 2020, the Covid-19 pandemic brought along a global economic crisis.

Supportive policies were pursued during the pandemic.

# The Turkish Economy

## Macroeconomic developments in 2020

### The Turkish economy exhibited a strong recovery in the second half of the year.

After contracting by 10.3% on annual basis in the second quarter of 2020 due to the initial impacts of the Covid-19 outbreak and the restrictive measures adopted, the Turkish economy displayed a recovery trend in the second half of the year owing to the actions taken to support the economy, combined with the eased restrictive measures. As a result, Turkey positively decoupled from many countries in the whole year of 2020 and captured a growth rate of 1.8%. While the support channeled to the economy added up to more than TL 500 billion through a series of measures including credit guarantees, tax deferrals and direct transfers implemented within the scope of the combat against the pandemic, approximately 80% of this amount has been in the form of credit support.

Against an export volume that was repressed by the pandemic, the imports volume that rose with the additional impact of increased gold imports led to a high 69.1% expansion in the foreign trade

deficit in 2020. The two main sources of foreign currency for Turkey, export and tourism revenues that remained low due to the pandemic caused the current account balance to deteriorate. On the other hand, oil prices that were lower as compared to the pre-pandemic period limited the deterioration of the current account balance. Having closed 2019 with a surplus of USD 6.8 billion, the current account balance posted a deficit of USD 36.7 billion in 2020.

### Budget deficit continued to widen.

The measures introduced by the public authorities in an effort to deal with the negative effects of the pandemic on the economy negatively affected the budget outlook in Turkey in 2020, as was the case in many other countries. The rise in public expenditures that outpaced that in revenues caused the central government's budget deficit to widen by 38.5% year-over-year in 2020, bringing it up to TL 172.7 billion.

### Inflation followed an upward trend in the second half of the year.

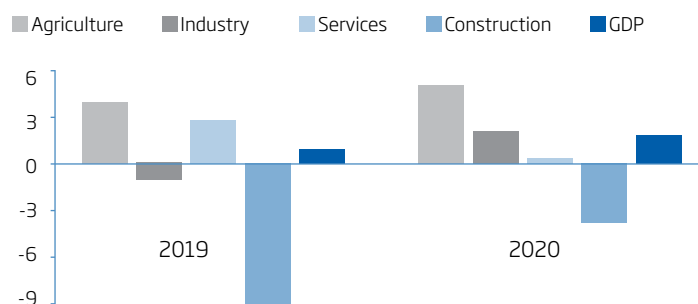
The domestic demand that increased with the effect of supportive measures taken

to alleviate the impacts of the pandemic, high volatility in financial markets, and the impact of exchange rate pass-through, which was stronger as compared to previous periods, put an upward pressure on inflation particularly in the second half of the year. While annual CPI was registered as 14.60% in 2020, the annual rise in D-PPI that reflects the cost inflation was 25.15%.

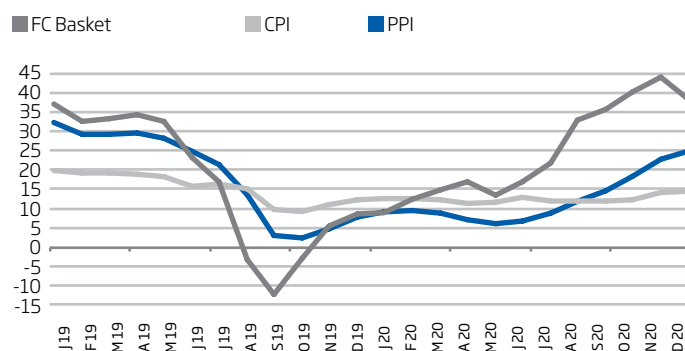
### The CBRT implemented tightening in its monetary policy in the second half of the year.

Having exhibited an expansionary monetary policy stance starting from the second half of 2019 with the aim of supporting economic activity, the CBRT discontinued the rate cut process in June 2020. Given the high volatility in financial markets and the higher-than-projected level of the inflation, the CBRT began implementing a tight monetary policy by increasing the weighted average funding cost from July onwards. Through gradual increases applied from September, the policy rate was raised to 17% at the end of the year, and the monetary policy was simplified in November, as the 1-week repo rate became the main funding tool.

## GDP - Sectoral Growth Rates (%)<sup>(\*)</sup>



## CPI and FC Basket<sup>(\*\*)</sup> (Monthly Annual Changes, %)



(\*) Based on chain linked volume index

(\*\*) Currency Basket (0.5 \* € + 0.5 \* \$) is calculated using the monthly average of the CBRT exchange rates.



## 2020 Developments in the Banking Sector

### TL credit volume grew rapidly.

The fact that the measures taken to ease the pressure the pandemic created upon the economy was substantially in the form of credit support and that the interest rates remained relatively low for the most part of the year caused a marked increase in the demand especially for Turkish lira loans. Excluding participation banks, TL lending of the banking sector expanded by 41.2% in 2020. On the other hand, FC credit volume in USD terms that displayed a weak performance parallel to the weak investment appetite and the depreciation of the Turkish lira, as well as the tendency to deleverage, fell by 3.8% in this period. Therefore, the rise in total lending volume in 2020 was at 33.1%.

### FC deposit volume continued to expand.

Higher volatility in domestic financial markets in recent years increased the dollarization tendency. This tendency persisted in 2020 with the impact of the expansionary monetary and fiscal policies implemented within the country, combined with the uncertainties created by the pandemic. In this context, FC deposit volume in USD terms grew by 14.4% in 2020, while the expansion in TL deposit volume in the same period was 23.6%. Thus, the increase in total deposit volume was registered as 33.3% for the whole year, which was driven also by the rise in exchange rates.

Higher volatility in domestic financial markets in recent years increased the dollarization tendency.



In 2021, the banking sector will continue to provide support to the economic activity.

**The sector has preserved its strong outlook.**

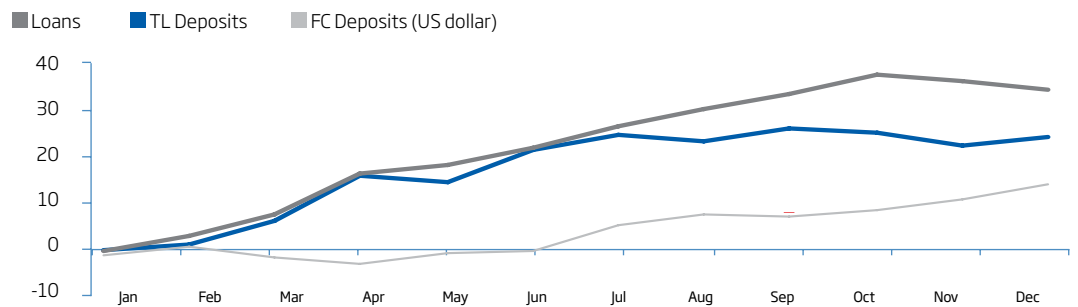
Capital adequacy ratio of the banking sector went up from 18.42% at the end of 2019 to 18.81% at the end of 2020. The NPL ratio, which was 5.37% at year-end 2019, was registered as 4.10% at year-end 2020 with the support of the rapid rise in credit volume. The overall sector’s net profit grew by 20.7% as compared to 2019 and went up to TL 56.3 billion.

**Expectations for 2021**

In 2021, economic activity might possibly continue to recover in Turkey, and the inflation might follow a downward trend in the second half of the year due to the mild recovery in domestic demand, the weakening effect of exchange rate pass-through, coupled with the tight monetary policy implementations. As this situation provides the CBRT, which is anticipated to preserve its tight monetary stance in the first half of 2021, with room for maneuver for rate cuts in the second half of the year, it is also expected to reflect positively on the banking sector’s figures.

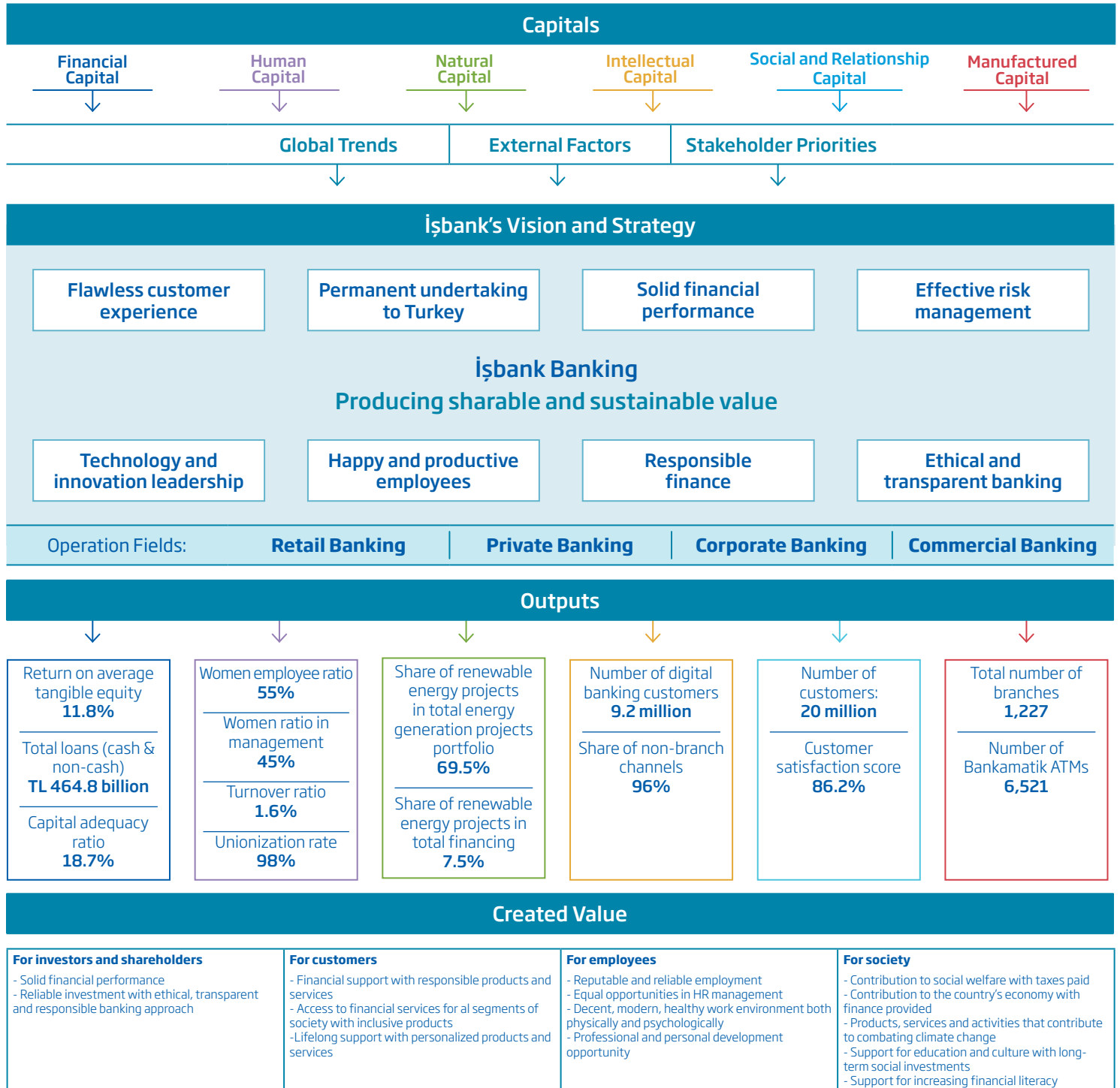
**Deposits and Loans in 2020 (\*)**

(Change Compared to Year-end, %)



(\*)Source: BRSA Monthly Bulletin (excluding participation banks)

# İşbank Banking



## Sustainable Impact



Having undertaken pioneering roles and critical duties through every stage of the Turkish economy, İşbank produces permanent value for its stakeholders with its deep-rooted and powerful business model allowing it to address its activities with a long-term perspective.

### İŞBANK BANKING - A POWERFUL BUSINESS MODEL GENERATING SHARED AND SUSTAINABLE VALUE

İşbank aims to generate shared and sustainable value for all its stakeholders with its business model called "İşbank Banking", which it has been constantly evolving in the light of its corporate values nurtured and passed on from one generation to the other ever since its incorporation.

Having positioned sustainability that underlies its business model as one of the main focal points of its corporate strategy with a holistic approach, the Bank carries out all of its activities to this end with the involvement of all employees and under the ownership of its senior management.

İşbank generates versatile value by adopting an integrated approach to the management of its;

- **financial capital** based on its robust financial structure,
- **human capital** molded by its competent and experienced employees,
- **natural capital** covering its resource management concept, environment-friendly products and services,
- **social and relationship capital** allowing it to create added value for the society and its stakeholders,
- **manufactured capital** made up of its physical infrastructure that enriches its service quality,
- **intellectual capital** enabling it to develop innovative products and services, nurtured by its digital transformation capabilities, as well as its know-how generated by its deep-rooted history.

Looking out for social benefit, as well as the needs and expectations of all its stakeholders, İşbank relates the outputs from its value creation process with the United Nations Sustainable Development Goals (UN SDGs) that it has contributed to, and manifests its support to global goals with its notion of creating shared and sustainable value.

Since 2018, İşbank has been publishing integrated reports aligned with the IIRC (International Integrated Reporting Council) reporting framework and the GRI (Global Reporting Initiative) standards. 2019 Integrated Report that presents a holistic assessment of the value created by the Bank and forward-looking targets in view of the non-financial capital elements, as well as the Bank's financial capital can be found on the website.



## İşbank and its Activities in 2020

As at year-end 2020, İşbank increased its total assets by 26.9% compared to the end of the previous year to TL 593.9 billion, and retained its title as “Turkey’s largest private bank”.

İşbank also maintained its leadership among private banks in terms of total loans, total deposits and shareholders’ equity as well as total assets.

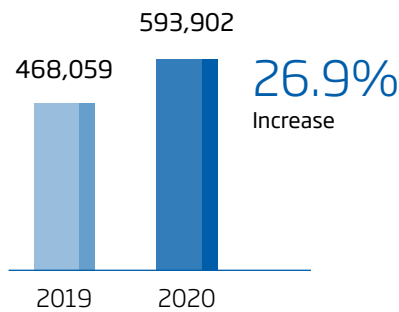
Total loans, which grew by 27.7% over the previous year, reached TL 345.2 billion as at the end of the year, and the share of loans in total assets stood at 58.1%. Non-performing loan ratio was 5.6% at year-end 2020.

Total deposits of the Bank grew by 24.7% compared to the previous year-end and reached TL 368.9 billion. Ranking first among private banks in terms of total deposits and FC deposits, İşbank continued to be the leader among private banks also in demand deposits and TL savings deposits.

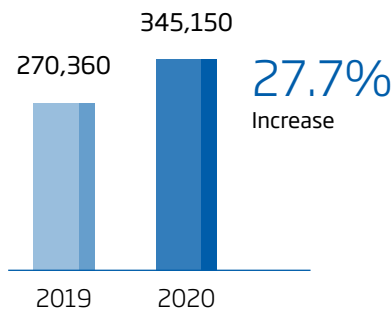
Being the Bank’s main source of funding, deposits’ share in total liabilities reached 62.1% as at 2020 year-end. In 2020, İşbank also continued to utilize non-deposit funding opportunities both in domestic and international markets, aiming to extend the maturity of its liabilities and diversify its

İşbank maintained its leadership among private banks in terms of total assets, total loans, total deposits and shareholders’ equity.

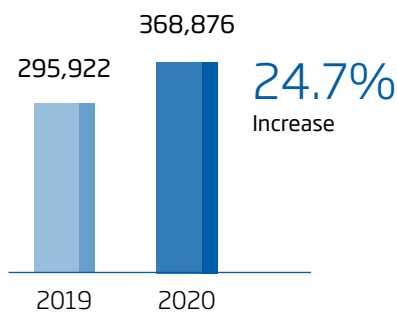
**Total Assets** (TL Million)



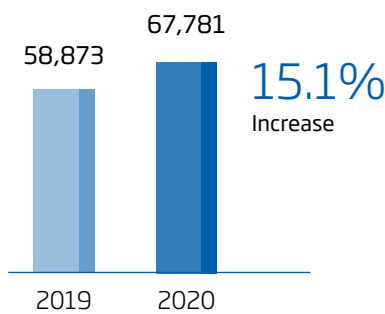
**Total Loans** (TL Million)



**Total Deposits** (TL Million)



**Shareholders’ Equity** (TL Million)



# 18.7%

İşbank's capital adequacy ratio stood at 18.7%.

funding base with a cost sensitive approach. As at year-end 2020, the non-deposit funds, which comprise of repo transactions, funds borrowed, securities issued in domestic and international markets and subordinated debts, accounted for 19.6% of total liabilities.

İşbank's shareholders' equity grew by 15.1% in 2020 and rose to TL 67.8 billion. The capital adequacy ratio of the Bank was 18.7% at the end of the year, above the regulatory limit.

Having the most extensive distribution network among private banks with its 1,227 branches and 6,521 Bankamatik ATMs as at year-end

2020, İşbank kept positioning its physical and digital channels so as to complement one another. Having continued to deliver multidimensional banking services through its diversified digital service platforms during 2020, when digital transformation gained momentum amid the Covid-19 pandemic conditions, the number of İşbank's digital customers rose to 9.2 million by the end of the year, while the share of non-branch channels reached 96% in total transactions. The number of customers using İşCep, Turkey's first mobile banking application, reached 8.9 million at the end of 2020.

# TL 593.9 billion

İşbank's total assets reached TL 593.9 billion.

Asset Composition (%)	2020	2019
Cash and Banks	14.2	14.1
Securities	18.4	18.0
Loans	58.1	57.8
Subsidiaries and Participations	4.4	4.5
Other	4.9	5.6
Total	100	100

Liability Composition (%)	2020	2019
Deposits	62.1	63.2
Funds Borrowed and Money Market Funds <sup>(1)</sup>	19.6	18.4
Other Liabilities	6.9	5.8
Shareholders' Equity	11.4	12.6
Total	100	100

<sup>(1)</sup> Includes securities issued and subordinated debts in TL and FC

## İşbank and its Activities in 2020

### CORPORATE BANKING

İşbank deems it strategically important to develop permanent and multi-faceted relationships with corporate banking customers. The Bank is focused on sustaining its support to the real sector uninterruptedly.

#### Main business partner and supporter of businesses

İşbank has structured its corporate banking strategy upon establishing long-term cooperation with its customers and further deepening its existing relationships. Assuming the role of principal business partner of businesses in this field, the Bank delivers products and services blending customer needs and tendencies with emerging trends, and works to maximize its service quality and customer satisfaction. Sustaining its support to the real sector uninterruptedly amid any conjuncture, İşbank emphatically helps its customers build on their competitive strengths and capitalize on growth opportunities.

Taking place among Turkey's leader banks in the corporate banking segment, İşbank targets to deliver perfect customer experience by developing custom-tailored proactive solutions backed by innovative technology. Under the corporate banking roof, the Bank offers fast and exclusive service to domestic and multinational companies with its expert team working out of 10 dedicated corporate branches, four of which are located in İstanbul, and at its Multinationals Branch operating in İstanbul.

During 2020, İşbank has stood by its customers with the services it offers for financial progress, as well as its robust liquidity structure and capital. The Bank extended support and financial solutions to its customers with its broad product range specifically developed for

businesses and sectors in order to minimize the negative impacts of the global pandemic, and reinforced its pioneering position in the market by contributing added value to the national economy.

The Bank continued to offer digital solutions peculiar to customer needs for all banking transactions of its corporate customers. In 2020, as a result of the Bank's digital transformation climate, the Bank attached even greater importance to processes that will respond to customers' accelerated and differentiated digital demands due to global pandemic in relation to banking and financial transactions. In line with its vision of being the businesses' first choice in integrated digital solution partner within their financial and commercial ecosystems, the Bank has defined its key priorities in the corporate banking business line for 2020 as follows:

- devise its business model so as to steer the payment and collection transactions of corporate companies rapidly, securely, productively and easily through innovative and fast digital platforms backed by the state-of-the-art IT infrastructure,
- define customer needs, concentrate on products that will channel all cash cycles of businesses to the Bank, and develop services and solutions differentiated according to sectors in keeping with the approach centered on corporate companies and the impact they create upon other segment customers that they interact with,
- determine the critical points in all processes involved in the operations of corporate companies, and maximize the benefit provided through banking services and solutions in these areas.

During 2020 that was outweighed by the negative effects of the pandemic, İşbank increased the support it extends to its customers in the corporate banking segment.

**2020 has been a year of decelerated growth in general with respect to project finance as compared to earlier years.**

### **Leader in project finance business line**

Besides its leadership in project finance, İşbank preserved its position as the pioneering bank in the creation of sustainable economic development with its determinant role assumed for the formulation and realization of project finance structures and its experience in this field.

The Bank signs its name under numerous important projects that contribute to the performance of the national economy through the financing solutions based on its experiences and rational analyses and the resources it makes available to the real sector.

In keeping with the responsibility emanating from its pioneering and leader role, when evaluating investments, İşbank produces financing solutions for the realization of projects that create added value for the national economy, satisfy investors' expectations and will contribute benefits to the country in the long term. Custom-designed financing packages at international standards are created by giving the foreground to quality and customer satisfaction by an expert and experienced team possessing the necessary sectoral and technical competencies.

The Bank allocates significant amount of resources for the financing of acquisition projects that also incorporate privatizations, with a special focus on investments in energy, infrastructure, transportation, manufacturing and construction that serve as the engine of the national economy.

### **A year of slowdown in greenfield investments**

Project loan transactions lost momentum due to economic uncertainties in domestic and international markets, fluctuations in exchange rates, increased funding/capital costs and decreased domestic demand, coupled with the negative developments in sectors such as energy and construction contracting, which contributed significantly to the Bank's project finance volume in previous years. As the impacts of the pandemic began to be felt, greenfield investment appetite also declined and planned investments were postponed. In brief, 2020 has been a year of decelerated growth in general with respect to project finance as compared to earlier years.

Loan disbursements continued in parallel with the course of major construction projects such as Çanakkale Bridge and Highway, Ankara-Niğde Highway, Northern Marmara Highway, Ankara Etlik Health Campus, Galataport and energy projects the financial closing of which had taken place in previous years.

## İşbank and its Activities in 2020

İşbank's plans for project finance in 2021 are as follows:

- Assessing the financing needs of new highway projects based on Build-Operate-Transfer (BOT) model, the tender proceedings of which have been finalized,
- Reviewing potential financing demands for new renewable energy investments within the scope of the new Renewable Energy Resources Support Mechanism (YEKDEM) that is expected to come into effect in the second half of the year,
- Following up the tender processes for mini YEKA Solar Power Plant (SPP) with a total installed capacity of 1,000 MW, which will be organized in the first quarter of the year under the Renewable Energy Resources Area (YEKA) model according to the announcement made,
- Considering financing greenfield investment needs emerging in electricity distribution regions upon announcement of the tariffs for the fourth five-year period,
- Continuing to work on marketing the "Solar Loan by İşbank", which was created to finance unlicensed rooftop SPPs with a maximum installed capacity of 5 MW to be set up for self-consumption by industrial facilities and which was introduced in 2019.

### Sustainable cooperation with international institutions in the financing of investments

Under the securitization deals in 2016, İşbank obtained new funds in the amount of USD 111.2 million from the European Investment Bank (EIB) and USD 55 million from the European Bank for Reconstruction and Development (EBRD). The Bank kept channeling these new funds for the financing of its customers' investments; including the new disbursements in the amount of USD 61.9 million in 2020, total financing made available to customers added up to USD 142.6 million.

The Bank allocated the fund secured under the MidSEFF Program to its customers for financing mid-sized investments in renewable energy and industrial energy efficiency.

Contribution to customer satisfaction continues at an increasing rate through customized risk management products offered.

İşbank offers custom-designed risk management tools in line with the needs of its corporate banking customers seeking hedging against market risks.

In 2020, the Bank ensured management of its customers' specific risk exposures by developing customer-focused risk management solutions by bundling derivatives with other banking products, as well as compiling different derivative instruments.

In 2021, İşbank will increase its support to its customers with derivative products and specific risk management solutions that are configured according to needs and expectations.

In 2020, management of customers' risk exposure was facilitated by developing customer-focused risk management solutions.



## FAST

FAST instant payment infrastructure has been set up and Easy Address, an important layer service, was made available to all customers through digital channels.

### Innovative cash management products and money transfer initiatives

İşbank keeps leading digital transformation with innovative cash management products.

In 2020, cash management products gained a high level of importance owing to customers' digitalization needs. Customized solutions were produced for online payment and collection systems, electronic signature, accounting integration and bulk payment systems, thus contributing to customers' digitalization and internal processes.

During the reporting period, İşbank joined major innovative efforts in relation to money transfers. The Bank became a SWIFT gpi<sup>(\*)</sup> bank; hence, international transfers can now be followed up end-to-end transparently and became faster. Named Instant and Continuous Transfer of Funds System (FAST) and launched by the CBRT, an instant payment infrastructure has been set up, and Easy Address, which is an important layer service of FAST, has been offered to customers through digital channels. The Bank integrated into the Secure Payment System of the Turkish Union of Public Notaries allowing simultaneous exchange of the vehicle's ownership and the sales price, thus allowing customers to perform second-hand vehicle purchase and sales transactions quickly, easily and securely.

TekCep, the Bank's innovative product in open banking area, was enriched with additional features, which include TekPOS that allows customers' POS transactions with different banks to be followed up on a single screen, and TekEkstre, an account statement generating a single report on all account information held at all banks.

### Strong business partner in foreign trade

İşbank continues to produce custom-tailored solutions also in foreign trade through technological infrastructure developments.

İşbank continued to act as its customers' business partner of foreign trade also in 2020, and redesigned its work processes in the form of centralized, uninterrupted processes in order to increase transacting speed and operational efficiency, and to offer faster and higher quality service to its customers by making use of expert teams. In this respect, the Bank also finalized and introduced technological infrastructure developments. Robotic processes also began to be employed in efforts carried out in this vein, and robotic automation is intended to be expanded in 2021.

During 2020, work continued regarding alternative and innovative foreign trade solutions, and in this context, two pilots were successfully realized on the Marco Polo platform, and İşbank has been the first Turkish bank to offer payment guarantee with blockchain technology in foreign trade.

In 2021, İşbank will continue to improve its technological infrastructure with an export-oriented approach, diversify the products and solutions offered through digital channels, and produce special solutions for foreign trade customers drawing on its extensive correspondent network and experienced human resource.

<sup>(\*)</sup>The new application of SWIFT, gpi (global payment innovation) allows tracking the status of foreign currency transfers between gpi-member banks, following up fees and charges collected by correspondent banks, and faster execution of transactions.

## İşbank and its Activities in 2020

### COMMERCIAL BANKING

#### Support extended through strong value-added and innovative solutions

In keeping with its founding mission, İşbank has always stood by the industrialists, merchants, SMEs and artisans ever since 1924. In 2020, the Bank delivered its products and services to its customers with commercial banking solutions, and resolutely increased its support to the sustainable development of the Turkish economy.

In line with the vision of being “companies’ integrated solution partner”, SME Banking Marketing Department started its activities employing agile working principle in 2020. In this context, efforts will be spent to further increase the Bank’s influence in the areas of SME, business segment and tradesmen banking segments.

#### Intense customer contact all over Turkey.

Active in almost every point that constitutes the commercial cycle, İşbank offers products and services with high value propositions to its customers all over Turkey with its far-reaching branch network.

İşbank delivers its commercial banking activities out of its 46 dedicated commercial branches in 21 cities with an intense industrial and commercial life and two free zone branches, in addition to its mixed branches. This specific organization of the Bank plays a central role in satisfying commercial customers’ needs in a more efficient and productive manner. Due to the negative impacts of the pandemic conditions in 2020, regional sales

teams effectively followed up branch teams through online meetings that provided the best alternative to physical branch visits. On the other hand, during this period when branches offered service with limited number of employees, field teams and Agriculture Direct Sales teams realized nearly 127,000 and 60,000 customer visits, respectively, which numbers include other means of contact such as video calls besides physical visits. As a requirement of ensuring customer satisfaction and uninterrupted service concept, teleworking Bank employees’ contribution to branch activities became all the more important in 2020.

In this framework, commercial sales teams and particularly teleworking employees established sales-oriented contacts through phone calls or alternative methods with customers presenting a high sales potential, which were identified by technological methods such as artificial intelligence (AI) and machine learning which are in the focal point of the Bank’s field of activity. Work was carried out intensely especially for delivering digital products to the Bank’s extensive customer base and for finalizing Commercial Banking customers’ needs in the shortest time possible. All these steps contributed to alleviating the workload on employees working in İşbank branches, and to enhancing the satisfaction of customers receiving high quality service without any, or with minimum, physical contact.

The Bank’s reach in the field of agriculture continued to be expanded at the same speed in 2020, and the number of agricultural customers exceeded the 300,000 mark.

In keeping with the vision of being the “integrated solution partner of businesses”, SME Banking Marketing Department started operations employing agile working principle in 2020.

**TL 60.7 billion**  
Installment commercial loans portfolio reached TL 60.7 billion in volume as at year-end 2020.

### **The most preferred private bank in installment commercial loans in 2020.**

İşbank plays a pioneering role in financing not only large-scale commercial companies but also tradesmen and SMEs.

Preserving its ongoing leadership among private banks in 2020 with a market share of 10.6% in installment commercial loans, which is the primary loan type preferred by the above mentioned segments for their financing, İşbank's installment commercial loans portfolio reached a volume of TL 60.7 billion as at year-end 2020.

During the pandemic, in order to overcome the difficulties of commercial life in cooperation, the customers were offered the "Economic Support Package Due to the Coronavirus Pandemic" in order to reach the financing they will need in their rent and salary payments.

Upon the transition to normalization during the summertime, "Solidarity and Support Packages" continued, which were aimed at contributing to the continuity of commercial life. Those campaigns for digitalization investments, Intracity Passenger Transport, pharmacists, and custom-tailored loan campaigns were targeted at easing the pressures the pandemic put on economic activity.

As at 2020 year-end, 38,123 customers held a total of 41,136 İŞİM (My Business) cards. Instant Commercial Credit Card service launched in May 2020 has been instrumental in making tradesmen and real person tradesmen customers cardholders via the mobile apps İşÇep and Maximum İşyerim without leaving their workplaces.

With the purpose of producing the payment solutions that best respond to the needs of diverse customer segments, the Bank continued to develop regional business partnerships. In this scope, the new commercial card, Maximiles TİM Exporter Card, which was co-developed with the Turkish Exporters Assembly and tailored according to exporter customers' needs, was launched in June 2020. The number of cards in use reached 4,221 at year-end 2020. As an outcome of the investments in technologies adding speed to card payments, commercial credit cards began to be delivered incorporating commercial virtual card feature.

### **Acting as commercial customers' business partner also through collaborations**

İşbank further expands the scope of its support to actors in commercial life through collaborations with various institutions and organizations in line with economic and conjunctural developments.

Taking place among the concrete examples of this support are the Treasury-Backed Portfolio Guarantee System (PGS) and Portfolio Limit System (PLS) realized with the Credit Guarantee Fund (CGF) in 2017, 2018, 2019 and 2020. Within the scope of this collaboration that lends major contribution to the efficiency of CGF backed by the Turkish Treasury, İşbank extended loans worth approximately TL 43 billion.

Under a protocol signed by and between İşbank and the Central Bank of the Republic of Turkey (CBRT) for fulfilling the financing needs of exporters and businesses engaged in FC-earning services and activities, the fund secured from the CBRT continued to be extended to firms as discounted FC loans in 2020. During the pandemic, the CBRT also enabled the disbursement of these loans in Turkish lira.

## İşbank and its Activities in 2020

As part of the activities targeted at specific professional groups, İşbank continued to collaborate with the Turkish Pharmacists Union (TEB) in 2020.

Disbursements were carried on in 2020 within the scope of the SME Finance Support Program Protocol, signed in October 2019 by and between CGF, KOSGEB (Small and Medium Enterprise Development Organization) and 10 banks including İşbank, and "Samsun Province Terme and Salıpazarı Districts Urgent Support Loan Protocol" signed in November 2019 by and between CGF, KOSGEB and 9 banks including İşbank.

In February, 10 banks including İşbank, CGF and KOSGEB signed the "Elazığ and Malatya Provinces Urgent Support Loan Protocol"; in September, 11 banks including İşbank, CGF and KOSGEB signed the "Rize Province Çayeli District and Giresun Province Urgent Support Loan Protocol". In August, 9 banks including İşbank, CGF and KOSGEB signed the "İstanbul Province Esenyurt District Urgent Support Loan Protocol" and finally in December, 7 banks including İşbank, CGF and KOSGEB signed the "İzmir Province Urgent Support Loan Protocol".

The loans made available by İşbank under these protocols amounted to TL 245.6 million as at year-end 2020. Loan allocations within the frame of these collaborations are going on.

### Continuous access to foreign funding facilities

In order to contribute to the flourishing of commercial life, İşbank continued to tap foreign funding facilities for various fields including energy, agriculture, women entrepreneurship and mitigation of economic hardships resulting from the pandemic, and kept channeling these special purpose facilities to customers in 2020.

İşbank continued to on-lend to sub-users the USD 55 million-fund secured under TurSEFF III from the European Bank for Reconstruction and Development (EBRD) for financing the renewable energy and energy efficiency investments of SMEs. During 2020, loans in the amount of approximately USD 16.6 million have been allocated out of this fund.

Under the loan agreement signed in 2020 by and between İşbank and the European Bank for Reconstruction and Development, (EBRD), İşbank was provided with a funding of USD 54 million to be on-lent at affordable rates to alleviate the economic difficulties faced by companies, especially SMEs, due to the pandemic. Work is in progress for the placement of this facility.

Within the scope of the loan agreement signed by and between İşbank and PROPARCO (Societe de Promotion et de Participation pour la Cooperation Economique S.A.), an affiliate of the French Development Agency (AFD), a facility in the amount of EUR 25 million has

İşbank and KOSGEB cooperation continued in 2020 within the scope of various support protocols.

**A fund in the amount of USD 54 million was obtained from the EBRD to be on-lent to the SMEs to be used for eliminating the impacts of the pandemic.**

been obtained. Work is ongoing for on-lending this facility to the SMEs engaged in agriculture and agribusiness sectors for financing their operating capital requirements and their investments in energy and/or resource efficiency in agriculture.

On the other hand, a loan agreement for "Inclusive Access to Finance Project" was executed by and between the International Bank for Reconstruction and Development (IBRD) and Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) under the guarantee of the Republic of Turkey Ministry of Treasury and Finance to finance companies' investments and operating capital requirements in Turkey. Channeled to development banks, a USD 40 million-fund has been allocated to İşbank from out of the said IBRD fund under the "Intermediary Institution Loan Agreement" signed between TSKB and İşbank. The first tranche of the fund in the amount of USD 20 million has been received in İşbank's accounts in December 2018, whereas the second tranche in the amount of USD 20 million was received in March 2020.

It is envisaged to on-lend the fund for longer-term financing of resident:

- Women-inclusive Small and Medium Enterprises (SMEs), and
- SMEs in less developed sub-regions influxed by the Syrians under temporary protection.

Accordingly, the disbursement of the first tranche in the amount of USD 20 million has been finalized in the first quarter of 2020, and work is ongoing for the allocation of the second tranche.

### **Foreign trade solutions devised with strong capabilities**

Comprised of multilingual İşbank executives who have good command of the exchange regulations and are experienced in foreign trade, Foreign Trade Specialists pay visits to customers at their workplaces or hold online contacts with them, during which they instantly respond to all kinds of queries about foreign trade transactions.

İşbank supports the export-driven growth of companies exporting goods and/or services and helps them access the low-cost financing in an effort to back the national economy.

In June 2020, İşbank signed a cooperation protocol with the Turkish Exporters Association (TİM), the most important umbrella organization that steers Turkey's foreign trade and represents exporters, under which a very advantageous support package will be offered to exporters. With the aim of reaching the highest number of exporters possible, loans in a maximum amount of USD/EUR 150,000 or TL 1,000,000 are being disbursed to any given company under the package.

In addition, "Solidarity and Support Package for Exporters" was designed for fulfilling the exporter customers' needs and expectations that were reshaped due to the pandemic. Hence, loans in terms of US dollar, Euro or Turkish lira are made available at affordable rates.

## İşbank and its Activities in 2020

“Women Entrepreneurs Export Support Loan” and “Young Entrepreneur Export Support Loan” protocols addressing women and young entrepreneurs were signed with Turk Eximbank for helping women and young entrepreneurs gain increased prominence in exports, and loan disbursements began thereunder. İşbank is the first bank to sign “Young Entrepreneurs Export Support Loan”. While 25 bps interest rate discount is applied to FC loans, TL 100 million and USD 200 million have been allocated in total funds under each protocol.

After the issuance of letter of guarantee with secure electronic signature by banks legally, the Electronic Letter of Guarantee Platform has been set up before Credit Registry Agency (KKB), which enables electronic handling of associated procedures. İşbank finalized its integration with the said platform in September 2019, and acquired the capability to perform letter of guarantee procedures electronically. From the same date, İşbank began issuing electronic letters of guarantee and letters of intent addressed to the Directorate General of Customs and Turk Eximbank.

In 2020, İşbank continued to cooperate with the leading e-commerce companies, and enabled its customers to register with e-commerce websites at discounted prices.

### **Wherever there is renewable energy, İşbank is there**

İşbank continues to finance renewable energy and energy efficiency projects.

During 2020, İşbank kept extending “Solar Loan at İş” for rooftop solar power plant (SPP) for self-consumption investments, which have grace periods up to 1 year, maturities up to 10 years, available in TL, USD or Euro terms, and can be repaid in a flexible schedule or in equal monthly installments.

Being one of the pioneering banks in the financing of SPP projects, İşbank offers Unlicensed Electricity Generation Loan, Solar Loan at İş and Energy Efficiency Loan products designed to support these environment-friendly investments.

### **Committed contribution to participation of women labor in economy**

İşbank has spelled out its vision for women entrepreneurs, the rising asset of the economy, as “being not just their financial solution partner for their businesses, but being their companion in every part of their lives”. Along this line, İşbank supports women entrepreneurs grow and further thrive their businesses through education projects and seminars that will broaden their visions, in addition to offering the financial solutions that they need.

In 2020, “Women Entrepreneurs Export Support Loan” and “Young Entrepreneur Export Support Loan” protocols addressing women and young entrepreneurs were signed with Turk Eximbank.

## Arya Cooperation

Within the scope of the cooperation with Arya, besides financially supporting women entrepreneurs, various activities are carried out for contributing to their development by way of training programs like Arya İş Workshops, and assisting with the promotion of their products and services.

In 2020, the cooperation between İşbank and Arya, Turkey's first female oriented investment platform, continued, which was initiated in 2018 for financially supporting women entrepreneurs and for contributing to their development through bringing them together with the investors network, besides giving them access to bank loan products.

"Arya Cooperation" events, offering free-of-charge attendance to women entrepreneurs were organized three times in 2020, addressing women leading technology startups, women seeking to grow and transform their businesses, and women industrialists. The workshops addressed various topics such as financial literacy, balance sheet management, sales, brand and digital marketing, e-commerce, innovation, data management and human resources, and practical information for solution of most common problems of entrepreneurs and case studies were tackled.

Sponsored by İşbank, Arya Retreat Pitching Challenge (ARPC) and Arya Retreat event were held digitally in 2020.

Under the ARPC, women entrepreneurs who have realized their ventures and needing investment support to grow their businesses are brought together with investors following a

6-week event of training programs, feedbacks and mentorship. Attended by successful people in business, experienced and novel investors, the Arya Retreat provides the setting for ARPC finalist women entrepreneurs for presenting their projects and finding investors for their ventures.

In 2020, it was targeted to give the women entrepreneurs that participated in events co-organized by İşbank and Arya reach to a broader customer group. The Bank organized campaigns introducing the products and services of women entrepreneurs to its customers, and enabled them to take place in platforms such as İşbank Maximum Mobile Gördüm Aldım (Splurchase) application and İŞİM application.

The Bank facilitated the participation of successful and powerful women leaders in business in the Arya Challenge Club, organized by Arya Women Investment Platform and intended to create women investors out of women leaders. The platform brings together women leaders in CEO, owner, second generation executive, entrepreneur and executive positions with the target of benefiting from their experiences and building a broad network.



## İşbank and its Activities in 2020

### The greatest supporter of the startup ecosystem

İşbank carried on with its efforts to propagate the Technology Startup Package, which is designed to help technology startups sustain their development and give them free-of-charge or discounted access to basic banking services.

In addition to its objectives of cooperating with startups and dealing with them as a customer, campaigns intended to let startups reach İşbank customers were carried on throughout 2020.

The Bank digitally got together with the entrepreneurs who participated in the Startup at İş with Anka competition, a collaborative organization by the Young Entrepreneurship and Governance Association (GGYD) and Ankara University Technology Park. During the event, entrepreneurs told about their startup journeys, and were given an introduction to life-easing products and services that they might need. In addition, following the event, startups with validated business models, are headed towards scaling up, and embodying global growth potential were connected with investment platforms, and firstly with Maxis.

### Moving forward with powerful banking products

Improvements and developments continued at full speed at branches and in digital service channels in order to let commercial customers perform their banking transactions quickly and practically through digital transformation.

As at year-end 2020, the number of the Commercial Business Unit digital customers using any digital channel grew by 95,000 as compared to 2019 year-end, and the number of digital customers went up to 798,000.

The number of İşCep Commercial users, which was 359,000 at the end of 2019, exceeded 389,000 as at 2020-year-end. Approximately 72% of 1.1 million active customers have used at least one digital channel within the last 12 months.

The functions of "TekCep" application, which was put into life in 2019 in partnership with Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş., a subsidiary of İşbank, was enriched with TekPOS added in August. With the TekPOS service, İşbank, the sector's pioneer in open banking, enabled its corporate customers to follow up the POS transactions of different banks and total balances to be viewed on a single screen on İşCep Commercial and Commercial Internet Branch. Through integration of account movements and POS movements, TekCep supports commercial customers handle their cash management processes spending less effort and achieving greater efficiency.

Through its improvements that give the forefront to customer experience, İşbank targets to ensure that customers are able to receive the services they require in the easiest way from wherever they may be, and to reduce the time they allocate to banking transactions so as to concentrate on their own business.

The Instant Commercial Loan product, which has been enabling end-to-end finalization of the commercial loan process through digital channels since 2018 and remaining as the only one of its kind in the banking business in this sense, is being enriched with new additions. The new features added to the product in 2020 consist of interest rate differentiation according to the term entered and the option to take out a loan with a grace period of up to 3 months, which were designed in line with the target of enhancing customer experience and aligned with the needs arising during the pandemic.

In 2020, the number of İşbank's Commercial Business Unit digital customers reached 798 thousand.



**Focus was placed on affordable fulfillment of producers' financing needs under the Hand in Hand with our Farmers Support Package.**

The loans disbursed through the Instant Commercial Loan application added up to TL 504.6 million in 2020. On another note, Commercial Credit Card Application capability was launched, which allows applications to be made via İşCep, upon which the card is produced and sent to the customers' addresses via messenger service. Under this new feature, 9,361 cards with a total credit line of TL 298.3 million were produced during 2020.

2020 has also seen new capabilities added to POS, which is a critical product for establishments. Instant POS Application made available on İşCep offers an end-to-end digital process for allocation of POS devices to customers. Under this function, member merchant initiation is performed automatically on the system and a demand for POS installation is automatically forwarded to the service provider. My Commercial Credit Ready and My Commercial Credit Card Ready applications were launched, which start at the branch and are finalized with digital customer approval based on cross-channel transaction perspective. These two applications allowed remote applications for, and allocation of, loans and credit cards without a branch visit from customers. Under this feature, installment commercial loans worth TL 144.4 million were extended and 716 credit cards with a total credit line of TL 15.7 million were produced in 2020.

**To contribute to sustainable agriculture**

İşbank's interest in the agricultural sector increased strongly in 2020.

Analyzing the needs on a global and national scale, taking into consideration also the large ecosystem surrounding the agricultural sector, İşbank has included contributing to sustainable agriculture within its priority targets.

Within this framework, the Bank set up a new organization under the name Agricultural Banking Marketing Department in October 2020.

In line with this restructuring, the Bank added momentum to its efforts for developing collaborations with the sector stakeholders with the objective of delivering the products and services customized according to agriculture based on responsible banking concept, with an approach that will create added value primarily for producers and then for the agricultural ecosystem.

Throughout the reporting period, İşbank continued to offer products and services aligned with the needs and demands of customers engaged along the agricultural value change amid the pandemic conditions.

During 2020, focus was placed on fulfillment of the producers' need for financing at affordable terms under the "Hand in Hand with our Farmers Support Package" in order to help restrain the negative implications of the pandemic that adversely impacted economic conditions upon agricultural and food security in 2020. The said support was put to the use of producers with the help of branches and agricultural field teams that carried on with their activities during the pandemic. In addition, the Bank exhibited its sensitivity by urging producers to be wary of their health through an informative video produced about the Measures for Producers Against the Coronavirus Pandemic, followed up by emailing, SMS and banners based thereupon.

At İşbank, the loan applications of customers engaged in the agricultural industry are processed using standardized allocation processes entailing effective risk management components. The Bank employs Credit Bureau

## İşbank and its Activities in 2020

of Turkey (KKB) Agricultural Loans Assessment System (TARDES) in its agricultural loan risk assessment processes. The Bank also continued to make use of the Agricultural Loan Evaluation System of KKB during 2020.

Securing funds and undertaking collaborations aimed at energy efficiency, İşbank acts with a social responsibility notion that also aims at flourishing the country's agriculture, and authors initiatives that support women and young farmers, encourage organic agriculture and digitalization, and display sensitivity to combating draught and water management.

In 2020, Hero Product Cotton Workshop was organized in Şanlıurfa. In addition, the Bank participated in, and sponsored, online conferences and summits.

### Digital Transformation in Agriculture

Adopting a sustainability-focused and inclusive perspective for the agricultural sector, İşbank continued to give increasing importance to improving the digital and financial literacy of sector participants and to technological transformation in agriculture in 2020.

Efforts are ongoing to proliferate the Digital Agriculture Solution that uses agricultural forecasting and early warning systems that rely on advanced technology in agricultural activities and operations, which was launched in partnership with Vodafone Business in 2019. Through early warnings enabled by digital agriculture stations introduced on olive fields in Bursa, the initial costs of which were borne by İşbank, more than TL 15 million was saved, whereas the saving secured in strawberry cultivation closed in on TL 5 million thanks to stations set up in Silifke, Mersin.

Launched in October 2019, İmeceMobile, an application that runs on smart phones, reached a large audience during 2020. The application gave producers easy access to various information from their homes or fields during the pandemic. Using the app, producers can access information that is important for their productions ranging from weather and agricultural warnings to market hall/exchange prices free-of-charge. Moreover, users can also ask questions to experts and receive information from them, view İmece Card campaigns and information, and apply for loans and products.

With the number of current users that topped 100 thousand, İmeceMobile app's "fertilization suggestions" development was completed in 2020, and was launched for use by producers in 2021.

İşbank extended support and lent contribution to the Digital Agriculture Platform (DİTAP) launched by the Republic of Turkey Ministry of Agriculture and Forestry.

The second edition of the Agribusiness Entrepreneurship Competition was held online, which is designed to uncover and support ventures having innovative projects in the agricultural sector; the entrants that ranked in the first and second spots qualified to take part in İşbank Workup program.

### Growing support through uninterrupted cooperation and organization approach

İşbank aims to help render the operations and developments of its customers sustainable by contributing to the digitalization processes of its commercial customers through the cooperations it establishes and campaigns it organizes.

İmeceMobile, an application running on smart phones launched in October 2019, reached a broad audience during 2020.

**Under the campaign organized with İş Net, İşbank customers were able to use e-document services free-of-charge for a period of one year.**

In 2020, İşbank continued to sponsor the Digital Transformation Center (DDM), which started operations in 2019 under TÜRKONFED (Turkish Enterprise and Business Federation). All of its processes migrated to the digital environment following the pandemic, DDM has provided free access to more than 350 companies to their digital scorecards and more than 100 firms free-of-charge mentoring about digitalization.

From among the businesses seeking to design and introduce digital transformation projects under DDM, which will carry on with its activities in 2021, eligible ones will also be able to receive project management support, which will be partly covered by İşbank.

Initiated in 2018 as a collaborative initiative of İşbank and TÜRKONFED with the aim of supporting the digitalization process of the SMEs that make the backbone of the Turkish economy, Digital Anatolia meetings continued on online platforms in 2020 due to the pandemic. Participated by senior executives and experts in various fields, the online events focused on digitalization and its contribution to work processes. During 2020, ten meetings were streamed live and free-of-charge.

Under the campaign organized with İşNet, İşbank customers that started using e-documents during 2020 as per regulatory arrangements or those wishing to take advantage of the benefits of using e-documents were given the chance to utilize e-document services free-of-charge for a period of one year.

On another note, more than 2,500 customers benefited from the campaign organized with TÜRKTRUST company for e-signature, which acquires constantly increasing usage and importance in work processes. İşbank customers were able to acquire e-signature at a 50% discounted price under the campaign.

## İŞ'TE KOBİ

The revamped İŞ'TE KOBİ website, designed for SMEs, has given businesses access to educational content digitally on main business functions including marketing, entrepreneurship, technology while contributing directly to their digitalization through offering a combination of the applications and solutions that will support their business processes.

The user profile of the website was supported and expanded with contents tailored for visitors from tradesmen, startup, farmer and women entrepreneur personas. By incorporating the applications and solutions from the startup ecosystem, İŞ'TE KOBİ aims to contribute to businesses in gaining competitive advantage as well as to the startup ecosystem.

İŞ'TE KOBİ has won 34 awards in various national and international organizations to date and the website's registered users exceeded 87 thousand as at year-end 2020.

Through İŞ'TE KOBİ website, businesses are able to reach current developments closely concerning them, blog posts, educational contents and the Bank's campaigns. İŞ'TE KOBİ also serves as a hub to apply for commercial products and services, to ask questions to experts in various topics such as marketing, agriculture and livestock breeding, taxation and accounting, startup law etc., and to receive free-of-charge advisory.

Over 6 thousand businesses take place under the SME Market section where they can promote their products and services and pin their contact information on Yandex Maps.

## İşbank and its Activities in 2020

### RETAIL BANKING

All customers, existing and potential, make the focal point of İşbank's retail banking activities.

#### Customers' most preferred financial solution partner

İşbank shapes its retail banking activities around the goal of "being the financial solution partner that customers prefer the most in every phase of their lives".

Amid the pandemic conditions that brought life to a standstill in the first quarter of 2020, İşbank's priority has been to mobilize all the means available to it for the benefit of its customers.

In the presence of the social distancing rule that is among the most basic requirements for protection against the disease, digital experiences gained the foreground as the ideal solution.

Throughout this period when it has become critical to observe social distancing requirements, avoiding contact and staying at home for prolonged periods of time, İşbank stood by its customers and supported them through the following capabilities enabled by its ongoing investments in mobile technologies, payment systems, AI and robotic technologies within the scope of its digital transformation activities:

- İşCep and Maximum Mobile banking applications through which the Bank offers service around the clock, independent of time and place
- Mobile payment, contactless payment, instant card provision services
- Contactless cash withdrawal and depositing technology using QR-code
- Service by Maxi, the AI-based personal assistant possessing natural language processing (NLP) capability
- Card campaigns to support the budget given the increased frequency of shopping during the pandemic
- Free-of-charge money transfers
- Loan debt deferment campaigns
- Loan campaigns entailing instalment deferrals for new cash needs

#### Communication concept entailing individual-oriented, empathetic and contextual marketing

Throughout these extraordinary times, İşbank pursued a focused approach to correctly understand its customers including their circumstances, worries and expectations, and embraced empathy in managing all the processes from value proposal design to communication.

Amid the pandemic conditions that brought life to a standstill in the first quarter of 2020, İşbank's priority has been to mobilize all the means available to it for the benefit of its customers.

# 74%

In 2020, more than 74% of total transactions at İşbank went through İşCep and Maximum Mobile.

In 2020, İşbank targeted to preserve and further strengthen its perception as a brand that understands and stands by its customers through hard times. Along this line, the Bank created its proposals related to retail banking activities with a contextual marketing approach along the entire customer journey that leads to product and service purchase and entails post-experience sharing. The Bank maintained its transparent and candid tone of communication.

Through the communication activities conducted with 34 social network accounts under its various brands on various social media platforms during 2020, İşbank reached approximately 2.7 million in the number of followers.

İşbank intensely carried on with its marketing initiatives on digital media, which allows communicating with the targeted individuals at the right time, at the right place and with the right content.

In 2020, the Bank used conventional media, as well as digital media, and cooperation was maintained with numerous eminent conferences that went online, digital content providers and broadcasting platforms, thus providing continuance of communication activities in a multi-faceted fashion.

İşbank continued to invest in digital marketing technologies enabling personalized communication, and further built on its marketing capabilities through location- and time-based personalized offers through all channels, and mainly from İşCep and Maximum Mobile as a result of its investments in AI technologies.

İşbank acts with the consciousness of being an organization that creates value and makes life easier for its customers by combining technology with its own field of business. Innovative products and services developed within the scope of digital transformation, technology infrastructure investments, and initiatives targeted at startup ecosystem make an important part of the Bank's forward-looking activities.

### Mobile channels as the main touch point

In 2020, more than 74% of total transactions at İşbank went through İşCep and Maximum Mobile. A great majority of retail banking services carried out for new customer acquisition or existing customer activation features the integrated capabilities of İşCep and Maximum Mobile that make everyday life easier.

### Service through all stages of life

İşbank targets to cater to customers' varying needs and expectations at different life stages including childhood, youth, working life and retirement via high value-added banking service packages it develops.

Various activation efforts are carried out to deepen relationships with new customers at touch points which grow in number owing to digitalization, and recovery campaigns are organized for customers with lifetime high value, who have reduced their relations with the Bank.

## İşbank and its Activities in 2020

### Growth in retail loans and savings deposits

At 2020 year-end, İşbank's consumer loans book expanded by 39.2% to TL 68.2 billion, and the Bank rose to leadership position among private banks in consumer loans.

The Bank's retail loans book, which is comprised of credit cards and consumer loans, enlarged by 35.1% year-over-year and reached TL 86.2 billion in 2020. At the end of 2020, İşbank's general purpose loans increased by 48.1% to TL 44.1 billion, housing loans by 21.2% to TL 21.1 billion, and auto loans by 132.5% to TL 1.2 billion.

Support was extended in the form of support packages introduced by İşbank and, following suit in the sector, deferments granted on loan debts with the purpose of helping ease temporary liquidity squeezes and mitigating the negative effects of decelerated economic activity in line with customer demands.

While İşbank's total deposits increased by 24.7% year-over-year at the end of 2020 to TL 368.9 billion, savings deposits also went up by 33.3% in the same timeframe and reached TL 260.9 billion. Moreover, the Bank is the leader among private banks in TL savings deposits, FX deposit accounts, overall FX deposits and total deposits as at 2020 year-end.

In 2020, İşbank secured successful results in new customer acquisition and in increasing its existing customers' savings held in the Bank as a result of its efforts spent towards being the most preferred bank by savers. Along this line, 89.3% of the expansion in total deposits as at the end of the year stemmed from the increase in savings deposits.

İşbank kept widening its deposit products range in the reporting period. Accumulating Young Account was added to the product portfolio, whereas the number of term deposit products went up to 20 and savings products to 44.

The balance in term deposit accounts opened through digital channels reached TL 38.5 billion at year-end 2020, up by 40.2%.

## Artificial Intelligence

By the end of 2020, almost all of the applications for consumer loans were being priced by the AI-based model.

### 21.5% rise in retail credit cards balance

At the end of 2020, retail credit cards balance of İşbank reached TL 18 billion, up 21.5%. The Maximum program satisfied the needs of retail credit card customers by offering innovative solutions that make life easier in the digital world.

### Maximum Youth Program

The Bank had first reached university students aged 18 and above under the brand "İş'te Üniversiteli" in 2007; in February 2020, "Maximum Youth" program was introduced, which expanded the scope of the target audience to include the working youth, in addition to those pursuing studies.

Its launch having taken place in July, Maximum Youth Program was presented as a brand new service and product package, designed to cater to the needs of all youngsters in the 18-25 age interval. Holding a Maximum Youth credit card or Maximum Youth debit card suffices for inclusion in the Maximum Youth Program.

Maximum Youth program incorporates versatile services and privileges that touch numerous different moments in the youth's lives and dreams, from financial services to campaigns that will facilitate purchases, entertainment to personal development, personal finances to saving up easily.

Maximum Youth cards custom-designed in vertical format for the youth offer advantageous loyalty points (MaxiPuan) earning, and free-of-charge use and discounts at businesses enabled by various collaborations. At year-end 2020, the Maximum Youth credit card holders numbered 117 thousand, whereas the number of customers included in the program was 210 thousand. 54% of the new Maximum Youth card customers acquired during 2020 comprised of youngsters who are fresh customers of the Bank.

Involving the youth in the designs, Maximum Youth Advisory Board was put into life in December, representing an additional initiative to the product and campaign communications aimed at broadening the Bank's young customers portfolio and at forming a solid basis for brand loyalty among the young generation. Selected from amongst Entrepreneurship Foundation (GİRVAK) Fellows, İşbank MasterClass Digital Development Program students, youngsters representing the Future Hub Development Program, and young employees of İşbank, the members of the Maximum Youth Advisory Board carry out activities to act as the voice of the youth in the 18-25 age interval. Bringing the youth to product management, Maximum Youth program has joined among the retail banking activities as an example of contributive banking.

## İşbank and its Activities in 2020

### Developments in the World of Retail Credit Cards

On the occasion of its 10<sup>th</sup> year, Maximum TEMA Card visuals were renewed and the product was relaunched for the nature-lover customers. Furthermore, within the scope of the 10<sup>th</sup> year of collaboration with the TEMA Foundation, the product named NatureFriendly MaxiPara Card was added to the TEMA Card family with the aim of expanding the customer segment seeking to support the TEMA Foundation with their spending. Available only as a digital card, NatureFriendly MaxiPara Card started to accept applications via Maximum Mobile by end-December.

At the end of December, Maximum Paw Card was introduced as the “animal lover credit card that supports your and your little mate’s needs” for all pet owners and those who connect with stray lives that they feed.

Maximum Göztepe Card was added among the set of the Bank’s sports logo cards and introduced for İzmir’s sports fans.

“Gaming” campaigns were devised, whereby customers can design their own campaigns and select the different sectors from which they can do their purchases. The first such campaign was announced to the customers in December.

During the pandemic, the Bank organized various campaigns targeted at customer needs, including installment cash advance, sector-based installments and extra installments, and Maximiles holders were given the possibility to redeem their accumulated MaxiMiles in specific business places on the Gördüm Aldım (Splurchase) section on Maximum Mobile, during these days when travels are restricted.

### New products and services at İşbank’s digital touch points

With the “I Want to Become a Customer” service available on İşCep, anyone wishing to become a customer of İşbank can complete his or her application process by way of video chat within minutes, and become an İşbank customer easily and quickly upon verification of identity by the messenger service sent to the address.

As at year-end 2020, 82 thousand new retail customers were acquired through the “I Want to Become a Customer” service.

Development work was initiated in accordance with the Draft Communiqué for Remote Identity Verification Methods to be Used by Banks published by the BRSB at the end of September. Work on end-to-end digitalization of the process has reached its final stage.

### Digital retail loan and savings deposits implementations

The share loans extended within the scope of Instant Loan, Credit Ready, API Loans and Instant Shopping Loan on digital applications for consumer loans got in total new consumer loans allocated reached 84% in terms of quantity and 71% in terms of amount in 2020.

Within the scope of the digital consumer loan with a grace period of up to 90 days, which was introduced in April 2020, 525 thousand disbursements amounting to TL 7.5 billion were made in 2020 through İşbank’s digital channels, 30% of which entailed grace periods of and above 45 days in 2020.

Through the “I Want to Become a Customer” service, 82 thousand new retail customers were acquired by year-end 2020.



**İşbank has been contributing to the protection of the environment for 10 years through its cards bearing the TEMA Foundation's logo.**

Disbursements made under the Installment Overdraft Account product launched in June 2020, which allows utilization of the overdraft limit in installments, amounted to TL 285 million in total, and the overdraft balance reached TL 1,733 million. Installment Overdraft Account got 8.1% share of total overdraft account balance.

In March 2020, customers using İşCep Instant Loan began to be offered Instant Overdraft Account proposal at the end of the transaction, which served to allocation of overdraft account limits for TL 16.9 million as at year-end 2020.

Under the Pay via İşbank implementation launched in 2019, purchase payments worth TL 70 million were made from contracted e-commerce websites and more than 150 thousand money transfers were made during 2020.

Digital Channels played a big part in the increased deposits volume in 2020. The balance in term deposit accounts opened through digital channels went up from TL 27.5 billion to TL 38.5 billion in the twelve months to end-2020, up by 40.2%. 15.1% of the expansion in İşbank's total deposits was attributable to the rise in term deposits on Digital Channels. As at year-end 2020, the share of İşbank's savings deposits to total deposits excluding banking deposits was 71.5%, 4.3 points higher than what it was at the end of 2019.

### **The preferred bank in salary payments**

In 2020, İşbank carried on with developments to realize the cash flows of actively working and retired personal customers via the Bank by intermediating their salary payments, and at the same time, to diversify the financial services offered to private sector companies.

While important steps were taken towards the goal of acquiring new salary customers, contribution was lent to ensuring customer loyalty without making a differentiation between personal or commercial customers, and to deepening existing relationships. Digital channel improvements putting retired customers in the center allowed this customer group to transfer their salaries in a faster and problem-free manner to İşbank.

### **Solid position in retail cash management**

As part of its phase two efforts for developing Personal Finances Management application, İşbank introduced several functions designed to give customers greater control over their financial transactions, as well as to improve customer experiences. Using these functions, customers can track the total amount spent within a given month and the details of expenses; create spending controls divided according to categories, cards or total spending criteria, identify offers and suggestions aligned with the spending history so as to steer the customer to make smart choices.

İşbank facilitates bill payments through İşCep application, its Internet Branch, Bankamatik ATMs, and Maximum Mobile from their accounts or via credit cards instantly, or on the basis of automated payment order.

## İşbank and its Activities in 2020

The API developed for bill payments allows contracted payment companies, electronic money institutions and banks to access İşbank's bill payment infrastructure to make payments to over 400 billing institutions and to offer the related payment service to their own customers.

With its Unlimited Automatic Service (SOS) and Maximum Account features, İşbank affords its customers the chance to automatically buy mutual funds using amounts above a specified threshold kept available in their accounts for daily transactions and to fulfill their automated payment orders on the due date using the funds available in the account and mutual funds.

### The Leading Bank in OGS and HGS

At the end of 2020, İşbank preserved its leadership in the transaction volume of OGS (Automatic Pass-Through) devices and HGS (Rapid Pass-Through) labels that facilitate bridge and highway crossings.

İşbank began collecting pass-through fees of the Ankara-Niğde Highway that was opened for service in 2020 via HGS and OGS systems.

### Private Pension and Insurance

Within the frame of the ongoing solid collaboration with Anadolu Sigorta and Anadolu Hayat Emeklilik, İşbank offers a broad range of products in non-life insurance, life insurance and private pension on the back of an efficient service understanding.

Along this line, it was made possible in February 2020 to switch from Individual İşCep Insurance menu to Sigortam Cepte, which is the mobile application of Anadolu Sigorta, without entering a password.

This allows online purchasing of various products that are not sold on İşCep, such as Housing Insurance and Complementary Health Insurance through İşbank's brokerage, and making premium payments and submit claims notifications electronically. In addition, My Flight is Assured, Compulsory Motor TPL and Motor Own Damage policies were made available for purchase in June, October and December, respectively, on the Insurance menu that went live on Maximum Mobile application.

Total premium production on non-life insurance through digital applications amounted to TL 8.9 million at 2020 year-end.

### In non-life insurance products

Under the collaboration between İşbank and Anadolu Sigorta, Anadolu Sigorta premium production via the bank channel went up by 16.9% year-over-year to TL 1,016.6 million by the end of 2020, and Anadolu Sigorta bank channel got 10.2% share in the sector. Anadolu Sigorta bancassurance channel ranked first among private banks in the sector as at year-end.

**Anadolu Sigorta bancassurance channel ranked first among private banks in the sector as at year-end.**

## 41 awards

In 2020, İşbank was recognized with a total of 41 national and international awards in the retail banking segment.

### In life insurance segment

As at year-end 2020, the bank channel of Anadolu Hayat Emeklilik wrote premiums in the amount of TL 1,069.1 million on Term Life Insurance. In the same timeframe, the bank channel had 9.8% market share in Term Life Insurance production.

### Developments in PPS

In 2020, the number of participants linked to private pension accounts, which were opened through branches and outbound calls of the Bank that serves as the agency of Anadolu Hayat Emeklilik, was approximately 140 thousand. A subsidiary of the Bank, Anadolu Hayat Emeklilik commanded 15.8% market share with 1.1 million participants as at year-end 2020.

### İşbank and e-sports

İşbank invests in e-sports that represents the most effective medium for increasing its contact and for communicating with the young generation undergoing the greatest degree of change in their attitudes and behaviors due to the digitalizing world.

As part of the e-sports communication activities carried out since 2017 under the Maximum Gaming brand, the Bank has been steadfastly carrying on with its sponsorship of the e-sports teams of Turkey's deep-rooted national sports clubs, content production and campaign management on social network platforms, and support to e-sports events.

In the wake of the pandemic, matches, tournaments, festivals and final events that were previously held physically within the scope of gaming and e-sports that have become an indispensable part of the digital world were also moved to the digital environment. Through event sponsorships conducted under Maximum Gaming Card, products and services offered on the digital medium were promoted to gaming fans.

Under the prepaid Maximum Gaming Card that was launched in November 2019, the version bearing the 1907 Fenerbahçe e-sports logo designed specifically for Fenerbahçe Sports Club fans was introduced in September 2020.

### Achievements crowned with awards

In 2020, İşbank was recognized with a total of 41 national and international awards in the retail banking segment.

## İşbank and its Activities in 2020

### PAYMENT SYSTEMS

Within the frame of its approach to create sustainable value based on an inclusive and participative concept, İşbank continues to introduce many novelties to the payment systems market in keeping with its target of delivering its customers a healthy, secure and seamless payment system experience.

İşbank, a leading player in the payment systems market, reached the following numbers as at year-end 2020:

- 8.8 million credit cards, 11.2 million debit cards,
- TL 137.6 billion credit card retail volume corresponding to 14.4% market share,
- TL 179.4 billion acquiring volume corresponding to 15.3% market share.

### Growth in digital ecosystems

Maximum Mobile and Maximum İşyerim digital ecosystems kept expanding with new products and services.

Total number of customers that activated the Maximum Mobile application was up by 29% year-over-year to 3.1 million at year-end 2020, whereas the number of monthly active users increased by 34% to 1.3 million. Total volume of monetary transactions performed through the app doubled over the previous year and reached TL 3.3 billion. Mobile contactless payment transactions volume via the app, on the other hand, augmented by 290% as compared to the previous year.

As for the Maximum İşyerim app, the number of commercial customers who realized activation was up by 88.8% year-over-year to 78 thousand at end-2020, whereas the number of member merchants making use of the app has reached 193 thousand. Total volume of monetary transactions performed on the app amounted to TL 130 million.

Furthermore, My Flight is Assured, Foreign Travel, Green Card Insurance, Motor Own Damage and Motor TPL insurance products of Anadolu Sigorta began to be offered to customers via Maximum Mobile, and participative campaigns began to be organized that customers can take part in via Maximum İşyerim.

### E-commerce and new digital contactless payment options for member merchants

In response to pandemic conditions, member merchants were supported with e-commerce and new digital contactless payment products and services.

Gördüm Aldım marketplace platform went live on Maximum Mobile and Maximum İşyerim applications, where member merchants can display their products, and İşbank intermediates the payments for these products that app users add to their carts.

Under a new capability, member merchants can now accept payments by WeChat Pay via mobile phones through İşbank's physical POS devices and Maximum İşyerim application.

Linkle Tahsilat (Pay by Link) function of the Maximum İşyerim app, which enables remote payments without the involvement of a POS device, now allows member merchants to

The numbers of credit cards and debit cards issued by İşbank reached 8.8 million and 11.2 million respectively, as at 2020 year-end.

**In view of the pandemic conditions, self-service and contactless payment convenience and comfort were brought to everyday lives of retail and commercial customers through innovative digital products and services.**

perform installment transactions besides cash transactions. The app was also enriched with several other capabilities including DCC support and Bahşış POS (Tip POS).

Amid the pandemic conditions where it has become extremely common to deliver individuals' and families' needs to the homes by courier services, Tip POS function that had been supported on physical POS devices was also made available for use by business places using Virtual POS, and thus, it was made possible for card holders to make their payments for e-commerce purchases by adding the tip to the purchase price.

İş'te Tahsilat menus were added to the web channel of the Maximum İşyerim app, which allows member merchants making bulk or periodic collections to store the card data on the Maximum İşyerim Web application and to define payment order for stored cards, and to issue one-time or recurrent payment orders.

UnionPay mobile application was added among the applications accepting payments with QR technology via Maximum İşyerim app.

In an effort to minimize the physical contact in customers' shopping experiences, developments were completed for enabling installments via QR POS, which is supported by Maximum İşyerim app.

DCC POS capabilities, that was available for Turkish currency in POS transactions performed using foreign cards, are now supported for foreign currencies as well.

### **Self-service and contactless payment convenience in everyday life**

In view of the pandemic conditions, self-service and contactless payment convenience and comfort was brought to everyday lives of retail and commercial customers through innovative digital products and services.

As part of the initiatives to let retail and commercial customers digitally access payment systems using self-service and contactless functions, the following capabilities were introduced:

real person tradesmen customers can digitally finalize their member merchant application processes end-to-end on İşÇep and Maximum İşyerim channels,

- real person tradesmen customers can attain an end-to-end digital and contactless experience by applying for Maximum Business Card and İşim Card via Maximum İşyerim and İşÇep apps; with the delivery of the cards to customers' addresses following the application,
- "Digital Bankamatik ATM Card" can be created instantly on Maximum Mobile app to use in e-commerce transactions, without waiting for the delivery of the plastic card,
- Applications for debit cards can be forwarded also via İşÇep app,
- Commercial virtual cards can be created on Maximum İşyerim channel,

## İşbank and its Activities in 2020

- Credit and debit card holders can report their charge back request to the Bank quickly via Maximum Mobile without filling in and signing a hard copy form, follow up the process, and even obtain a result the same day through end-to-end automated processes in certain types of charge back requests.

The scope of İşlem Anında Limit (Limit Increase during Transaction) implementation was expanded; accordingly credit card limit can be increased:

- At the GO (Secure Payment) step used as identity authentication tool in e-commerce transactions,
- Within the app during the shopping made in Maximum Mobile application, and
- Via the POS device during shopping involving physical POS devices.

Hence, increased credit card limit need of customers began to be satisfied with a single button.

As the rise in international money transfers persists, MasterCard Moneysend capability that can be defined as instant card-to-card international money transfer was included among the overseas money transfer service channels that previously included SWIFT and Western Union. Under this feature, customers are offered the ability to send money to foreign cards from their credit, debit and prepaid cards.

### To deliver the products to a broader customer segment

Efforts continued for embedding digital contactless payment services within everyday lives of a broad customer segment.

Under the steps taken to let payment systems products accompany customers' shopping journeys in their everyday lives and to expand them across broad customer segments;

- Transportation cards covering a total of 36 cities and 19 districts, and particularly 4 cities incorporated in Asis intra-city transportation infrastructure, can be topped up from İşbank cards through Maximum Mobile app,
- Payment can be made using İstanbulKart at İşbank POS devices, Maximum Mobile and Maximum İşyerim applications, and
- Following Petrol Ofisi, Opet and Aytemiz fuel oil companies were included in the scope of Maximum Mobile "Araçta Öde (Pay Inside the Car)" service.

İşbank customers are offered the ability to send money to foreign cards from their credit, debit and prepaid cards.

# 22.6%

Attaining a market share of 22.6% as at year-end 2020, İşbank sustained its leadership in the field of e-commerce.

## Pioneering and leading bank in e-commerce and online shopping

İşbank's pioneering and leading position in e-commerce and online shopping continued and was even further strengthened with new products and services.

Attaching special importance to e-commerce, İşbank attained a market share of 22.6% at year-end 2020 and thus sustained its leadership in this area.

A Share Purchase Agreement was signed with the shareholders in Moka Ödeme Kuruluşu A.Ş. with the aim of expanding İşbank's coverage in the payment services universe that sits at the center of e-commerce and platform economy. In December, the CBRT's approval process for share transfer was finalized. With this investment, it is targeted to add to the Bank's competitive strength in digital payment systems thanks to the agility that will be contributed by fintechs to the institutional way of doing business.

Being the first bank to provide alternative payment methods to member merchants in Turkey in e-commerce, İşbank continued to support the country's businesses with e-exports by accepting nearly 40 alternative payment methods recognized in nearly 50 countries.

In a bid to eliminate all e-commerce customers' security concerns, Dynamic Security Code implementation was introduced as the first of its kind in Turkey to ensure the security of e-commerce transactions, which allows performance of transactions using a unique security code generated on Maximum Mobile and Maximum İşyerim applications for each e-commerce transaction, instead of using the CVV printed on the back of the cards.

## İşbank and its Activities in 2020

### PRIVATE BANKING

#### A business model generating optimal returns for customers amid fluctuating market conditions

In 2020 that was dominated by transformed economic and social conditions resulting from the pandemic that grasped the whole world, İşbank Private Banking kept delivering the return opportunities arising in the market through products and services ensuring optimal risk/return balance. Through the most intensive days of the pandemic, one-to-one personalized service offering to private banking customers continued uninterrupted.

As of year-end 2020, management service was offered for total assets worth more than TL 32 billion of approximately 11 thousand customers through a diverse investment products portfolio responding to customers' evolving return needs with the contribution of İşbank's strategic partnerships with its financial subsidiaries.

Private banking and wealth management activities were carried on in 17 branches in total, including 14 dedicated private banking branches in İstanbul, Ankara, İzmir, Adana and Antalya, and 3 "corner" branches in Bursa, Mersin and Cyprus. Under the pandemic related circumstances that sustained their impact throughout the entire year, İşbank Private Banking continued its activities without any compromise in its high quality service concept that focuses on customers' needs and expectations.

#### Competent and holistic wealth management service enabled by strategic cooperation with subsidiaries

Return opportunities that arose amid the year-long fluctuations in market dynamics due to the pandemic were identified in cooperation with İş Portföy Yönetimi A.Ş. (İş Asset Management) and were presented to private banking customers through diversified investment instruments aligned with customer risk/return expectations within the frame of the business model based on strategic partnership.

Under the framework of "intergenerational banking", the amount of total assets under management rose 55% annually to TL 2.2 billion, inclusive of 12 private family funds set up at İş Asset Management for clients requiring professional service for transferring their assets to future generations.

Demands of customers wishing to invest in domestic stock market and all kinds of overseas securities markets at optimal terms continued to be fulfilled with the expertise of İş Yatırım Menkul Değerler A.Ş. (İş Investment).

Under the strategic cooperation maintained with Anadolu Hayat Emeklilik A.Ş., private banking customers receive one-to-one private customer management service from the experts of Anadolu Hayat Emeklilik.

Custom-tailored pension fund investment planning service is rendered via İş Asset Management to customers with pension savings above a certain level. At the end of 2020, total amount of savings of private banking customers invested in Anadolu Hayat Emeklilik products was up by 78% as compared to end 2019, and reached TL 695 million.

Total assets of private banking customers managed by İş Asset Management, including 12 private family funds, increased by 55% year-over-year and reached TL 2.2 billion.



## TL 13 billion

In 2020, the volume of transactions carried out with classic and structured derivative products by private banking customers exceeded TL 13 billion.

### Alternative investment products and services focused on diverse risk profiles and return opportunities

Throughout 2020, customers were offered structured derivatives, as well as classic derivative products such as dual currency deposits (DCD), options and forwards. In 2020, the volume of transactions carried out in these products by private banking customers exceeded TL 13 billion.

In the same period, total demand amount of private banking customers in İş Investment mediated corporate bond offerings issued by İşbank and private companies reached TL 3.3 billion.

As customers aiming to invest in foreign currency owing to market uncertainties in 2020 showed increased tendency towards government debt securities issued in FC, which offered more attractive returns as compared to FC deposits, the balance of FC debt securities has grown by 330% over the previous year and reached TL 3.85 billion.

### Privia branded products and services

In 2020, İşbank continued to create value for its customers with credit card, retail loan and mutual fund products, with processes customized according to the needs of private banking customers and which entail exclusive advantages.

Inspired by the new life order imposed by the pandemic, ads were redesigned with visuals with a focus on the concept of digital that emphasized change as well as İşbank's leading, deep-seated and reliable stance in the sector.

### In 2021

In 2021, İşbank Private Banking will continue to focus on catering to ever evolving customer risk/return expectations amid variable market conditions with a proactive service approach in strategic collaboration with all financial subsidiaries.

In line with the goal of being its customers' primary choice in banking at all times, the Bank will keep adding value to the lives of customers at all contact points with the Bank on the back of its advanced digital technology infrastructure, and the best-in-class and competitive product and service designs.

## İşbank and its Activities in 2020

### CAPITAL MARKETS

#### Efficiency and pioneership in money and capital market transactions

İşbank retained its leading position in the sector with an intermediation volume of TL 1.6 trillion in Borsa İstanbul and OTC debt securities markets as of year-end 2020.

As part of actions for sustainability under the main topic of environment, İşbank supported the Nature Education Programs of the TEMA Foundation with the revenues derived on Turkey's first environmental fund, İş Asset Management TEMA Variable Fund.

Under the program, the educational programs implemented in 81 cities of Turkey reached more than 167 thousand children at preschool and primary school age in the 2019-2020 academic year.

#### Increase in corporate bond issuances

In 2020, debt securities issuances were preferred as an alternative funding source as a result of the pursuit to diversify the balance sheet funding structure in the banking sector. In the reporting period, İşbank increased its debt securities issuance volume to TL 16.9 billion.

Also in 2020, İşbank carried out debt securities issuances of various types and maturities with the objectives of:

- securing long-term funds,
- diversifying the existing funding structure,
- eliminating the maturity mismatches between asset and liability items on the balance sheet, and
- offsetting short term interest rate risk.

Having carried out domestic bills/bonds issuances in the nominal amount of TL 8.9 billion through sales to qualified investors and TL 8 billion through public offerings in 2020, İşbank preserved its effectual position among private deposit banks with over 9% market share in outstanding domestic TL securities according to year-end data.

#### High market share in gold transactions

İşbank customers' holdings in gold deposit accounts reached 82.9 tons at the end of 2020, and the Bank's market share in gold deposit accounts among deposit banks was registered as 16.5%.

In 2020, the Bank continued to hold "Gold Days" at branches, thereby recovering the so-called "under-the-mattress" physical gold for the registered economy.

In 2020, İşbank increased its debt securities issuance volume to TL 16.9 billion.

# 12.9%

İşbank has distribution share of 12.9% in the investment funds sector as of end of 2020.

## One of the pioneering institutions in the equity market

Generating 9.6% of the trading volume on Borsa İstanbul Equity Market together with its subsidiary İş Investment as of end-2020, İşbank is one of the leading institutions in the market.

İşCep International Markets service, which enables customers to carry out equity and futures transactions on more than 20 exchanges across three continents, continued to provide access to international organized markets via the bank distribution channel. The number of investors who opened international markets account topped 40 thousand during the reporting period.

## Fund consultancy service via Robofon Advisor to those wishing to save up

İşbank sustained its position as the leading fund distributor by intermediating 12.9% of the mutual funds distribution in the sector as of year-end 2020.

The Money Box Hybrid Fund, the first mutual fund designed for children, continues to be the leader across its category in terms of the number of investors.

Launched by mid-2019 and accessible through İşCep and Internet Branch, the Robofon Advisor advises funds from among İş Asset Management Robofon Family aligned with the risk preferences to those wishing to save up, helping them with their investment decisions. The fund advisory service continued to be provided successfully in 2020, and the number of customers who responded to the investor profile questionnaire and received fund suggestions exceeded 150 thousand in total.

İşbank plays an active role in custody with 33% market share and TL 71 billion assets under custody for services provided to discretionary and collective portfolios. With 31 real estate investment funds and venture capital investment funds covered among the mutual funds provided with asset custody service, İşbank has assumed a pioneering role in the sector with respect to custody of alternative mutual funds.

## In 2021...

In 2021, İşbank will keep improving its market shares in money and capital market products and gold transactions on the back of:

- new products and services designed within the frame of customer preferences and market conditions,
- competitive pricing policy, and
- its service channels aligned with customer needs ensuring uninterrupted and high-quality service delivery.

## İşbank and its Activities in 2020

### TREASURY MANAGEMENT

Targets were achieved in 2020 despite the tough economic conditions stemming from the pandemic.

The reporting period in which central banks and financial authorities of developed and developing countries took series of measures in order to maintain financial stability against the pandemic that affected the whole world. The financial markets have been the scene to major fluctuations.

Having mobilized all the means available to it to keep supporting the real sector and households in spite of the globally tough economic conditions, İşbank quickly and successfully adapted to changing conditions focusing on products and services that would back asset quality, cost control and capital through profitability, and achieved its sustainable profitable growth target without any problems.

During 2020 which was an intensive year in terms of the regulatory changes and frameworks governing the banking sector, İşbank's balance sheet was managed so as to quickly adapt to changing dynamics.

#### Success through dynamic and proactive management

Regarded as a period of economic recovery, 2020 had started off with the prediction that the capital strength and liquidity would remain critical for the banking sector and moderate growth would be recorded in assets. Due to the fragility and volatility in global markets

stemming from the pandemic, İşbank focused on a dynamic balance sheet management that prioritized strong liquidity and sustainable growth. The Bank's TL and FC liquidity was shaped with a holistic approach, with the main target of increasing cost, maturity and funding diversity, and creating a sustainable funding composition. Short and long-term liquidity requirements were evaluated under different assumptions and stress conditions, while the use of alternative instruments elaborated optimally, also considering the Bank's profitability.

Always standing by its customers, İşbank uninterruptedly sustained its support to the economy amid the extraordinary conditions of 2020 as well. In this context, the expansion in the loan volume has been the key determinant of the 26.9% asset growth, and the share of loans in total assets was increased in this period. The loan growth was all across the board in the retail and commercial segments and wide spread through the year. In the reporting period, interest-earning assets constituted 89% of total assets.

Deposits continued to serve as the main source of funding on İşbank's balance sheet. Customers who want to invest their savings in FC deposits and precious metal deposit accounts due to the rising dollarization tendency also preferred İşbank in the this period, as always. The balance sheet strategy, which was handled with the power and responsibility given by this trust, was managed flexibly and so as to adjust to changing conditions.

İşbank's assets increased by 26.9% in 2020. The key determinant of this growth was the expansion in loan volume.

# 41.7%

The share of demand deposits in total deposits substantially increased.

The expansion in money supply throughout the year, and the need to remain liquid during the pandemic together with the low interest rate environment brought along the rise in demand deposits, whose share in total deposits increased markedly to 41.7%. Hence, the course of high share of demand deposits in total deposits throughout the year has been another element that positively affected the costs.

In 2020, loan growth surpassed deposit growth by 3 points. As a result, loans-to-deposit ratio increased slightly, but was managed below 100% across the year. In line with well-balanced and sustainable growth strategies, the share of loans, securities portfolio and deposits in total balance sheet was recorded as 58.1%, 18.4% and 62.1% respectively. Sustaining its pioneering role in the capital markets and money markets, İşbank made maximum use of medium-long term non-deposit funding facilities thanks to its high credibility in international markets. At the end of 2020, funds borrowed and total securities issued, including subordinated debt issuances, made up 15.7% of liabilities.

## Effective risk management and solid balance sheet structure

The primary objective of İşbank is to concentrate on asset quality, cost control, and effective capital utilization, so as to establish an optimum risk vs. return balance, and further strengthen its balance sheet structure on the back of sustainable profitable growth strategy. Within the scope of Treasury operations, liquidity, interest rate and exchange rate risks were managed in line with the Asset/Liability Management Risk Policy principles also in 2020, in parallel to the Bank's risk appetite.

Policies specific to the period, such as maturity gap management, protection of strong liquidity and establishment of sustainable net interest margin were followed up in line with current needs, taking into consideration the scenarios entailing various effects of the differentiation in the market conjuncture upon the balance sheet.

Total and FC liquidity coverage ratios were well above the regulatory limits in 2020. İşbank's FC liquidity buffer is at a level to cover three times the Bank's FC liabilities with a maturity of up to 1 year.

Potential risks that may arise from the interest rate structure and İşbank's FC position, which is managed as an important element of the liquidity composition, were followed up ad-hoc and on scenario basis, alongside other interrelated positions. Effective risk management was exercised by utilizing derivative products, along with money and capital markets products depending on the market conditions.

## İşbank and its Activities in 2020

### INTERNATIONAL BANKING

#### İşbank's distinction in foreign trade and payment services

Despite all the negative conditions that prevailed in global and domestic markets in 2020, through an effective correspondent network of more than one thousand banks based in 121 countries, İşbank;

- offered a rich selection of foreign trade, payment and letters of guarantee products and services to its customers, and
- intermediated foreign trade transactions performed between Turkey and more than 200 different countries, and preserved its pioneering position in this field.

#### Financing facilities for imports and investments

İşbank continued to obtain medium and long-term financing either from Export Insurance and Credit Agencies (ECAs) or from correspondent banks under ECA coverage to satisfy its customers' financing needs for their imports of investment goods and for their energy projects.

Global Bank Loan and Renewable Energy Bank Loan agreements executed between Japanese Export Credit Agency, Japan Bank for International Cooperation (JBIC) and İşbank, enabling financing of investment goods and energy projects from Japan, were each extended for another year.

The term of the existing framework agreement concerning obtaining funds from Taiwan Eximbank to finance customers' imports from Taiwan was extended for a period of 1 year.

A loan in the amount of EUR 46 million with a 6-year term was obtained from HSBC Bank Middle East Limited under the coverage of SACE, Export Credit Insurance Agency of Italy, with the aim of funding Italy-related import transactions realized through İşbank.

#### Awards in Transfer Transactions

In 2020, İşbank was rewarded by its Belgium correspondent KBC Bank NV for its smooth cooperation and solid relationships in EUR account services and payments, and by Standard Chartered Bank for high Straight Through Processing (STP) rates of transfers in terms of Euro and USD.

#### Confidence reaffirmed through syndicated loans

Enjoying a successful track record and a solid experience in the international syndicated loans market, İşbank successfully rolled over its matured syndicated loans and obtained an approximate total funding of USD 1.6 billion from global financial markets despite the challenging market conditions of 2020 shaped by the pandemic that dominated the whole world.

İşbank raised a total funding of USD 1.6 billion from global financial markets in 2020.

**In 2020, İşbank established its Sustainability Bond Framework to enable sustainability-themed issuances.**

46 financial institutions from the US, Canada, Europe, Middle East and Asia participated in the syndications completed in May and November. The high number of participating banks and the absolute high amounts of the facilities once again confirmed the confidence held both in İşbank and in our country's banking sector.

İşbank uses the funds raised through syndicated loans to support the financing of foreign trade transactions of real sector companies and reinforces its contribution to the development of the national economy.

**Tier II capital subordinated eurobond issuance in global financial markets**

Within the scope of its Global Medium Term Note Program, on 22 January 2020, İşbank issued Tier II capital subordinated eurobonds in the amount of USD 750 million which has a maturity of 10 years, with a call option in the 5<sup>th</sup> year.

The bond was sold to real and legal persons residing outside Turkey. Under the Program, another issuance was carried out for the amount of USD 15 million in the form of private placement, which had a 3-month term.

**İşbank Sustainability Bond Framework**

In January 2020, İşbank Sustainability Bond Framework was established to enable issuing Eurobonds, which have an important share in non-deposit funding sources, also in the form of green, social or sustainability bonds.

In addition to projects with positive environmental impact in the areas of renewable energy, energy efficiency, recycling, organic agriculture, clean transportation, green buildings and circular economy, the funds to be generated from the bond issuances under the Framework will be allocated to finance loans with positive social impact such as the financing of SMEs and women entrepreneurs in underdeveloped regions.

A second party opinion was obtained for the Framework, which was prepared in accordance with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines released by the International Capital Market Association (ICMA).

## İşbank and its Activities in 2020

### **Other funds obtained from international markets on the basis of bilateral agreements**

Under the "Inclusive Access to Finance Project Loan" its subsidiary Türkiye Sınai Kalkınma Bankası (TSKB) obtained from the International Bank for Reconstruction and Development (IBRD) affiliated to the World Bank under the guarantee of the Undersecretariat of Treasury, İşbank signed a loan agreement on 3 December 2018 that gives the Bank access to a fund of up to USD 40 million with a 6 year maturity from TSKB. On 11 March 2020, İşbank disbursed the second tranche of the fund in the amount of USD 20 million to be used for supporting SMEs that promote women's participation in labor force and women friendly working environment, and SMEs operating in less developed sub-regions under temporary protection.

Under the agreement signed on 30 June 2020 with PROPARCO, the French Development Agency's representative in the private sector, İşbank obtained a loan with an amount of EUR 25 million and 10-year maturity. The loan will be used for medium- and long-term financing of agriculture in general as well as energy and resource efficiency initiatives of SMEs engaged in agricultural and agribusiness sectors.

Under the agreement signed with the European Bank for Reconstruction and Development (EBRD) on 7 September 2020, İşbank obtained a 367-day loan with an amount of USD 54 million. The loan is being used for financing of the funding needs of SMEs affected by the pandemic.

Under the agreement signed with the Industrial and Commercial Bank of China Group on 26 November 2020, İşbank obtained a loan in the amount of USD 250 million with an approximately three year maturity. The said loan is being used for general corporate purposes and financing of foreign trade transactions.

**İşbank kept on diversifying its funding structure in 2020 through funds obtained from international markets.**



## USD 7 billion

As of the end of 2020, total assets of İşbank's overseas organization amounted to USD 7 billion.

### Cross-Border Banking Operations

İşbank pursues its banking operations via İşbank Germany in Germany, İşbank Russia in Russia and İşbank Georgia in Georgia.

### An extensive group with presence in 11 countries

İşbank has presence in 11 different foreign countries. 10 of the total of 36 branches belong to Frankfurt-based (Germany) İşbank AG, whereas Moscow-based (Russia) JSC İşbank and Tbilisi-based (Georgia) JSC İşbank Georgia have 2 branches each. In addition, there is 1 representative office in Kazan, which is affiliated to JSC İşbank.

In addition to the aforementioned, İşbank has 2 branches in Iraq, 2 in Kosovo, 2 in the UK, 1 in Bahrain and 15 in the Turkish Republic of Northern Cyprus (TRNC). The Bank has two representative offices, one in Shanghai (China) and the other one in Cairo (Egypt).

As of the end of 2020, total assets of İşbank's overseas organization amounted to USD 7 billion. The share of overseas subsidiaries in this total is 36%, while that of overseas branches is 64%.

### 2020 highlights...

İşbank comes to the forefront in Iraq with its international banking services offered particularly via its Erbil branch. Besides intermediating a substantial portion of the trade between the two countries, the Bank also contributes to the business that generates added value for the region. Mobile banking service was launched in Iraq in 2020; cash loans volume and customer deposits volume were increased by 33% and 70%, respectively.

In 2020, İşbank reaped the results of its efforts aimed at expanding its customer deposit base and increasing the number of customers in Kosovo. Personal internet banking branch also went live during the reporting period.

The positive relationships developed with the Gulf countries via Bahrain Branch contributed to İşbank's effort to increase the diversity of funds.

Despite the negative effects of the pandemic environment, services continued uninterrupted in the UK in 2020, and significant rises were achieved particularly in POS transactions volume. The level of relationships with businesses residing in London was further increased. Technological developments were carried on, and the data center of branches was migrated to the cloud platform. All preparations are completed for compliance with "open banking" requirements in the UK.

## Digital Banking

Amid the pandemic conditions of 2020, İşbank offered much needed uninterrupted and unlimited remote-access banking to its millions of customers thanks to the strong digital banking competencies it possesses.

**9.2 million**

Number of total digital customers reached 9.2 million as at year-end 2020.

**1.9 million**

Number of Maximum Mobile users exceeded 1.9 million.

**96%**

The share of non-branch channels in total transactions reached 96% at İşbank.

**17.5 million**

The number of users served by Bankamatik ATMs, including other banks' customers, reached 17.5 million.

İşbank creates a perfect and secure customer experience at all touchpoints employing digital technologies and analytical methods with an innovative approach.

**36%**

Bankamatik ATMs got 36% share in total monetary transactions.

## İşbank and its Activities in 2020

### DIGITAL BANKING

Digitalization and advancements in technology significantly reshaped customer expectations and the way they interact with institutions. The ability of companies to deliver an easy and fast personal experience independent from time and place has become one of the necessities of the digital age.

İşbank carries out initiatives that build on its digital competencies in parallel with its identity as the solution partner that accompanies its customers through all stages of their lives and makes life easier for them with the user experience it offers.

The key components of İşbank's digital banking operations are:

- increasing contextual interaction with customers, and
- delivering personalized and innovative services.

Carrying on with its activities within this framework, the Bank focused on:

- using digital technologies and analytics with an innovative approach to create a flawless and secure customer experience at all touch points,
- co-developing services with non-Bank stakeholders to ensure an end-to-end seamless experience within its vision to offer banking service anywhere, and deploying services outside İşbank's channels,
- supporting the entrepreneurship ecosystem through Workup Entrepreneurship Program and collaborating with startups that will create value to the Bank, group companies and customers,

- developing solutions and value propositions that will assist the consumers and organizations in making healthy financial decisions,
- becoming companies' integrated business partner in commercial banking and the gateway for all personal customers to the digital world in retail banking,
- achieving a broad-based customer portfolio with the inclusion of unbanked customers and commercial establishments with limited access to financial services, while also expanding the customer portfolio.

In order to make the most of the opportunities brought by digitalization, transformation initiatives were carried out as a multi-dimensional program covering all areas of activity and business models were constantly renewed by adapting digital technologies to the Bank processes. In this context, the benefits of digitalization were captured for the customers in user-oriented, personalized, effective, innovative and reliable services on both digital and physical channels.

### Leading position in digital banking

The number of İşbank's active mobile banking customers went up from 7.8 million at 31<sup>st</sup> December 2019 to 9 million at 31<sup>st</sup> December 2020. In the same timeframe, the number of the Bank's total digital customers reached 9.2 million, whereas the number of customers using Bankamatik ATMs and Internet Branch reached 9.5 million and 3 million, respectively. Beside İşbank customers, Bankamatik ATMs were also used by a total of 8 million other bank customers, 1.2 million of them non-residents and 6.8 million residents. As a result, the share of comparable transactions performed through non-branch channels in total transactions reached 96% at İşbank.

Numerous activities were executed in 2020 that increased İşCep's ease of use and improved customer experience.

Total number of transactions that can be executed through İşCep increased from 316 to 392.

### The mobile banking app with Turkey's most comprehensive transaction set: İşCep

In 2020, İşCep, the mobile banking platform offering the widest set of transactions in the sector, has been working in line with the strategies to improve the customer experience by increasing the ease of use of the platform and to increase revenues with sales made through digital channels. Total variety of transactions that can be made through İşCep increased from 316 to 392 on İşCep and from 480 to 509 on the Internet branch.

Additional developments regarding İşCep included the following;

- İşCep's design has been renewed and new features have been added enabling personalization according to user preferences.
- İşCep Market went live, which is the platform banking model allowing apps of subsidiaries and also of 3<sup>rd</sup> parties to offer their products and services to İşCep customers, expanding İşCep's product and service range with a low development cost and giving end-users reach to an innovative and richer set of transactions. Through İşCep Market, customers can access 22 different applications under the headings of Insurance, Investment, Payment Systems, Life, Culture & Art, Official Transactions and Commerce.
- Short videos began to be posted about the Bank's products, services and innovations in the Stories section available on the no-password area.
- My Documents menu has been added, where users can reach information such as account statements, receipts etc. that entail sensitive or confidential data.

- I Want to Become a Customer and credit card application processes for retail customers were renewed.
- TekEkstre and TekPOS functions were incorporated in TekCep, Turkey's first and only open banking app, for commercial customers.

### Servicing 17.5 million Bankamatik ATM users

At the end of 2020, İşbank preserved its position as the private bank with the broadest ATM network in Turkey with 6,521 domestic Bankamatik ATMs, 4,598 of which are disabled-friendly.

Bankamatik ATMs, which offer service 24/7 in 12 different languages to 17.5 million users (9.5 million of them İşbank customers and 8 million customers of other domestic and foreign banks), have 36% share of total monetary transactions.

With the developments made in 2020, total number of functions offered on Bankamatik ATMs reached 153.

### New Generation Technologies

İşbank's personal banking assistant developed employing artificial intelligence and natural language processing technologies and enabling customers to execute transactions by talking or texting at digital touch points, Maxi had nearly 60 million dialogues with more than 7.2 million customers as at 2020 year-end. Natural language processing capabilities and transaction diversity of Maxi were further improved, and the total number of functions increased to 420.

Nine APIs were added to the API Portal giving access to the APIs produced with Open Banking approach, thus bringing the number of APIs to 41. Through the existing APIs, 32 different integrations have been implemented.

## İşbank and its Activities in 2020

In line with its initiatives related to blockchain, İşbank joined R3, the world's leading blockchain consortium, becoming the first Turkish bank to do so. Within the scope of R3 Corda platform membership, the Bank was involved in the Marco Polo project, under which the pilot stage was completed for the activities aimed at improving "payment guarantee provision" processes from alternative payment methods in foreign trade. As a result of the initiative conducted with the involvement of Commerzbank, Şişecam and Kuraray, İşbank has been the first Turkish bank providing payment guarantee in foreign trade deploying blockchain technology.

### Innovation and entrepreneurship at İşbank

Initiatives were carried out to support the startup ecosystem and expand entrepreneurship in Turkey and within the Bank. Concrete collaborations continued with startups, and campaigns, proof of concept and purchasing of products and services were carried out with 22 startups in 2020 Workup Entrepreneurship Program was moved to the online platform in March with the emergence of the pandemic and the number of graduates reached 60 with the Demo Day held in July. 18 startups from different cities of Turkey were accepted to the 7<sup>th</sup> cohort of the program initiated in August. Moreover, Workup has become one of the important reference points for entrepreneurship in Turkey owing to online events organized for the startup ecosystem in this period.

Maxis Innovative Venture Capital Fund, of which İşbank is the main investor, invested TL 1.1 million in PCI Checklist, a Workup graduate cyber security startup, and TL 3.8 million in Denebunu, a marketing technologies platform, in 2020. With these two investments, the number of startups in which the fund invested went up to 4 and total investment amount reached USD 2.8 million.

With the Workup Entrepreneurship Program, Maxis Innovative Venture Capital Fund, and Softtech Ventures established this year, a powerful ecosystem was created under İşbank and its subsidiaries, for helping thrive and supporting startups having the potential to scale up globally, with a special emphasis on the Bank's strategic focal points.

İşbank Intrapreneurship Program was initiated in order to strengthen the entrepreneurial competencies of Bank Employees' and gain new generation skills that will allow contributing to innovation as well as to encourage the creating of innovative business ideas. 181 employees applied 261 different ideas to the Program. Training and mentorship activities for the teams that will actualize the selected six ideas commenced in December.

New Technologies are followed up via the Bank's innovation centers in the US, China and Turkey; proof of concept studies continued aimed at usage of these Technologies with an innovative approach and creating digitally-driven new products.

Digital Vault, the first step of the "Digital Identity" defined as the main product in the medium-term under the innovation strategy, was launched for İşbank customers and non-customer users. Users can store all their files and passwords in the digital environment, backup their contacts, save notes and log in to other applications with their saved passwords in the Digital Vault, accessible for all users at dijitalkasa.com.tr or can be downloaded as a mobile app in application stores.

### Key customer experience initiatives

The customer experience vision of İşbank is to create a world in which customer journeys are simplified, all transactions are rendered user-friendly, and personalized experiences are offered; the Bank aims to always guide and interact with its customers when they

# 261 different ideas

181 İşbank employees submitted 261 different ideas to the İşbank Intrapreneurship Program.

**In 2020, the Bank acquired the capability to digitally measure customer experience across all branches and digital channels.**

need help with their banking operations. Based on this vision, the Bank has continued to work towards enriching all touch points with user-oriented, personalized, effective, innovative, reliable and visual/intuitional designs, and delivering a perfect customer experience.

With 50%, service quality has the biggest impact on Net Promoter Score, a metric used worldwide for measuring customer experience. In order to measure service quality, instant and continual customer experience measurement performed at all branches were carried on in 2020, and customer experience indicators were monitored for branches, besides sales targets.

During the pandemic, level of customer satisfaction at branches were monitored on a daily basis, and special care was taken to usher customers into branches on a first-come-first-served basis instead of getting a queue number from the Queuematic; to maintain social distancing; and to practice Covid measures painstakingly in line with the feedbacks and legislative regulation.

In 2020, the Bank also acquired the capability to digitally measure customer experience across branches and all digital channels. The feedbacks received from these measurements were extensively used by İsbank to offer better services to customers. New generation analytical capabilities were acquired to improve the experience on digital channels that have become customers' primary touch point and to create real-time contextual scenarios and offer guidance to customers on all digital channels primarily on İşÇep, İsbank's mobile app.

In this framework, real-time analyses based on customers' behavioral data were conducted, over 100 contextual scenarios were created and interacted with more than 20 million customers. While correct proposals and guidance were offered to customers at the time of need through these interactions,

solutions were generated for smooth completion of transactions in situations posing difficulties. 200 thousand product applications and 487 thousand account openings were realized, whereas the guidance provided for uninterrupted experience of customers' digital journeys exceeded 1 million.

According to the 2020 study conducted by Nielsen, an independent research company, İsbank succeeded in being the bank with the highest net promoter score as compared to its peers.

### Digital assets

Efforts to enrich the sales tunnels by following the digital footprints of the users on İsbank's websites continued in 2020. Accordingly, application forms that are compatible with visitors' browsers and devices were developed. In addition to personalization of web pages according to A/B tests, surveys and user flows, POS and credit card product finders were launched. Contextual marketing activities are carried out on websites based on 200 active scenarios.

Search Engine Optimization (SEO) activities were conducted to increase the visibility of İsbank's websites in relevant Google searches without incurring any cost. Key word visibility in Google search results was increased from 170 thousand to 210 thousand. "Audio Blog" section was launched on İsbank's blog, which enabled users to listen to the contents.

The Bank's website isbank.com.tr that was relaunched with its revamped format with the purpose of gaining new customers in the digital world and deepening relationships with the existing visitors, won Golden Sardis in the "Best Website" category at the Sardis Awards. In addition, maximumgenc.com.tr was introduced with the aim of rapidly fulfilling the communication needs and to respond to competition.



## İşbank and its Activities in 2020

### INNOVATIVE IMPLEMENTATIONS AND PRODUCT DEVELOPMENT

#### For standardized and error-free processes

İşbank automates its operational processes using the Robotic Process Automation (RPA) technology. RPA is a software that mimics human activities and is used in the performance of repetitive, high-volume tasks. Transactions are standardized and error-free results are obtained at points using RPA technology that generates increased productivity and enhanced quality in all processes.

During 2020, the number of robots increased to 54 with 27 additional robots purchased. In total, 244 robotic processes were designed, and robots began working on them.

Process development for full-time utilization of robot capacities are going on rapidly. Tasks are being assigned to robots in areas with routine and high-volume tasks such as operations, lending, HR, sales, capital markets, pricing, and support services, thereby freeing up employees to carry out tasks with higher added value.

Robotic process development capability was deployed across the Bank's business units through online training programs carried out in 2020. The number of departments that were given robotic process development training went up to 34, and the project has been instrumental in letting employees benefit from automation opportunities in their daily tasks as well.

İşbank is determined to make use of RPA at an increasing extent, which it regards as an opportunity for the digital transformation of the Head Office, and to increasing its customer service quality and speed.

### Innovative implementations in credit products

In 2017, İşbank launched the Instant Commercial Loan Application that allows automated credit allocation to real person tradesmen at branches. This was followed by the Instant Loan process that went live in 2018 for the same customer segment, and introduced the commercial loan allocation and disbursement function through the Instant Banking channels. In 2020, automated lending process was introduced for legal person customers in the business segment. Within this scope, the lending process that took one hour on average from the moment of application to disbursement was shortened to 10-15 minutes end-to-end. On another note, loans in the nature of Overdraft Accounts began to be made available to commercial loan customers through Commercial Instant Banking channels.

#### Krypton Allocation Process

In 2020, İşbank began implementing the Krypton Allocation process in all allocations. Under this implementation, information received at the time of application is transferred to the allocation application by the system, thus precluding repetitive data entry in different applications. Fields that need to be manually filled in by users during proposal steps were decreased, and the process design that automatically extracts the data from other applications and external systems began to be used across the entire allocation line.

#### Krypton Disbursement Process

Krypton Disbursement process was deployed for loans in the nature of Overdraft Accounts, after the TL Installment Commercial Loans, and the process is designed as a flow consisting of several steps, which are pricing, entry of repayment schedule for commercial loans payable in installments, listing of agreements associated with the loan, viewing collaterals, approval, file opening and disbursement.

During 2020, Instant loan process was developed, which made possible for commercial customers of SME segment to use credit quickly via underwriting decision engine.



**İş Bank underwent restructuring in order to ensure maximum efficiency in the execution of credit allocation, monitoring and tracking organization processes.**

With the disbursement process, the system automatically includes loan expenses and fees in the process, makes collection a step of the process, collectively lists agreements and documents necessary to be obtained for the loan, and creates agreements using the customer data and process information.

#### **Increased efficiency in commercial loans tracking**

In order to introduce a more effective tracking system for commercial loans, AI-based Early Warning and Collection Models were developed, whereby the system suggests tracking actions aligned with the customers' risks and behaviors. Actions suggested by the system are automatically assigned to related units, and processes designed for each action are run over the system.

İşbank underwent restructuring in order to ensure maximum efficiency in the execution of credit allocation, monitoring and tracking organization processes.

#### **Digitalization in financial analysis**

Under the Financial Analysis Digitalization Project, interim balance sheets were created based on trial balances, and basic corrections were automated. The project will presumably cut the time spent for financial analysis from 2 to 4 hours on average down to half an hour. The project is currently in pilot phase.

#### **E-mortgage integration**

Actions for integration with the e-mortgage system launched by the Directorate General of Title Deed and Cadaster were completed and the application was made available for use by İşbank branches for mortgages taken as collateral for personal housing loans.

As a result of the initiative, the Bank employees no longer need to go to title deed directorates, and the mortgagor completes the procedures at the title deed directorate.

#### **Branch analytics**

With the aim of providing fast and easy access to all sorts of data needed in the management of İşbank's sales activities and of replacing emailing for this purpose by a more efficient model to be introduced, İşbank branches were offered the following applications:

- Instant Sales Panel which enables viewing personal and commercial sales transactions in real time and on the basis of employee number
- Branch Performance Panel which enables tracking branch performance on the basis of key metrics.

#### **Gains from paperless banking**

The number of digital approvals given at the Bank during 2020 reached 17.3 million, and 71% of the agreements were executed digitally, without printing a hard copy and executing a wet signature thereon.

41.5 million sheets of paper (approximately 603 trees) were saved with the inclusion of the Banking Services Agreement (BSA) within the scope of digital approval by early 2020. The ratio of digital approval is anticipated to increase further in the post-pandemic period.

#### **Novelties in payment systems**

The Bank integrated into the Secure Payment System established by the Turkish Union of Public Notaries, enabling İşbank customers to securely realize the money transfer involved in second-hand vehicle sales through Personal and Commercial Internet Banking branches. The service will also be available on the İşÇep channel as well.

## İşbank and its Activities in 2020

With the related initiatives commenced by the CBRT, Instant and Continuous Transfer of Funds (FAST) system that will enable interbank money transfers 24/7 was opened for pilot use in December 2020. Within the frame of the limit set by the CBRT, transactions for TL 1,000 and less can be transferred between banks 24/7 through İşCep and Internet Banking Branch channels.

Easy Address were made available for use on İşCep and Internet Banking Branch channels; the function lets customers match their IBAN with an easy-to-remember address (phone number, email address, T.R. ID no., Foreigner ID no.) and use it in money transfers instead of their account numbers.

The “sweep” function added to Money Transfer/EFT screens performs Money Transfer/EFT transactions automatically from customer accounts at set times. Automated sweep orders can be defined by branches on the system.

In order to preclude erroneous recipient IBAN data in EFT transactions performed via the Bank's digital channels, recipient IBAN began to be verified. At the EFT approval stage, the title and the initial letters of the names and surnames of the IBAN owner as stated by the customers are shown, while the rest of the title and name are masked. In case of an erroneous IBAN, an error message is sent to the customer, but it is left to the customer's discretion whether or not to proceed with the transaction.

### Novelties in treasury processes

The infrastructure improvement efforts have reached the final stage, which will enable publication of the Bank's gold rates to branches and to customers via non-branch channels 24/7 without involving a manual intervention in accordance with İşbank's strategies and market dynamics. The project is slated for introduction in January 2021.

AI initiatives for foreign currency pricing served to differentiate pricings in relation to FC buying/selling and account opening transactions retail customers execute via İşCep and Internet Banking by the AI on the basis of customers and their price sensitivity.

Developments were completed that offer customers receiving order transmission intermediation service from the Bank the possibility to purchase equity on account in return for taking the equity in their investment accounts as collateral; the said capability was made available for use on digital channels.

For the collection of the Exchange Transaction Tax (ETT) levied on customers' gold and FC buying transactions, applications and screens performing gold and FC transactions were integrated in a single module, and the exemptions of ETT rate began to be managed parametrically, and accounting and tax base report began to be generated automatically.

Platform İŞTE FX, which will allow customers to perform FC buying/selling with same day, tom next, spot value and FC based swap, forward on their own account and name via İşbank branches, was made available for use by Head Office units covering all products, and for use by branches for same day value FC buying/selling transactions.

### Artificial Intelligence

During 2020, developments were completed for retail next-product-to-buy (Retail NPTB), retail deposit and loan pricing, retail revenue estimation and limit assignment, and BT anomaly detections. Work is in progress in relation to developments for SME customer pricing, consumer loan allocation, foreign currency pricing, ATM cash optimization, personal credit card allocation and enterprise allocation.

## FAST

“Instant and Continuous Transfer of Funds” system allows 24/7 money transfer between banks.

## Agile Transformation activities proceeded from the pilot phase to scale-up phase.

### Developments for enhancing service quality at branches

In accordance with the Protection and Control Measures in Bank Branches guide prepared by the T.R. Ministry of Health in connection with the pandemic, İşbank limited the number of customers that can be served simultaneously in branches. The limitation forced customers to wait in line outside service buildings. Accordingly, in an effort to prevent accumulations outside service buildings, development work was initiated to let the customer line-up system run in integration with İşCep application, and is in the phase of deployment across branches.

As a result of the initiative, customers will be able to view the density in a given branch using the application, and get a queue number and track it on İşCep.

### Agile Management

During 2020, İşbank's initiatives for Agile Transformation of Headquarter departments, which the Bank refers to as the "organizational equivalent of digitalization", proceeded from the pilot phase to scale-up phase.

The following outcomes were observed in the pilot run that was conducted since June 2018:

- The execution speed increased for tasks carried out by Agile Teams (Time to market ratio of specific comparable tasks went down from 16 weeks to 4 weeks),
- Successful results were achieved in the domains which were focused by the Agile Teams. (Compared to the past performance, min %20 increase in the financial results was observed in selected areas),

- Increase in the employee engagement rate emerged.

Within the scope of agile practices at İşbank, Chapter and Center of Expertise structures are also being established to ensure competence development, continuity, business integrity and coherence, as well as Agile Teams and tribes.

Activities in relation to this model wherein agile structures will run in harmony with corporate structures are being carried out under the "Corporate Agility" model and strategy, without being restricted to increasing the number of and scaling up Agile Teams. In this framework, an Agile Management Department was established in order to implement the transformation roadmap effectively. As the end of 2020, more than 50 Agile Teams composed of approximately 400 individuals were working in Agile Tribes such as Retail Banking Marketing, SME Banking Marketing, Agricultural Banking Marketing, Corporate and Commercial Banking Marketing, Artificial Intelligence and Robotic Process Automation.

Over the course of the next two years, it is planned to reach a size of 1,500 individuals in total, whereby at least 20% of the Head Office teams and related technology teams will be working together in Agile teams, giving priority to units producing products and services targeted at dynamic, variable business areas subject to intensive technological integration and digitalization. Bank prioritizes business functions which serve in the most dynamic, volatile and complex markets; for the reason that these functions get the most benefit of agile model.

## Subsidiaries

Since its foundation in 1924 to date, İşbank has participated in nearly 300 companies. Having simplified its equity stake portfolio in time, the Bank had direct participations in 26 companies as at year-end 2020. In the same period, İşbank had direct or indirect control over 106 companies. As at year-end 2020, İşbank's participations portfolio had a total worth of TL 26.3 billion, with the shares of Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., İş Yatırım Menkul Değerler A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. that make up 73.7% of the portfolio being traded on Borsa İstanbul.

Furthermore, Anadolu Anonim Türk Sigorta Şirketi, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and İş Yatırım Ortaklığı A.Ş. are the other publicly-held Group companies controlled by İşbank through indirect shareholding.

The ratio of the participations portfolio in İşbank's total assets stood at 4.4% as at year-end 2020.

### The building blocks of İşbank's equity stake strategy are efficiency and profitability.

In line with its investment strategy, İşbank's priority is to make sure that its subsidiaries rank among the pioneering and leading enterprises of their respective sectors and that they create value.

### FINANCE

İşbank has financial services subsidiaries that are active in business lines such as banking, insurance, private pension, capital market brokerage, portfolio management, venture capital, factoring, reinsurance, financial leasing, asset management, securities investment trust, investment banking and real estate investment trust.

Financial services subsidiaries enrich the range of products and services offered by İşbank to retail and corporate customers in different business lines while also creating complementary and cross product delivery and sales opportunities.

### TSKB

#### Turkey's first privately-owned development and investment bank

TSKB, as a leader among the privately-owned development and investment banks, has undertaken a significant role in Turkey's economic development since its foundation in 1950.

Having recently celebrated its 70<sup>th</sup> year of service in 2020, TSKB continues to contribute sustainable value for stakeholders and the national economy with the value it generates in economic, environmental and social aspects.

Offering its customers a wide range of innovative services with its in-depth knowledge in corporate banking, investment banking and advisory services, TSKB has adopted it as its mission to contribute continued and increasing support to the inclusive and sustainable development of the country.

Within the frame of the loan agreements executed with development finance institutions, TSKB provides loans in the

As at year-end 2020, İşbank's participations portfolio had a total worth of TL 26.3 billion.

## TSKB

TSKB takes place among Turkey's pioneering organizations in the area of sustainability.

areas of environment, energy and resource efficiency, as well as social loans related to women employment, supporting employment in underdeveloped areas, occupational safety and health and allocates funds to investments in diverse sectors in the form of SME loans and facilities.

Also taking into consideration the environmental and social impacts of the loans it extends, TSKB remains as one of the leading institutions in the field of sustainability in Turkey. TSKB has been the first entity in the Turkish financial sector to release an Integrated Report in 2017. Having authored a first in Turkey and CEEMEA with the Green/Sustainable Bond issue it has carried out in 2016, the Bank issued the world's first subordinated sustainable bond in March 2017. Having joined UNEP-FI Principles for Responsible Banking as a founding signatory in 2019, TSKB became the tenth member of the Steering Committee of IDFC, of which it has been a member since 2011 with the leading international development banks, the same year.

Environmental, social, and governance (ESG) matters continue to take a growing place within the Bank's activities. In October 2020, TSKB established the "TSKB Green Swan Platform" aimed at taking joint action to tackle the climate emergency that the Bank regards as the major obstacle to sustainable and inclusive development. Accordingly, the Bank continues to work towards raising awareness of climate-related risks and to enrich its collaborations in this respect. Ranked number 1 in Turkey and among the best banks in the world with its ESG rating, TSKB has been the first Turkish bank to sign a loan agreement linked to ESG rating in December 2020. In the reporting period, TSKB also launched the Sustainable Development Goals Loan Model that it has co-developed with its subsidiary, Escarus. On the investment banking front, the

Bank intermediated the issuance of the first sustainable lease certificate. Ms. Ece Börü, the first women CEO of TSKB who at the same time serves as the head of the Bank's Sustainability Committee, was included in the honors list of the "Asia Top Sustainability Superwomen 2020" by CSR Works International and named among the 13 women leaders creating value, and has been the only woman leader representing Turkey in the honors list.

Having authored the year's first issuance with a Eurobond issue of USD 400 million in January, TSKB signed a USD 200 million funding agreement with the Asian Infrastructure Investment Bank under the guarantee of the Ministry of Treasury and Finance of The Republic of Turkey, to support companies negatively affected by the Covid-19 pandemic. Again in 2020, the Bank secured a syndicated loan in the amount of USD 150 million from international markets.

Taking place among the pioneering organizations in corporate governance, the Bank preserved its place among the highest scorers in corporate governance ratings in 2020. The Bank's corporate governance rating of 9.56 on a scale of 10 was affirmed in October 2020.

On a consolidated basis, TSKB had TL 6.1 billion in shareholders' equity and TL 52.4 billion in total assets as of year-end 2020. In its review, Fitch Ratings affirmed TSKB's long-term local currency IDR rating as "BB-", and foreign currency IDR as "B+", and the outlook for the Bank's long-term local currency rating was revised from stable to negative. Finally, TSKB was assigned a national long term rating of AA (tur), Viability Rating of (b+) and a "stable" outlook. On 16 September 2020, Moody's confirmed TSKB's long-term issuer rating as "B3", its baseline credit assessment as 'caa1', with a 'negative' outlook assigned.

[www.tskb.com.tr](http://www.tskb.com.tr)

## Subsidiaries

### İşbank Germany

#### A leading financial institution backed by Turkish capital in Europe

Founded in 1992, İşbank Germany developed and thrived within the financial system in Europe over the course of the 28 years since then, and helped customers in Turkey to access the financial system in Europe.

Having successfully adapted to the changing dynamics throughout its operations for more than a quarter of a century, İşbank Germany operates in Germany with nine branches and in the Netherlands with one branch. As of year-end 2020, the Bank had EUR 1.8 billion in total assets, and EUR 218.6 million in total shareholders' equity. While its activities are mostly concentrated in corporate banking, İşbank Germany, with its 164 employees, offers the full range of banking products to its customers.

[www.isbank.de](http://www.isbank.de)

### İşbank Russia

#### Serving customers at three locations in Russia

İşbank has been cultivating its presence and efficiency in Russia, one of Turkey's important trade partners, since 2011.

Having 103 employees on its payroll, İşbank Russia has two branches in total, located in Moscow and Saint-Petersburg, and a representative office in Kazan. Concentrated mostly on corporate banking services, İşbank Russia's total assets were worth USD 157.5 million and its shareholders' equity was registered as USD 57.4 million as of year-end 2020.

[www.isbank.com.ru](http://www.isbank.com.ru)

### İşbank Georgia

#### İşbank's organization in Georgia

The presence of İşbank in Georgia, Turkey's border neighbor which is the gateway to Caucasus, started with the branch opened in Batumi in 2012. Tbilisi branch became operational in 2014 and the two branches were transformed into a subsidiary bank in 2015.

Offering mostly corporate banking services and having 63 employees, İşbank Georgia had total assets worth USD 100.1 million and its shareholders' equity amounted to USD 25.5 million as at year-end 2020.

[www.isbank.ge](http://www.isbank.ge)

### Anadolu Hayat Emeklilik

#### The first listed private pension and life insurance company

Turkey's first life insurer, Anadolu Hayat Emeklilik A.Ş. (Anadolu Hayat Emeklilik) is also the first listed company operating in the country's private pension and life insurance sector.

As of year-end 2020, the Company had total assets worth TL 36 billion and shareholders' equity of TL 1.6 billion on a consolidated basis. As of the same date, total customer assets managed by the Company in private pension and life insurance combined is TL 33.6 billion.

[www.anadoluhayat.com.tr](http://www.anadoluhayat.com.tr)

Since 1992, İşbank Germany has been helping customers in Turkey access the financial system in Europe.

## Millî Reasürans

The Company has been playing a part in driving the progress of the Turkish insurance business since 1929.

### Anadolu Sigorta

#### The pioneer of the Turkish insurance sector

Operating in non-life insurance business and being one of Turkey's leading insurance companies, Anadolu Anonim Türk Sigorta Şirketi (Anadolu Sigorta) generated a premium production of TL 8 billion as at year-end 2020.

As of year-end 2020, the Company had TL 11.7 billion in total assets and TL 2.4 billion in shareholders' equity on a consolidated basis. The Company was assigned a score of 9.55 in the Corporate Governance Rating Report issued in November 2020.

[www.anadolusigorta.com.tr](http://www.anadolusigorta.com.tr)

### Millî Reasürans

#### Uninterrupted reinsurance services since 1929

Established in 1929 and having undertaken an important role in the formation and development of the Turkish insurance business, Millî Reasürans T.A.Ş. (Millî Reasürans) has total assets worth TL 15.8 billion and shareholders' equity worth TL 3.6 billion on a consolidated basis as at year-end 2020.

Millî Reasürans has a branch operating in Singapore in line with the Company's strategy to export its know-how and reinsurance experience acquired in the national market to global markets. As of year-end 2020, premiums written abroad accounted for 27% of the Company's total written premiums.

The financial strength rating of Millî Reasürans was revised as 'B' in June 2020 by A.M. Best, the world's most prestigious rating institution in the insurance sector. The Company's national credit rating was affirmed as 'tr A+' in June 2020 by Standard & Poor's.

[www.millire.com](http://www.millire.com)

### İş Leasing

#### Turkey's pioneering financial leasing company

Having been one of the pioneers of the leasing sector in Turkey since its foundation in 1988, İş Finansal Kiralama A.Ş. (İş Leasing) pursues operations with the mission of prioritizing the SMEs in its funding activities, developing and maintaining a broad-based and high-quality portfolio, and satisfying customer demands with effective, fast and high-quality solutions.

As at year-end 2020, İş Leasing had TL 12.8 billion in total assets and TL 1.7 billion in shareholders' equity on a consolidated basis, while its leasing receivables amounted to TL 7.2 billion.

With a statement made on 1 September 2020, the international credit rating agency Fitch Ratings assigned İş Leasing a long-term foreign currency rating of 'B+', a long-term local currency rating of 'B+' and a long-term national credit rating of 'A+ (tur)'. The outlook of the Company's long-term local currency rating was revised from stable to negative in parallel with the national credit rating outlook.

[www.isleasing.com.tr](http://www.isleasing.com.tr)

## Subsidiaries

### İş Faktoring

#### An innovative approach to the accounts receivable funding sector

Being one of the pioneering companies in the sector since its incorporation in 1993 with its robust financial structure and customer-oriented approach to business, İş Faktoring A.Ş. (İş Faktoring) has been offering rapid and competitive services in the areas of finance, guarantee and collection.

As at year-end 2020, İş Faktoring has TL 4.6 billion in total assets and TL 477 million in shareholders' equity.

İş Leasing holds 78.23% share in the capital of İş Faktoring.

[www.isfaktoring.com.tr](http://www.isfaktoring.com.tr)

### İş GYO

#### One of Turkey's largest real estate investment trusts

Being one of the sector's leading actors with its solid portfolio and financial structure, İş Gayrimenkul Yatırım Ortaklığı A.Ş. (İş GYO) pursues its activities with a focus on maintaining and developing a diversified and well-balanced portfolio.

As of year-end 2020, the Company's total assets amounted to TL 5.2 billion and its shareholders' equity totaled TL 4.1 billion.

Based on the review conducted by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. in August 2020, the Company was assessed within the investment category and the Company's Long-Term National (TR) and Short-Term National (TR) ratings were affirmed as AA and A1+, respectively, with a stable outlook assigned to both.

[www.isgyo.com.tr](http://www.isgyo.com.tr)

### İş Yatırım

#### A leading and pioneering investment house in the capital markets

İş Yatırım Menkul Değerler A.Ş. (İş Yatırım) offers brokerage services in domestic and international capital markets, investment advisory, and corporate finance services. Listed on the Stars Market, the Company is the only brokerage house in Turkey traded on BIST 100.

Assigned long-term and short-term national credit ratings of 'AAA' and 'A1+' respectively by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. with a stable outlook, İş Yatırım had TL 8.8 billion in total assets and TL 2.2 billion in shareholders' equity on a consolidated basis as of 2020 year-end.

[www.isyatirim.com.tr](http://www.isyatirim.com.tr)

### GLASS

#### Şişecam

#### The founder and the unchanging leader of the Turkish glass industry

Founded in 1935, Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) is the holding company of Şişecam Group comprising of companies operating in flat glass, glassware, glass packaging and chemicals, mainly soda ash and chromium chemicals.

The Şişecam Group carries out production in facilities and plants located in Turkey as well as in Egypt, Russia, Georgia, Bulgaria, Bosnia-Herzegovina, Italy, Ukraine, Romania, Germany, Hungary, Slovakia and India. In addition, the investment for the facility in the US is in progress.

## İŞ GYO

İş GYO possesses a diversified and well-balanced portfolio.



## Şişecam Group exported to more than 150 countries as at year-end 2020.

Having produced 46% of total glass output outside Turkey (as measured on a tonnage basis) and generated 60% of total sales revenues from facilities based abroad and exports from Turkey, Şişecam Group's exports to more than 150 countries amounted to USD 685 million as of year-end 2020.

Positioned as one of the world's and Europe's leading companies in the industry, the Şişecam Group ranked second to fifth in the world and first to fifth in Europe, in terms of its production capacity in glass manufacturing as at the end of 2020.

Ranking fourth in Europe in terms of soda production capacity, the Group is the world leader in the production of basic chromium sulphate and ranks second in the world in the production of sodium bichromate.

As at year-end 2020, Şişecam had TL 44.2 billion in total consolidated assets and TL 22.5 billion in shareholders' equity.

In its review in August 2020, Fitch assigned Şişecam a long-term foreign currency credit rating of 'BB-' with a 'negative' outlook. Moody's, on the other hand, assigned the Company a long-term foreign currency rating of 'B2' with a 'negative' outlook in September 2020. The Company's Corporate Governance Rating was determined as 9.54 in December 2020.

In line with the Şişecam Group's long-term strategies and competitive goals in global markets, it is targeted to merge Şişecam's operations under a single roof so as to capitalize on potential joining of forces and to contribute positively to the Company's market capitalization, with the aim of increasing

productivity, efficiency, leanness and agility. Along this line, the merger of Anadolu Cam Sanayii A.Ş., Denizli Cam Sanayii ve Ticaret A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş. and Trakya Cam Sanayii A.Ş. under Türkiye Şişe ve Cam Fabrikaları A.Ş. through acquisition of all their assets and liabilities was completed on 30 September 2020.

[www.sisecam.com.tr](http://www.sisecam.com.tr)

## SOFTWARE

### Softtech

#### Experienced solution partner in information technologies

Established in İstanbul in 2006, Softtech is among Turkey's largest software companies with approximately 1,500 employees and total assets close to TL 250 million. Besides its experience in the banking and finance sector, Softtech develops customer-oriented solutions in the domestic and international markets with products in diverse fields, and takes initiatives aimed at creating new opportunities and collaborations with a focus on technology. The Company has offices in Ankara and Cyprus and has subsidiaries in İstanbul, San Francisco, Shanghai and Frankfurt at the heart of the startup ecosystem to monitor, develop and invest in innovation on-site.

[www.softtech.com.tr](http://www.softtech.com.tr)

# Corporate Social Responsibility Activities

The importance İşbank attaches to social responsibility dates back to its founding years. Established one year after the proclamation of the Turkish Republic with the aim of achieving economic independence, İşbank goes beyond its core business of banking and contributes to social progress, in keeping with the mission spelled out by Mustafa Kemal Atatürk.

Within the frame of the responsibility it has assumed towards the society, the Bank conducts long-term, widespread and sustainable projects in various areas, including sponsorship of different educational projects such as supporting educational institutions such as Darüşşafaka, developing environmental awareness, and contributions to culture and art.

İşbank contributes to social development by investing in educational, environmental and culture & arts projects.

## EDUCATION

### Chess

#### Main sponsor of the Turkish Chess Federation

With the goal of making chess a widely played and easily accessible mass sports in the country, İşbank entered into cooperation with the Turkish Chess Federation in December 2005. The Bank has been the sponsor of the chess discipline for 15 years.

The main motives behind the sponsorship decision included propagating chess particularly among children, compensating the lacking aspects of chess education, turning it into a popular and sought after sport across the country, and reaching a higher number of gifted children in this respect so as to increase the level and frequency of international achievements. Since the beginning of İşbank's sponsorship of the Turkish Chess Federation:

- licensed players increased from 30,000 to 963,022
- chess trainers increased from 7,000 to 86,959
- chess tournaments increased from 400 to 11,400
- chess clubs increased from 600 to 2,212
- title-holder chess players increased from 39 to 199
- referees increased from 1,738 to 11,196
- and the total number of medals claimed in tournaments reached 490.

The titles won to date are presented below:

- 25 world championships, 30 second place and 39 third place titles in worldwide organizations,
- 68 European championships, 67 second place and 58 third place titles in Europe-wide organizations.

#### Main sponsor of the Northern Cyprus Chess Federation

In parallel with its sponsorship of the Turkish Chess Federation, İşbank became the sponsor of the Northern Cyprus Chess Federation in 2013 with the same objectives. Upon initiation of the sponsorship, chess has become a club activity once a week at primary schools in the Turkish Republic of Northern Cyprus. Chess classes were opened in all of the schools in the country.

#### İşbank chess classes in primary and secondary schools

In keeping with the objective of making chess an easily accessible sport, chess classes are being opened at primary and secondary schools

İşbank contributes to social development by investing in educational, environmental and culture & art projects.

**In 2020, four books were given away to children on the digital environment within the scope of the One Million Books, One Million Children campaign.**

to encourage children to play chess, to attract the attention of teachers and parents to this area and to supply lacking materials at schools with limited means.

The total number of chess classes opened at schools reached 26,566.

### **Turkey Junior, Youth and Veterans Chess Championships**

At the Turkey Junior (aged 7-12), Youth (aged 13-18) and Veterans (aged 55-65 and above) Chess Championships held concurrently in Antalya between 18-25 January 2020, 2,474 players from 81 cities in Turkey and from the Turkish Republic of Northern Cyprus competed. During the championships, stress management seminars were organized for parents, and an experience area was designed for the players to give them a pleasant time

Since March 2020 physical tournaments in the rest of the year were cancelled within the frame of the preventive measures implemented due to the coronavirus pandemic that also dominated Turkey.

In a bid to contribute to the development of children who stayed at home, continued with their education through remote access and were confined to a limited social life, İşbank organized two online chess tournaments. 1,805 registrations were made for the first "İşbank Online Chess Tournament" organized for players in the 9-20 age group on the occasion of April 23<sup>rd</sup> National Sovereignty and Children's Day, whereas 2,115 players applied for the second tournament.

### **81 Students from 81 Cities**

Founded with the mission of "equal opportunities in education", Darüşşafaka provides education to students who have lost one or both parents and are in financial need.

Darüşşafaka offers high quality boarding education in contemporary conditions with full scholarship from fifth grade through to the end of high school.

Launched by İşbank in collaboration with Darüşşafaka in 2008-2009 academic year, "81 Students from 81 Cities" initiative is one of the most comprehensive and longest-lived projects in the area of education in Turkey. Under the project, İşbank covers educational expenses of all students included in the program. At the end of 2019-2020 academic year, the fourth term of students graduated, bringing the total number of graduated students to 231 under the Project.

Within the scope of the project 81 Students from 81 Cities, İşbank keeps extending support to students who are admitted to a higher education program upon graduation from Darüşşafaka. Furthermore, every year İşbank covers the educational costs of a certain number of Darüşşafaka graduates who attend the Koç University under the university's "Anadolu Scholarship Holders" program. Including the graduates, the number of supported students reached approximately 750.

### **One Million Books, One Million Children**

One of the biggest book campaigns ever undertaken in Turkey, "One Million Books, One Million Children" was launched by İşbank at the end of the 2007-2008 academic year.

With this campaign, the Bank aims to:

- help build on children's cognitive and cultural intellectual skills,
- support the formation of a generation that reads and questions,
- contribute to establishing a cordial communication between the Bank and children at an early age.

## Corporate Social Responsibility Activities

Held for the 13<sup>th</sup> time at the end of the 2019-2020 academic year, the campaign was moved to the digital platform within the scope of the measures adopted in response to coronavirus. This year, a total of 4 books were offered to children:

- Journey to the Center of the Earth
- Dr. Ox's Experiment
- Treasure Island
- Turkish Scientists' North Pole Expedition

In addition, a certain number of books were printed in the Braille alphabet and delivered to the libraries of schools providing education to the visually impaired. The books given away under the campaign and a selection of other children's books were sent for the children in Regional Boarding Secondary Schools, to children boarding in the housing of the General Directorate of Children's Services, and those in the Youth Closed Prisons and Juvenile Reformatories.

### Kumbara Magazine (Kumbara Dergisi)

Kumbara and Mini Kumbara Magazines prepared with two different contents for age groups 3-6 and 7-14 are being published digitally since 2016. Launched with the objective of presenting high quality, educational and entertaining contents to children, the Kumbara Magazine portal has become an important medium for reaching children who stayed at home due to the coronavirus pandemic in 2020. In Kumbara Magazine which is the main portal of the One Million Books, One Million Children campaign and the chess tournaments, featured entertaining contents developed in collaboration with İş Sanat, "A Kumbara Adventure" game designed to teach financial literacy to children, and many others including "Science Heroes Series", "Fun Experiments" and "Arduino".

### Book donations to schools and libraries

As an extension of the Bank's social responsibility initiatives seeking to contribute to education, books published by Türkiye İş Bankası Kültür Yayınları publishing house are being sent to schools and public libraries all over the country. In 2020, books delivered to approximately one thousand schools and libraries numbered nearly 22 thousand.

### Golden Youth Award

Since 1971, students who excel in the university admission exams are awarded every year under the "Golden Youth" award program. The number of the award recipients topped 3,700.

### Artificial Intelligence Center

İşbank and Koç University jointly established the Artificial Intelligence Center with the motive to contribute to Turkey's scientific and academic activities and to undertake advanced studies in relation to artificial intelligence, a topic of the utmost importance worldwide.

At the Artificial Intelligence Center which has been established under the roof of Koç University faculty of Engineering; Koç University faculty members carry out activities that train and educate experts for the industry and the academy, and also seek to produce solutions for the problems of the business world.

### Research Center for Infectious Diseases

At a time when the world and Turkey were held in the firm grip of the coronavirus pandemic, İşbank and Koç University authored a crucial collaboration, and led the establishment of the Research Center for Infectious Diseases, which will work towards contributing to the country's scientific and academic activities in relation to public health.

In cooperation with the Koç University, İşbank led the establishment of the Artificial Intelligence Center, and contributed to the Research Center for Infectious Diseases.

**During 2020, Türkiye İş Bankası Kültür Yayınları brought more than 15 million books to the readers.**

Set up at Koç University with the sponsorship of İşbank, the Research Center for Infectious Diseases is intended to conduct advanced research on infectious diseases, develop suggested solutions for the diagnosis, treatment and protection methods for diseases, and enrich the researcher and educator human capital in terms of quantity and qualifications. Working in coordination with the School of Medicine, and the Colleges of Engineering, Sciences, Administrative Sciences & Economics, and Social Sciences and Humanities under the Koç University, the Center carries out its activities out of the Koç University Hospital located in Topkapı.

## ENVIRONMENT

### 81 Forests in 81 Cities

The "81 Forests in 81 Cities" project was initiated in 2008 in collaboration with the TEMA Foundation and the Ministry of Agriculture and Forestry.

Aiming to protect the environment and to increase environmental awareness of the society, particularly of children, the project has been instrumental in planting 2,205,000 saplings over a total area of 1,500 hectares in all cities in Turkey and 35,200 saplings were planted to 22 hectares in the TRNC. The project covers the upkeep of the saplings for a five-year period following the planting. Including the complementary plantings, the total number of saplings planted exceeded 3 million.

The success rate in forested areas was 84% as at year-end 2020.

### Nature Education Programs

The revenues generated on İş Asset Management TEMA Environmental Variable Fund were utilized towards supporting the Nature Education Program being conducted by the TEMA Foundation.

Aimed at raising awareness of ecological literacy among children, the program was implemented with the participation of over 167 thousand preschool and primary school children across 81 cities in the 2019-2020 academic year. Face-to-face education was suspended in March within the scope of the measures adopted against the coronavirus, and digital education contents were published on EBA TV within the scope of distance education and on social network platforms.

## CULTURE AND ART

### Türkiye İş Bankası Kültür Yayınları

Established in 1956 by Hasan Âli Yücel, the former Minister of Education, Türkiye İş Bankası Kültür Yayınları has since been one of the indispensable publishing houses for all the readers with its publications that are both rich in content and superior in print quality.

Carrying on with its publication activities with the principles of high quality publishing, contribution to the advancement of the Turkish language, and instilling the habit of reading from young ages, Türkiye İş Bankası Kültür Yayınları has brought more than 15 million books to the readers in 2020.

### Art and Museum Activities

İşbank has been carrying out its culture and art operations under the umbrella of İş Sanat since 2017. İş Sanat is one of the country's leading art institutions with the performance and music events it organizes, its activities in plastic arts, and its contribution to the protection of cultural heritage.

### Music Events

Having celebrated its 20<sup>th</sup> year, İş Sanat had planned 50 events for 2020, but had to cancel all the events scheduled after 13 March due to the coronavirus pandemic. Until then, 32 events had taken place, reaching a hall occupancy rate of 98%.

## Corporate Social Responsibility Activities

From 19 March, original content began to be produced for the social media under the heading "İş Sanat at Home". 416 contents streamed over the course of 74 days on İş Sanat's Instagram, Twitter, Facebook and YouTube accounts were viewed by more than 17 million times, received more than 380 thousand likes and 6 thousand comments, and shared by more than 8 thousand times.

Taking into consideration the importance of solidarity in fighting against the hardships brought along by the period, İş Sanat developed a program populated by Turkish artists for its 21<sup>st</sup> season. Covering numerous events ranging from classical music concerts to domestic projects, story and poetry recitations to tale theater, from closet drama to virtual exhibitions, the new season opened with the İstanbul Ensemble concert held on 5 November 2020. The recordings of the concert that was held at the İş Towers Concert Hall without an audience within the scope of the pandemic measures can be viewed free of charge on İş Sanat's social network accounts until the end of the season.

### Galleries

#### Kibele Art Gallery and Ankara Art Gallery

Kibele Art Gallery and Ankara Art Gallery showcase exhibitions by masterful artists in plastic arts.

In 2019-2020 season, Kibele Art Gallery hosted "Kibele's Memory", and exhibitions of Tomur Atagök and Nevhiz Tanyeli, whereas Beril Anılanmert exhibition planned for this season was postponed due to the pandemic. Closed to visits on 15 March 2020, the Gallery was visited by a total of 9,880 people until then.

Ankara Art Gallery showcased the thematic exhibition titled "A Journey to Nâzım" and an exhibition of Yalçın Gökçebağ in the 2019-2020 season. Closed to visits on 15 March 2020, the Gallery was visited by a total of 17,826 people until then.

No exhibitions are scheduled to take place in the 2020-2021 seasons at the galleries.

#### Mimar Sinan Fine Arts University Artworks Conservation and Restoration Laboratory

Artworks Conservation and Restoration Laboratory was co-established with Mimar Sinan Fine Arts University with the aim of supporting academic research on the restoration and conservation of artworks and contributing to training qualified workforce in this area. Conservation and restoration of artworks included in İşbank Art Collection are carried out at this laboratory.

As part of this cooperation, Artworks Conservation and Restoration BA program was established at the University in the 2013-2014 academic year, where education is ongoing.

#### Activities in Museology and History

##### İşbank Museum (Yenicami, İstanbul)

Having opened its doors in November 2007, İşbank Museum offers a narrative of the Bank's deep-rooted institutional history and Turkey's economic development with banking equipment, documents, communication devices, photographs, pictures, advertisements, promotional materials and films.

Various workshops targeted at children are conducted at the Museum, including Budgeting and Saving, Money of the World, Museum Memory, and My Pocket Money in my Pocket. Additionally, Financial Literacy Training courses are provided for adults.

In 2020, over 5,000 students attended the workshops held at the Museum until 12 March, which was the date of the last workshop.

Inaugurated in March 2019 and met with great interest, the exhibition titled "Independence" in tribute to the centennial of the inception of the War of Independence continued to be showcased in 2020. The exhibition puts on display approximately 1,000 documents, photographs, films and objects. The total number of visitors since the initial opening of the İşbank Museum exceeded 1.8 million.

The total number of visitors since the initial opening of the İşbank Museum exceeded 1.8 million.

## Patara

Patara was proclaimed the tourism theme of the year 2020 by the Ministry of Culture and Tourism.

### İşbank Economic Independence Museum (Ulus, Ankara)

With the aim of sharing its collections that are of great importance for the national economic history, İşbank converted the historic building located in Ulus, Ankara, which also served for many years as the third Head Office building of the Bank, into a museum.

The historic Ulus building that is among the landmarks of the capital city opened its doors to visitors as İşbank Economic Independence Museum in 2019, housing the documents and memories of the country's economic independence and development process.

The Museum hosts a permanent exhibition on the 1<sup>st</sup> and 2<sup>nd</sup> floors, houses İş Sanat Ankara Gallery on the 3<sup>rd</sup> floor, temporary exhibition halls on the 4<sup>th</sup> floor, and activity hall on the 5<sup>th</sup> floor. The temporary exhibition halls showcase the "Independence" Exhibition, one leg of which is on display in İstanbul.

In addition to offering special guided exhibition tours organized for student groups, the Museum welcomed more than 2,000 students in workshops during 2020. Total number of visitors of İşbank Economic Independence Museum exceeded 80 thousand people.

Closed to visits on 16 March 2020 due to the coronavirus pandemic, İşbank Economic Independence Museum reopened on 16 June 2020 with the measures adopted. Museums were closed to visits once again on 20 November 2020 due to the pandemic conditions that were aggravated in fall.

### Preparations for the Art Museum

The restoration of the historic building of Beyoğlu Branch allocated to house İşbank's art collection commenced on 6 July 2020.

### Contributions to Archeology

İşbank extends support to archeological excavations with the purpose of unearthing and

conserving Turkey's rich archeological assets and making them a part of the world heritage. In this context, contribution to excavations of the "House of Muses", one of the excavation sites in the ancient city of Zeugma in Nizip, Gaziantep, commenced in 2012, and the work was completed in October 2019. The book entitled "Zeugma Between Two Worlds: The Houses and Tombs of Zeugma from Life to Eternity" by Prof. Kutalmış Gökay, the director of excavations at the ancient city of Zeugma, was published in Turkish and English languages in 2020.

Since 2016, İşbank, together with its subsidiaries Şişecam and TSKB, has been lending support to the excavations in the ancient city of Patara in Kaş, Antalya. Patara was proclaimed the tourism theme of the year 2020 by the Ministry of Culture and Tourism. A promotional film was produced by İşbank in collaboration with the Ministry. In addition, the documentary titled "The Treasure Concealed in the Sand: Patara" was prepared within the scope of the sponsorship.

In addition, support is being extended to excavations of the Dionysus Temple in the ancient city of Teos in Seferihisar İzmir since 2018, and of the column-lined street in the ancient city of Nysa in Sultanhisar, Aydın since 2019. During the ongoing digs of the column-lined street in Nysa, a monumental fountain was unearthed in 2020.

It is considered that the archeological assets that were and will be uncovered with the sponsorships of excavations will shed light not only on the history of civilization in Anatolia, but will also contribute greatly to the world cultural heritage.

### Istanbul Foundation for Culture and Arts International İstanbul Music Festival

İşbank sponsored the "Bilkent Symphony Orchestra & Gökhan Aybulus" concert held online within the scope of the 48<sup>th</sup> İstanbul Music Festival organized by the İstanbul Foundation for Culture and Arts.



# Sustainability at İşbank

Ever since its incorporation, İşbank has always been the key supporter of the country's economic and social development.

Executing all its operations with an integrated and long-term perspective, İşbank has positioned sustainability as a focal point of its corporate strategy. With its business model focused on generating shared value, the Bank expands its sphere of multi-dimensional positive influence.

İşbank contributes to community welfare, transitioning to a low-carbon economy, development of responsible finance practices, and development of Turkey as well, besides the contribution it lends through the value it creates on the financial axis.

## Sustainability management at İşbank

Sustainability Management System of İşbank is an integrated management system that addresses the whole set of activities within the framework of their impacts in relation to sustainability. The system enables integrated management of a wide variety of topics ranging from lending operations to employee development initiatives, from purchasing decisions to the Bank's environmental footprint.

İşbank's Sustainability Policy and other complementary policies underpin the operation of the Sustainability Management System.

Handled by the Corporate Governance Committee until 2020, sustainability activities were assumed by the dedicated Sustainability Committee which was set up in 2020. Thanks to its composition covering the members of the Board of Directors and the Executive Committee, the Sustainability Committee enables inclusive representation of business units and holistic oversight of sustainability-related matters. Ms. Gamze Yalçın, Deputy Chief Executive responsible

for Investor Relations and Sustainability function assumed the Sustainability Leader role in order to strengthen the ownership of ESG topics at a senior level and to support their constant development.

The following policies that define İşbank's sustainability approach can be accessed on the website.

- Sustainability
- Environmental and social impacts
- Human rights and human resources
- Anti-bribery and anti-corruption
- Gifts and hospitality.

## Responsible banking

İşbank's responsible banking approach covers development of products, services and solutions in many different areas ranging from the financing of renewable energy projects that support transition to low carbon economy to the empowering of SMEs and women entrepreneurs that are the backbone of the economy, and to management of environmental and social impacts resulting from the investments financed.

As İşbank generates sustainable value for all its stakeholders within the framework responsible banking notion, it also contributes directly or indirectly to the resolution of global issues that make the subject matter of the UN Sustainable Development Goals (SDGs).

## Combating climate change

Tackling financial, social and environmental risks with an integrated risk management approach within the scope of its efforts to combat climate emergency, İşbank classifies climate-related risks under the strategic

risks category. Having declared its medium- and long-term emissions reduction targets under the Carbon Disclosure Project (CDP) Climate Change 2020 Reporting, İşbank submitted its commitment to the Science Based Target Initiative for science based validation of its targets.

İşbank's activities related to the combat against climate change are carried out in two main paths. As a prerequisite of its responsible banking notion, the Bank supports green economy with its responsible products and services, and works to mitigate the environmental impacts stemming from its operations.

Analyzing and managing environmental and social impacts, alongside economic feasibility, represent an important aspect of loan assessment processes. At İşbank, potential environmental and social risks of all greenfield investment projects and the investors requesting loans with a total investment amount of more than USD 10 million are subjected to an assessment using the Environmental and Social Risk Evaluation Tool (ERET).

In keeping with its responsible banking notion, İşbank does not consider loan demands for activities listed in İşbank Exclusion List attached to its Environmental and Social Impacts Policy.

İşbank Exclusion List can be found in attachment to the Environmental Social Impacts Policy available on the website.

## Financing renewable energy

Through renewable energy investments, İşbank supports not only the combat against negative impacts associated with climate change, but also social development by way of creating new employment areas. Renewable energy finance is of the utmost importance in the transition to a low-carbon economy.



Providing financing to renewable energy projects along this line, İşbank contributes to the mitigation of the risks and impacts stemming from climate change and to accelerating the green transition.

After 2015, the Bank allocated greenfield project financing for electricity generation investments completely to renewable energy projects. As at year-end 2020, renewable energy finance accounted for 69% of total energy generation projects portfolio, whereas it made up 7.5% of the total financing by the Bank. Carrying on with its financing support in this area, İşbank works committedly to decrease its share of financing provided to energy generation from coal and gas-based thermal power plants.

### Happy and productive İşbank employees

İşbank's workforce made up of qualified and happy employees are among the Bank's key competitive advantages. In keeping with its vision of "being an employer of choice", İşbank provides a dignified, fair, egalitarian and safe working environment that is conducive to personal and professional development.

The Bank conducts training programs aimed at increasing employees' awareness of sustainability, as well as continuously providing them with information about the sub-components of the sustainability concept at the necessary level. Business ethics, combating bribery and corruption, and human rights are incorporated in the Bank's different training modules, and offered to employees from the inception of employment. Environmental management system training is provided to related personnel within the scope of ISO 14001 certification process.

### Managing direct environmental impact

İşbank monitors the environmental impact stemming from its operations and carries out projects directed towards improving its performance in this respect. In this context, environmental data such as waste generation, water and energy consumption and carbon emissions at the Bank's Head Office buildings and branches are followed up, and work is carried out to minimize the adverse environmental impacts of the Bank's operations.

### Long-lasting and inclusive social investment programs

İşbank has a pioneering and guiding role in social progress and development. In keeping with its founding mission, the Bank implements comprehensive and long-lasting social investment programs.

With the purpose of bringing the positive impact it creates to the broadest segment of the society possible, İşbank focuses on education, environment, culture and the arts. Information about the Bank's corporate social responsibility projects can be found on page 80 of this Report.

### National and international collaborations

İşbank continues to collaborate with national and international organizations and institutions so as to augment the value created for all its stakeholders.

Aiming to accelerate its sustainability-related efforts through its collaborations, İşbank is an active signatory of the UN Global Compact since 2012. In 2020, on the other hand, the Bank added new dimensions to its cooperation with international initiatives by affiliating to the United Nations Environment Programme - Finance Initiative (UNEP FI) and becoming a

signatory of the Principles for Responsible Banking (PRB) and Women's Empowerment Principles (WEPs).

The Bank will continue to implement the principles of the initiatives it is affiliated to along the value chain and to reproduce its transformative power as a financial institution in this respect, by taking its impact across broader segments of the society.

İşbank is a constituent of Borsa İstanbul (BIST) Sustainability Index since 2015, and of the FTSE4Good Emerging Markets Index since 2016.

In 2020, the Bank received a rating from Sustainalytics, an ESG (Environmental, Social, Governance) rating agency. This rating clearly indicates the concrete contribution the Bank-wide initiatives make in different aspects of sustainability.

### Integrated reporting

Attaching great importance to transparency and stakeholder communication, İşbank has been publishing sustainability reports besides annual reports since 2012. Further enriching its reporting practice, the Bank began preparing integrated reports in 2019.

Prepared in accordance with the International Integrated Reporting Council (IIRC) reporting framework and the Global Reporting Initiative (GRI) standards, the Bank's integrated reports address non-financial capital, as well as financial capital, and present information about the Bank's activities and performance with a holistic perspective in revealing the value created on the basis of six capitals.

İşbank's Integrated Reports can be found on the Bank's website.



# Annual Report Compliance Opinion



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**(Convenience translation of a report originally issued in Turkish)**

## **INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS**

**To the Shareholders of Türkiye İş Bankası Anonim Şirketi**

### **1) Qualified Opinion**

We have audited the annual report of Türkiye İş Bankası A.Ş. ("the Bank") and its subsidiaries ("the Group") for the period of January 1, 2020 – December 31, 2020.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

### **2) Basis for Qualified Opinion**

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between 1 January 2020 and 31 December 2020 dated February 8, 2021, the unconsolidated and consolidated financial statements as at December 31, 2020 include a free provision at an amount of TL 2,875,000 thousands of which TL 1,125,000 thousands was provided in prior years and TL 1,750,000 thousands provided in the current period by the Bank and the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

### **3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements**

We have expressed qualified opinions in our auditor's reports dated February 8, 2021 on the full set consolidated and unconsolidated financial statements of the Group for the period of 1/1/2020-31/12/2020.

### **4) The Responsibility of the Board of Directors on the Annual Report**

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
- Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
  - Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

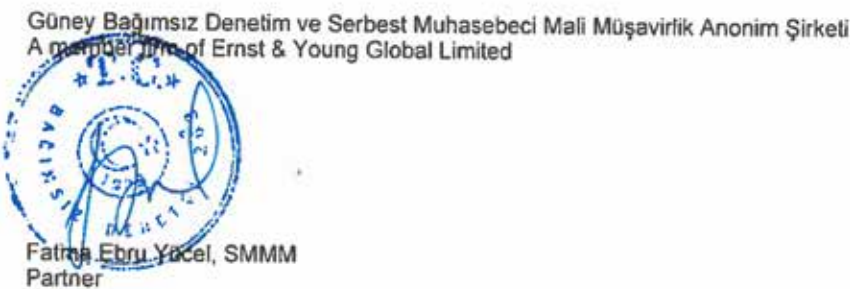
When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

#### 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.



March 9, 2021  
İstanbul, Türkiye

# İşbank's Dividend Distribution Policy

İşbank's principles of dividend distribution are set by article 58 of the Articles of Incorporation. According to this article, after deducting all general expenses from the income arising from the operations of the Bank within a year, including premiums and bonuses and similar payments to the personnel of the Bank, and funds for all kinds of depreciations, as well as necessary provisions, the net profit obtained shall partly be set aside as contingency reserves and partly distributed in the order, manner and at the rates indicated below:

- a) 1- 5% to statutory reserve fund,
- 2- 5% as provision for probable future losses,
- 3- 10% as first contingency reserve

If the cause for setting aside of a provision and fund for a probable future loss and/or risk doesn't exist anymore, the remaining fund will be added to first contingency reserve (a/3) after distribution of net profit referred to in paragraph (a).

b) From the balance of the net profit after the reserve fund referred to in paragraph (a) above have been set aside, an amount equal to 6% of the paid up capital represented by Group A, B and C share certificates, shall be distributed to shareholders as the "first dividend".

Should the profit realized in any year be insufficient to provide for the first dividend of 6% referred to above, the balance shall be made up and distributed out of the contingency reserve fund. Provided, however, that any amount thus taken out of the reserve fund shall constitute a charge to be made up out of the profits to be realized in the subsequent years.

c) After the reserved fund and the first dividend referred to in paragraphs (a) and (b) above have been provided for, the balance of the net profit shall be set aside and distributed as follows:

- 10% for founder shares (limited to the portion of TL 250 thousand - two hundred and fifty thousand -of paid capital)
- 20% to the employees of the Bank, and
- 10% as second contingency reserve.

d) After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, the balance shall be distributed to the shareholders as "second dividend" in the manner stated below and taking into consideration paragraph (e).

1-The net total of the dividends to be distributed to the holders of Group (A) shares as first and second dividends under paragraphs (b) and (d) may be not exceed 60% of the capital paid up by them, the net total of the dividends to be distributed to holders of Group (B) shares may not exceed 30% of the capital paid up by them, and the net total of the dividends to be distributed to holders of Group (C) shares may not exceed 25% of the capital paid up by them.

2-After the amounts set forth in paragraphs (a), (b) and (c) have been set aside and distributed, should the balance be insufficient to distribute the second dividend in the manner specified by the paragraph (1) above, twice the amount of the paid up capital represented by Group (A) shares the actual amount of the capital represented by Group (B) shares, and the 5/6 (five sixth) amount of the capital represented by Group (C) shares shall be taken as the basis, and, total dividends to be paid to the three Groups of shares shall be calculated separately in the distribution of the second dividend.

e) The amount that needs to be added to the statutory reserve under paragraph 2/c of Article 519 of the Turkish Commercial Code, shall be set aside.

f) The General Assembly shall, upon proposal of the Board of Directors, decide whether the balance remaining after the distribution and allocation of the net profit as specified above shall be transferred to the extraordinary reserve funds, or carried over to the following year, or up to 80% of such amount be distributed to the shareholders by dividing of the same by the number of shares and the remaining balance be transferred to the extraordinary reserve funds or carried over to the following year.

In the calculation of the dividends to be paid to all three Groups of shares; group A shares will be considered as 40 times the share quantity, due to the reason that 20 Group (A) shares each with a nominal value of TL 500 (this amount is related to the period prior to the Law regarding the Monetary Unit of the Turkish Republic (No:5083) on which the rate of change has not been applied) have been changed with 1 Group (A) share with a nominal value of 1 Kurus, Group B shares will be considered as 1.5 times of the share quantity, and Group C shares will be considered as the same quantity.

The dividends are distributed within the scope of the related legislation in a manner and at a time determined by General Assembly.

# Summary Report of the Board of Directors

Esteemed Shareholders,

Welcome to our Bank's 97<sup>th</sup> Annual General Meeting.

As we present the Board of Directors' Report, the Balance Sheet and the Income Statement covering the results of our activities in 2020 fiscal year for your review and approval, we respectfully greet all of you here today.

Having taken the whole world in its grip in 2020, the Covid-19 pandemic brought along a global economic crisis, resulting in a significantly differentiated course of the economic activity in the manufacturing and services industries worldwide. Geopolitical events, as well as the uncertainties related to protectionist trade policies, have been influential upon global economic activity.

Although the restrictive measures implemented in the wake of the Covid-19 pandemic interrupted the recovery trend observed in the Turkish economy at the start of 2020 following the rebalancing period in 2019, the Turkish economy recuperated rapidly upon the easing of the restrictive measures and effects of the steps taken to support the economy, and ended 2020 with 1.8% growth.

Due to the fact that the measures taken in response to the pandemic were substantially in the form of credit support and that the interest rates remained relatively low for the most part of the year, TL lending of the banking sector, excluding participation banks, expanded by 41.2% in 2020. FC credit volume in USD terms that displayed a weak performance parallel to the weak investment appetite and the depreciation of the Turkish lira, as well as the tendency to decrease FC debt, fell by 3.8% in this period. Within this framework, the rise in total lending volume in 2020 was measured at 33.1%.

On the other hand, while FC deposit volume registered 42.8% growth year-over-year by the end of 2020, the expansion in TL deposit volume in the same period was 23.6%. Thus, the increase in total deposit volume was registered as 33.3% for the whole year.

When compared to the end of the previous year, as of 31 December 2020;

- Our loans grew by 27.7% to TL 345.2 billion,
- Our deposits expanded by 24.7% to TL 368.9 billion,
- Our total assets increased by 26.9% to TL 593.9 billion,
- Our shareholders' equity rose by 15.1% to TL 67.8 billion,
- while our net profit for 2020 amounted to TL 6.8 billion.

During 2020, the Bank's balance sheet was dynamically managed with a focus on asset quality and profitability. Our non-performing loans ratio was registered as 5.6% at year-end 2020. While the volume of deposits continued to increase, the Bank also kept utilizing non-deposit funding sources in domestic and international markets, with a cost sensitive approach in order to diversify the funding base.

Standing at 18.7% as of 2020 year-end, our capital adequacy ratio continued to be well-above the regulatory requirement. At the end of 2020, our Bank posted a return on assets of 1.3% and a return on equity of 10.9%.

Esteemed Shareholders,

We hereby submit our Annual Report, Balance Sheet and Income Statement pertaining to our 2020 activities for your review and approval. We would like to take this opportunity to express our gratitude to the Turkish public for their steadfast trust in our Bank, to the institutions of the Turkish State for their support, to our employees for their dedicated efforts, and we extend our respects to you, our valued shareholders, for having honored this General Meeting with your attendance.

TÜRKİYE İŞ BANKASI A.Ş. BOARD OF DIRECTORS

# Agenda of the Annual Meeting

- 1 - Opening Ceremony, establishment of the Council of Chairmanship
- 2 - Discussion of 2020 Annual Report of the Board of Directors, Financial Statements, the Independent Auditors' Reports and ratification of the Annual Report of the Board of Directors and Financial Statements
- 3 - Discharge of the Board of Directors from their responsibilities for the transactions and accounts of the year 2020
- 4 - Determination of the dividend distribution and the method and date of allotment of dividends
- 5 - Election of the Board of Directors
- 6 - Determination of the allowance for the members of the Board of Directors
- 7 - Selection of the Independent Audit Company
- 8 - Permitting the Members of the Board of Directors as per articles 395 and 396 of the Turkish Commercial Code
- 9 - Amendment of the Internal Directive on the Principles and Procedures of Operation of the General Assembly
- 10 - Amendment of the articles 25, 28 and 62 of the Articles of Incorporation
- 11 - Presenting information to the shareholders on the subjects held in Capital Markets Board Corporate Governance Communique principle no. 1.3.6
- 12 - Presenting information to the shareholders about the donations

# Dividend Distribution Proposal

As a result of our activities in 2020, our Bank booked a net profit for the period of TL 6,810,916,962.14. On the other hand, due to the disposal of some of the Bank's real estates that were being followed up employing the revaluation model under the Turkish Accounting Standard (TAS) no. 16 "Tangible Fixed Assets", prior years' profit was registered in the amount of TL 6,262,305.70. Accordingly, the Bank's total accounting profit was realized as TL 6,817,179,267.84.

The portion of TL 17,066,578.00 of the accounting profit consists of earnings on real estate disposal, which is decided to be maintained under a specific fund account under liabilities to benefit from the exemption provisions set out in Article 5 of the Corporate Tax Law no. 5520 and to be used for capital increases when needed.

On the other hand, the Bank has prior years' profit in the total amount of TL 6,270,908,336.65 which results from the application of the TFRS 9 - Financial Instruments reporting standard and stems from the equity method specified in the TAS 27 - Separate Financial Statements accounting standard that regulates the accounting policy for our subsidiaries and affiliates.

Accordingly, it is proposed as follows:

- the accounting profit making the basis of the distribution be determined as TL 6,817,179,267.84, which is the net profit for the period plus the amounts associated with the real estates disposed of during the fiscal that were being followed up under the "prior years' profit" as per the relevant accounting standard,
- out of the accounting profit, the portion in the amount of TL 17,066,578.00 arising from the earnings on disposal of real estates be transferred to relevant reserves for being maintained in a specific fund account and for conversion into the capital when needed; and the portion of TL 135,000,000.00 be set aside as venture capital fund to be allocated to venture capital investment trusts and funds,
- based on the distributable amount so formed, 10% thereof that needs to be set aside as first extraordinary reserves be increased within the frame of the provisions of the Banking Law and the Turkish Commercial Code and a total of TL 2,885,008,383.88 be set aside as first extraordinary reserves,
- The distributable amount of TL 6,665,112,689.84, which includes the first extraordinary reserves mentioned above, be distributed as follows pursuant to the provisions of applicable legislation and Article 58 of the Articles of Association of İşbank.

	TL	
PROFIT FOR THE PERIOD		6,810,916,962.14
PRIOR YEARS' PROFIT		6,262,305.70
NET ACCOUNTING PROFIT		6,817,179,267.84
UNDISTRIBUTED PROFIT		-152,066,578.00
DISTRIBUTABLE PROFIT		6,665,112,689.84
<b>I. FIRST DISTRIBUTION</b>		
(Articles of Association Art. 58/a-b)		
- 5% Legal Reserves	333,255,634.49	
- First Extraordinary Reserves	5,390,238,128.89	
- First Dividends		
To Group A Shares	60.00	
To Group B Shares	1,740.00	
To Group C Shares	269,998,200.00	5,993,493,763.38
		671,618,926.46
<b>II. SECOND DISTRIBUTION</b>		
(Articles of Association Art. 58/c-d-e)		
- To Founder Shares	3,731.22	
- 20% to the Bank Employees	134,323,785.29	
- 10% Legal Reserves	59,041,548.53	
- 10% Second Extraordinary Reserves	67,161,892.65	
- Second Dividends		
To Group A Shares	219.25	
To Group B Shares	3,179.08	
To Group C Shares	411,084,570.44	671,618,926.46

Provided that the proposal above is accepted by the General Assembly, dividend payout to the Bank's shareholders will commence on 02 April 2021, and gross profit shares shown in the table below will be distributed to each share group with a nominal value of TL 1 and to each founder share:

Type of Share	Gross TL
To Group A shares with a nominal value of TL 1	0.2792500
To Group B shares with a nominal value of TL 1	0.1696234
To Group C shares with a nominal value of TL 1	0.1513527
To each Founder Share	1.5179902



# Board of Directors



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## 1- Füsun Tümsavaş Chairperson

Füsun Tümsavaş was born in Ankara in 1957 and graduated from Ankara University, Faculty of Political Science, Department of Economics and Finance. She started her professional career at the Ankara Branch of the Central Bank of the Republic of Turkey in 1979. In 1981, she started to work at İşbank's I. Loans Department as an Officer and subsequently became Assistant Section Head and Assistant Credit Specialist in the same department. Ms. Tümsavaş was appointed as Assistant Manager in 1994 and Unit Manager in 1999 in the aforementioned department. She became the Head of Commercial Loans Department in 2004.

In addition to her duties at the Bank, Ms. Tümsavaş also serves as the Chairperson of Anadolu Anonim Türk Sigorta and the Vice Chairperson of the Board of İşbank Members' Supplementary Pension Fund.

Ms. Tümsavaş was elected to İşbank's Board of Directors on 28 March 2008, 31 March 2011, 28 March 2014, 31 March 2017 and 31 March 2020. Ms. Tümsavaş also serves as the Chairperson of the Risk Committee and Remuneration Committee and as a member of Corporate Governance Committee and Credit Committee.

## 2- Yusuf Ziya Toprak Vice Chairperson

Mr. Yusuf Ziya Toprak was born in Trabzon in 1943, and graduated from Istanbul Economics and Commercial Sciences Academy, Department of Finance. Mr. Toprak started to work as an Assistant Inspector on the Board of Inspectors at İşbank in 1967. In the following years, he served as Assistant Manager and Group Manager in Automation and Organization Departments, as Manager in Securities Department, and General Manager at Yatırım Finansman Securities. He was appointed as Deputy Chief Executive at İşbank in 1999.

Mr. Toprak, who has retired in 2004, continued serving as the Vice Chairperson and a Member of the Board of Directors at Şişecam until 2010.

Mr. Yusuf Ziya Toprak, who was elected as a member of İşbank's Board of Directors on 31 March 2020 and as the Vice Chairperson of the Board on 1 April 2020, also serves as the Chairman of the Audit Committee, T.R.N.C. Internal Systems Committee and Operational Risk Committee, a member of the Risk Committee, and an alternate member of the Credit Committee.

## 3- Adnan Bali Member of the Board and Chief Executive Officer

Adnan Bali was born in İslahiye in 1962 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics.

He joined İşbank as Assistant Inspector on the Board of Inspectors in 1986. He became Assistant Manager in the Treasury Department in 1994 and served as a Unit Manager in the same department in 1997. He was appointed Head of the Treasury Department in 1998. Mr. Bali served as the Manager of the Şişli Branch in 2002 and the Manager of Galata Branch in 2004; he was appointed Deputy Chief Executive on 30 May 2006.

He was appointed as the 16<sup>th</sup> Chief Executive Officer of İşbank on 1 April 2011. He has also been serving as the Chairperson of the Credit Committee and Sustainability Committee, and member of the Risk Committee.

Mr. Adnan Bali is the Chairman of Şişecam Group and İşbank Members' Supplementary Pension Fund. He is member of the Board of Directors of Vehbi Koç Foundation and The Banks Association of Turkey; member of Institute of International Finance (IIF) and Institut International d'Etudes Bancaires (IIEB). Mr. Bali is also member of the High Advisory Board of Darüşşafaka Society.

## 4- Feray Demir Member of the Board

Ms. Feray Demir was born in Ağrı in 1968 and graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Business Administration Department. She started her professional career as an Officer at Sefaköy/Istanbul Branch in 1988. She was appointed as Assistant Section Head in 1990, Section Head in 1995, Sub-Manager in 1996 and as Assistant Manager in 1999 at the same branch. She then served at the same position in Commercial Loans Department and Corporate Marketing Department. She was appointed as Branch Manager to Çarşı-Güneşli/Istanbul Branch in 2005, and then served as Head of Commercial Banking Sales Department from 2007 to 2011. She served as Branch Manager of Istanbul Corporate Branch from 2011 to 2016.

In addition to her duties at the Bank, Ms. Demir also serves as member of the Board of İşbank Members' Supplementary Pension Fund.

Ms. Demir, who was elected to İşbank's Board of Directors on 25 March 2016, 31 March 2017 and 31 March 2020, also serves as a member of the Corporate Social Responsibility Committee, Credit Committee, Remuneration Committee and Sustainability Committee.

## 5- Ersin Önder Çiftçioğlu Member of the Board

Mr. Ersin Önder Çiftçioğlu was born in Ankara in 1960 and graduated from Hacettepe University, Faculty of Social and Administrative Sciences, Department of English Linguistics. Mr. Çiftçioğlu began his career at İşbank as an Officer in Yenışehir/Ankara Branch in 1985, and was appointed as an Assistant Section Head, Section Head, Sub-Manager and Assistant Manager in the same branch.

In 2007, he was appointed as Assistant Manager at the Başkent/Ankara Corporate Branch and Regional Manager of SME Loans Underwriting Division of Adana Region in the same year and subsequently served as Ankara Center I. Region Manager in 2008. He was appointed as Ege/Izmir Corporate Branch Manager in 2011 and Başkent/Ankara Corporate Branch in 2016.

Mr. Çiftçioğlu, who was elected to İşbank's Board of Directors on 31 March 2017 and 31 March 2020, also serves as the chairperson of the Corporate Governance Committee and a member of TRNC Internal Systems Committee, Audit Committee and Sustainability Committee.





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### 6- Fazlı Bulut

Member of the Board

Mr. Fazlı Bulut was born in Pertek in 1964 and graduated from Ankara University, Faculty of Political Science, Department of Economics. He completed his master's degree in Economic Development in New Hampshire College in the USA.

Mr. Bulut served as Account Expert and Senior Account Expert at the Ministry of Finance in the Board of Account Experts from 1985 to 1997. He taught General Accounting at College of Tourism and College of Computer Technology, at Bilkent University, from 1996 to 1998. Mr. Bulut served as Vice General Manager and Member of the Board in Social Insurance Institution from 1997 to 1999. He served as Vice General Manager, General Manager and Member of the Board of Directors in Tepe Home Mobilya ve Dekorasyon Ürünleri San. Tic. A.Ş., a subsidiary of Bilkent Holding, from 1999 to 2011. He subsequently served as a consultant for Bilkent Holding on tax and retailing from 2011 to 2012 and as the General Manager of B. Braun Kalyon Medikal ve Dış Ticaret A.Ş. from 2013 to 2015 and as the Coordinator of Financial Affairs in Terra İnşaat Grubu from 2016 to 2017. Mr. Bulut also has books published on various subjects.

Mr. Bulut, who was elected to İşbank Board of Directors on 29 March 2019 and 31 March 2020, also serves as a member of the Corporate Social Responsibility Committee and as an alternate member of Credit Committee.

### 7- Durmuş Öztekin

Member of the Board

Mr. Durmuş Öztekin was born in Sivas, Şarkışla in 1953 and graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance. He completed his master's degree in Economics at Vanderbilt University in the USA.

Mr. Öztekin served as a Finance Auditor between 1975-1986 in the Ministry of Finance. In the following years, he served as Department Head, Deputy General Manager and General Manager in the General Directorate of Budget and Financial Control; Chief Auditor and Member of Financial Advisory Committee in the Ministry of Finance; Auditor in Turk Telekom, Member of the General Committee in Council of Higher Education, Financial Counselor in Turkish Embassy in Brussels. He served as a Ministry Counselor in the Ministry of Finance between 2006-2011.



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Mr. Öztekin, who was elected to İşbank Board of Directors on 31 March 2020, serves as a member of the Corporate Social Responsibility Committee.

### 8- Recep Hakan Özyıldız

Member of the Board

Mr. Recep Hakan Özyıldız was born in Bursa in 1956 and graduated from Ankara University Faculty of Political Sciences, Department of Economics and Finance. He completed his master's degree in Economics at Northeastern University in the USA.

Mr. Özyıldız started to work at the Ministry of Treasury and Finance as an Assistant Treasury Specialist in 1978. In the following years, he served as Branch Manager at the Undersecretary of Treasury and Foreign Trade and the General Directorate of Banking and Foreign Exchange; Department Head, Deputy General Manager and General Manager at the General Directorate of Public Finance under Ministry of Treasury and Finance.; Auditor at İşbank, General Manager of the State Economic Enterprises in the Treasury, Senior Advisor of Economics in Turkish Embassy in London and Assistant Undersecretary in the Ministry of Treasury and Finance.

Mr. Özyıldız, who is also a columnist and commentator, continues to serve as a part-time academic tutor in Ankara University, Faculty of Political Sciences.

Mr. Özyıldız was elected to İşbank Board of Directors on 31 March 2020.

### 9- Mustafa Rıdvan Selçuk

Member of the Board

Mr. Mustafa Rıdvan Selçuk was born in Malatya in 1955, and graduated from Ankara University, Faculty of Political Sciences, Department of Economics and Finance. He received his master's degree on Economics from Vanderbilt University in the USA.

Mr. Selçuk started his career in the Ministry of Finance in 1978 as an Assistant Account Expert. In the following years, he served as Account Expert, Senior Account Expert, Department Head in the General Directorate of Revenues, General Manager and Chairman of Bağkur in the Ministry of Labor and Social Security, Labor and Social Security Advisor in Turkish Embassy in Copenhagen and as Ministry Advisor in the Ministry of Finance.

Mr. Selçuk, who also serves as a Certified Public Accountant since 2003, is an Independent Auditor at BDD Bağımsız Denetim ve Danışmanlık A.Ş., and a partner at Girişim YMM Limited Şti.

Mr. Selçuk was elected to İşbank Board of Directors on 31 March 2020.

### 10- Ahmet Gökhan Sungur

Member of the Board

Mr. Ahmet Gökhan Sungur was born in Yozgat in 1953. He graduated from Middle East Technical University, Department of Chemical Engineering and received his master's degree from the same department.

Mr. Sungur, who started his career in 1975 at General Institute of Mineral Research and Exploration Department of Technology as Chief Specialist Chemical Engineer, worked in Hisarbank and Güntekin İnşaat A.Ş. as a System Analyst between 1981-1982. Later, between 1982-1999, he served as Manager of Software Development at İşbank and Chief Executive Officer at İş Net A.Ş. between 1999-2003.

Mr. Sungur was elected as an Independent Member of İşbank Board of Directors on 31 March 2020.

### 11- Sadrettin Yurtsever

Member of the Board

Mr. Sadrettin Yurtsever was born in Darabi in 1964 and graduated from Gazi University, Faculty of Education, Department of English Language Education.

Mr. Yurtsever, who started his career at İşbank as a candidate officer in İzmir Branch in 1993, served in the same branch as Section Head and Sub-Manager. He served as Assistant Manager in SME Loans Underwriting Division of Denizli Region in 2006, İzmir Central II. Region Sales Division Assistant Regional Manager in 2007, Regional Manager in the same division in 2011, Branch Manager of Bornova/İzmir Commercial Branch in 2013 and Mediterranean/Antalya Corporate Branch in 2018.

Mr. Yurtsever, who was elected to İşbank Board of Directors on 31 March 2020, serves as a member of the Corporate Governance Committee and the Corporate Social Responsibility Committee.

## Executive Committee



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### 1-Adnan Bali

Member of the Board and Chief Executive Officer

Adnan Bali was born in İslahiye in 1962 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics. He joined İşbank as Assistant Inspector on the Board of Inspectors in 1986. He became Assistant Manager in the Treasury Department in 1994 and served as a Unit Manager in the same department in 1997. He was appointed Head of the Treasury Department in 1998. Mr. Bali served as the Manager of the Şişli Branch in 2002 and the Manager of Galata Branch in 2004; he was appointed Deputy Chief Executive on 30 May 2006.

He was appointed as the 16<sup>th</sup> Chief Executive Officer of İşbank on 1 April 2011. He has also been serving as the Chairman of the Credit Committee and Sustainability Committee, and member of the Risk Committee.

Mr. Adnan Bali is the Chairman of Şişecam Group and İşbank Members' Supplementary Pension Fund. He is member of the Board of Directors of Vehbi Koç Foundation and The Banks Association of Turkey; member of Institute of International Finance (IIF) and Institut International d'Etudes Bancaires (IIEB). Mr. Bali is also member of the High Advisory Board of Darüşşafaka Society.

### 2-Hakan Aran

Deputy Chief Executive

Born in Antakya in 1968. Mr. Hakan Aran graduated from the Computer Engineering Department of the Middle East Technical University and completed his master's degree in Management at Başkent University, the Faculty of Social Sciences. He began his career at İşbank's IT System Operations Department in 1990 as a Software Specialist. He served various positions at Data Process and Software Development Directorate. Mr. Aran was appointed Deputy Chief Executive on 17 July 2008.

### 3-Yalçın Sezen

Deputy Chief Executive

Born in İzmir in 1965. Mr. Yalçın Sezen graduated from the Political Sciences and Public Administration Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences. In 1987, Mr. Sezen joined İşbank as an Assistant Inspector on the Board of Inspectors. He served at different units of İşbank and was appointed as Deputy Chief Executive on 13 April 2011.

### 4-Senar Akkuş

Deputy Chief Executive

Born in Diyarbakır in 1969. Ms. Senar Akkuş graduated from the Economics Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences. In 1991, Ms. Akkuş joined İşbank as an Assistant Specialist at the Treasury Department. She served at different units of İşbank and was appointed as Deputy Chief Executive on 13 April 2011.

### 5-Murat Bilgiç

Deputy Chief Executive

Born in Ankara in 1968. Mr. Murat Bilgiç graduated from the International Relations Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences. He also holds a Master's degree in Money-Banking-Finance from the University of Birmingham. He attended the Advanced Management Program in Harvard Business School. He joined İşbank in 1990 as an Assistant Inspector on the Board of Inspectors. He served at different units of İşbank and was appointed as Deputy Chief Executive on 25 March 2016.

### 6-N. Burak Seyrek

Deputy Chief Executive

Born in Ankara in 1970. Mr. N. Burak Seyrek graduated from the International Relations Department of Ankara University, Faculty of Political Sciences. He joined İşbank in 1990 as Assistant Specialist at Training Department. He served at different units and branches of İşbank and also served Chief Executive Officer at İşbank AG, which is a subsidiary of İşbank located in Germany. Mr. Seyrek was appointed as Deputy Chief Executive of İşbank on 25 March 2016.



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**7-Şahismail Şimşek**

Deputy Chief Executive

Born in Erzurum in 1968. Mr. Şahismail Şimşek graduated from Ankara University, Faculty of Political Science, Department of Finance. He joined İşbank as an Officer at Yenışehir/Ankara in 1992, and served at different units and branches of İşbank. Mr. Şimşek was appointed as Deputy Chief Executive on 28 November 2017.

**8-Ebru Özşuca**

Deputy Chief Executive

Born in Ankara in 1971. Ms. Ebru Özşuca graduated from the Economics Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences in 1992. She also holds a master's degree from Economics Department of Graduate School of Social Sciences at Middle East Technical University and in International Banking and Finance from the University of Southampton in the UK. She attended Advanced Management Program in Harvard Business School in 2015. She joined İşbank as an Assistant Specialist at the Treasury Department in 1993. Ms. Özşuca served at different units of İşbank and was appointed as Deputy Chief Executive on 28 November 2017.

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**9-Gamze Yalçın**

Deputy Chief Executive

Born in Ankara in 1971. Ms. Gamze Yalçın graduated from the Economics Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences. She also holds a master's degree in International Banking and Finance from the University of Birmingham in UK. She attended Advanced Management Program in Harvard Business School in 2017. She joined Organization Directorate at İşbank as an Assistant Specialist in 1993 and she served at different units of İşbank. Ms. Yalçın was appointed as Deputy Chief Executive on 28 November 2017. Ms. Yalçın also serves as İşbank Sustainability Leader.

**10-H. Cahit Çınar**

Deputy Chief Executive

Born in Ankara in 1967. Mr. Cahit Çınar graduated from International Relations Department of Ankara University, Faculty of Political Science. He attended Munich Ludwig-Maximilians University between 1989-1990. He began his career at İşbank as an Assistant Specialist at Economic Research Division in 1991 and joined the Board of Inspectors as an Assistant Inspector in 1992. He served at different units of İşbank and Güneşli Corporate Branch and served as a Chief Executive Officer at İşbank AG, which is a subsidiary of İşbank located in Germany. Mr. Çınar was appointed as Deputy Chief Executive of İşbank on 5 October 2018.

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**11-Ozan Gürsoy**

Deputy Chief Executive

Born in Adana in 1974. Mr. Ozan Gürsoy graduated from the Public Administration Department of Middle East Technical University, Faculty of Economic and Administrative Sciences. He also holds a master's degree in International Banking and Finance from the University of Birmingham in UK. He joined İşbank as an Assistant Inspector on the Board of Inspectors in 1996. Throughout his career, Mr. Gürsoy served in various units of İşbank and Gebze Corporate Branch of the Bank and was appointed as Deputy Chief Executive of İşbank on 26.08.2019.

**12-Sezgin Yılmaz**

Deputy Chief Executive

Born in Kircaali in 1975. Mr. Sezgin Yılmaz graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Economics. Mr. Yılmaz started his career as an Officer at Bursa Branch in 1997. Mr. Yılmaz served in various units and branches of İşbank and was elected to İşbank Board of Directors on 29 March 2019. Mr. Yılmaz appointed as Deputy Chief Executive of İşbank on 26.08.2019.

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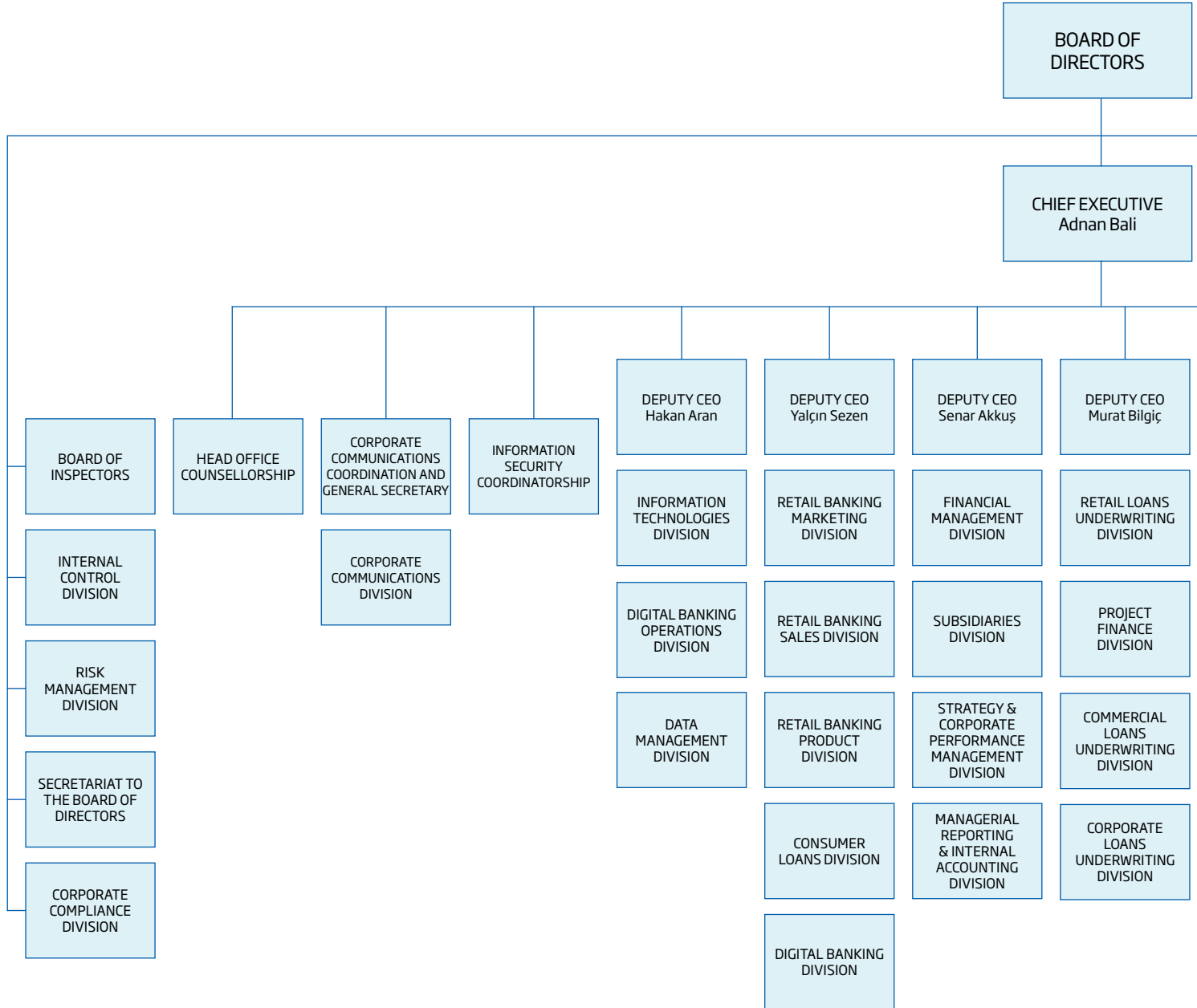
**13-Serkan Uğraş Kaygalak**

Deputy Chief Executive

Born in Bingöl in 1975. Mr. Serkan Uğraş Kaygalak graduated from the Business and Administration Department of Middle East Technical University, Faculty of Economics and Administrative Sciences. In 1997, he began his career at İşbank as an Assistant Inspector on the Board of Inspectors and served in various units and as Branch Manager in Tarsus Branch. Mr. Kaygalak appointed as Deputy Chief Executive of İşbank on 26.08.2019.

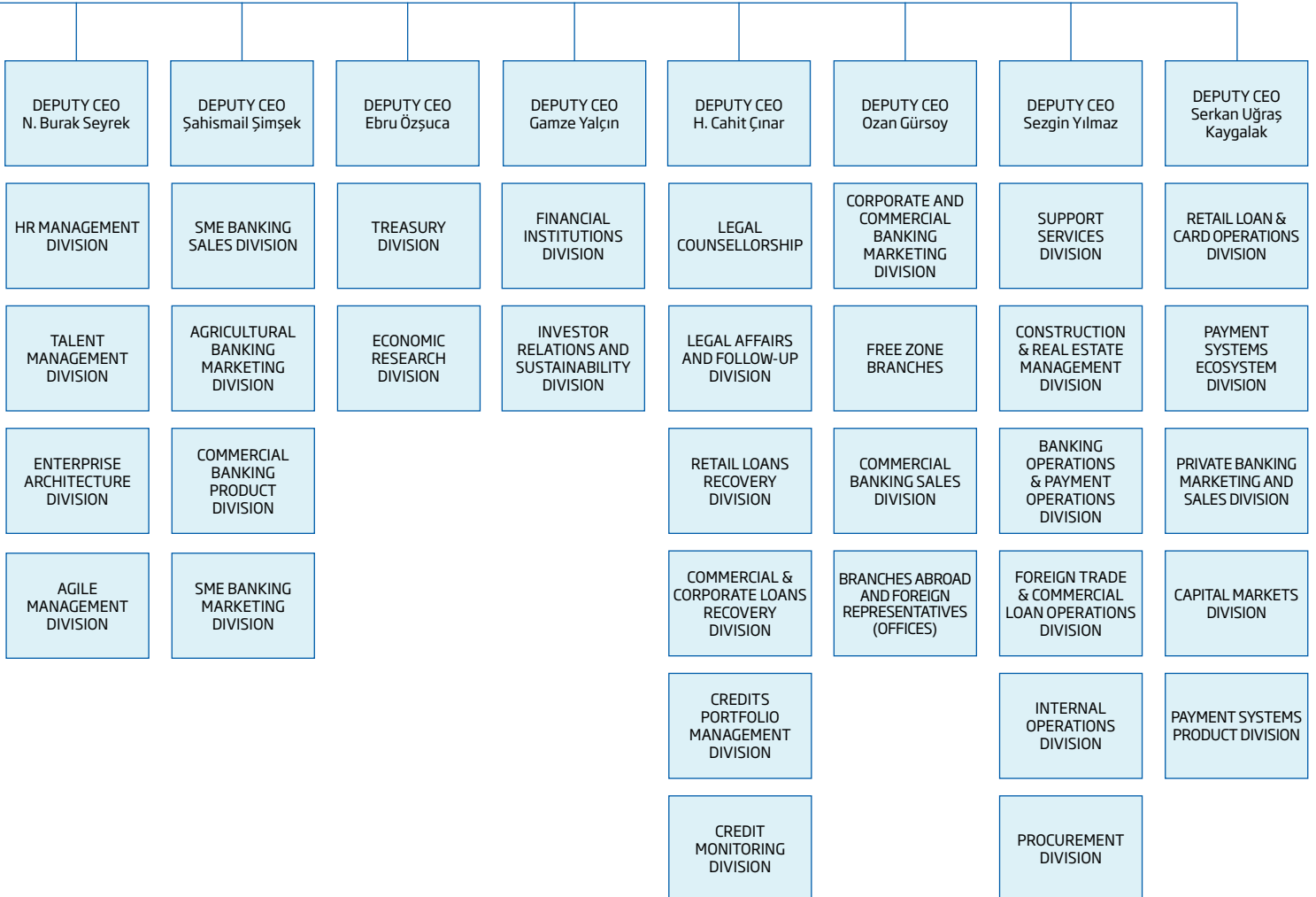
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# Organization Chart<sup>(\*)</sup>



<sup>(\*)</sup>Last revised on January 20, 2021

AUDIT COMMITTEE  
Yusuf Ziya Toprak  
Ersin Önder Çiftçiöğlü



## Changes in the Organizational Structure

During 2020;

- Information Systems security function was positioned under the Information Security Coordinatorship that directly reports to the CEO;
- As part of the reorganized loan functions, Credit Monitoring Division and Project Finance Division were set up; Consumer Loans Underwriting Division and SME Loans Underwriting Division were merged under the name Retail Loans Underwriting Division, and the functions of the Financial Analysis and Credit Information Division were transferred to underwriting divisions;
- Branch Network Development Division's functions were transferred to the Enterprise Architecture Division;
- Agile Management Division was set up as part of the efforts to transition to the agile working model;
- Agricultural Banking Marketing Division was set up, which is concentrated on agricultural banking;
- Investor Relations Division was renamed as Investor Relations and Sustainability Division given the constantly growing importance of the strategic management of sustainability-related activities;
- The names of the Commercial Banking Marketing Division and Corporate Banking Marketing and Sales Division were updated as SME Banking Marketing Division, and Corporate and Commercial Banking Marketing Division;
- International Financial Institutions Division was renamed as Financial Institutions Division since the division's fields of activity also covered domestic banks.
- Payment Systems Ecosystem Division was set up for the performance of payment systems strategy management, monitoring, e-commerce and ecosystem activities, and in this context, the name of the Card Payment Systems Division was updated as Payment Systems Product Division.

## Managers of Internal Systems

Names and surnames, terms of office, areas of responsibility, academic backgrounds and professional experiences of managers of Internal Systems, which consists of Board of Inspectors, Risk Management Division, Corporate Compliance Division and Internal Control Division, are presented below.

Chairman of the Board of Inspectors: Muzaffer Okay

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
3 year 8 months	29 years	Board of Inspectors, Nonperforming Loans Division, Commercial and Corporate Loans Monitoring & Recovery Division, Corporate Compliance Division	B.A. Degree from a Domestic University

Head of Risk Management: Hürdoğan Irmak

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
3 year 18 days	20 years	Corporate Loans Underwriting Division, Board of Inspectors, Risk Management Division	B.S. Degree from a Domestic University

Head of Corporate Compliance Division (Compliance Officer): Süleyman H. Özcan

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
6 months	27 years	Board of Inspectors, Accounting Division, Change Management Board, Strategy and Corporate Performance Management Division, Investor Relations Division	B.A. Degree from a Domestic University

Head of Internal Control: Hamit Umut Togay

Term of Office	Professional Experience	Departments Worked Previously	Academic Background
6 year 10 months	23 years	Board of Inspectors, Retail Banking Product Division, Galata Branch	B.A. Degree from a Domestic University

## Information about the Meetings of the Board of Directors

In İşbank, the Board meetings are generally held at least once a month, yet interim meetings might be held in case of need. Meeting agendas are prepared in accordance with the proposals of Head Office departments. Moreover, various reports requested by the Board of Directors from the Bank management and off the agenda topics put forward by the Board members are discussed during the meetings. Meeting agenda and related documents are distributed to the Board members in a particular time before the meetings.

By the end of 2020, 14 Board meetings were held and 12 of them were held by full participation. 747 pages of minutes were recorded for the said meetings, which lasted 66 hours in total. As of 2020 year-end a total of 274 files were reviewed, which split as 215 files for loan underwriting and 59 files on other issues regarding loans; based on the work carried out by convening meetings or by individual review and signing of the file by each Board Member, which resulted in 187 loan decisions. A total of 315 files were reviewed on non-credit matters and 315 resolutions were taken. Consequently, 697 Board resolutions were made in 2020, including 195 those that were passed during the meetings.

# İşbank Committees

## Assessments on İşbank Committees

İşbank committees presented their decisions and reports to Board of Directors in 2020, and the necessary decisions have been taken as a result of the assessment of Board of Directors.

## The Audit Committee

The Audit Committee which was reconstituted by the resolution of the Board of Directors dated 29.5.2020 and Nr. 43822 is chaired by Mr Yusuf Ziya Toprak, Vice Chairperson of the Board of Directors. The other member of the Committee is Mr. Ersin Önder Çiftçioğlu, member of Board of Directors.

Pursuant to its working principles, Audit Committee is responsible for holding meetings at least twice a year provided that six- month periods are not exceeded, and it is obligated to inform the Board of Directors about the results of the activities it carried out and measures to be taken based on these results and about necessary practices to be implemented. Moreover the Audit Committee is obligated to provide its recommendations regarding other issues that are deemed significant for the Bank in order to carry out its activities safely. Audit Committee works in collaboration with the Remuneration Committee and the Risk Committee.

The Audit Committee is in charge of:

- ensuring that the internal systems of the Bank function efficiently and sufficiently, that these systems and the accounting and reporting systems operate within the framework of the related regulations and the Bank's policies and that the information produced has integrity,
- making preliminary assessment necessary to select independent audit firms, rating, valuation and support service institutions; regularly monitoring the activities of these institutions selected by the Board of Directors; evaluating them periodically within the context of the provisions of the legislation; providing information to the Board of Directors,
- reviewing the assessments of the independent audit firms, evaluating independent audit results, and making discussions with the independent auditors,
- informing the Board of Directors about findings of the independent auditors and internal systems departments, and about measures taken by the top management and by the units reporting to the top management,
- ensuring that the internal audit functions of subsidiaries that are subject to consolidation are coordinated in line with the related regulations,
- receiving information and reports about internal systems and functioning of departments within the scope of internal systems, their operations including consolidated risks, and about related policies and regulations,
- ensuring that the financial reports of the Bank are issued in conformity with relevant legislations, regulations and standards,
- making assessments in order to ensure whether or not required procedures and principles have been implemented for detecting, measuring, monitoring and controlling potential and existing risks incurred by the Bank; ensuring that risk framework and risk culture, in line with the Bank's structure and operations, are established within the Bank,
- ensuring that internal capital adequacy evaluation process (ICAAP) includes all risks in a consolidated manner, auditing and control processes are established to provide required assurance about its adequacy and accuracy,
- evaluating professional education levels and competency of managers and personnel assuming duties in departments within the scope of internal systems; making suggestions to the Board of Directors for the selection of managers, as well as presenting opinion to the Board of Directors during their dismissal,
- establishing communication channels to make sure that information will be provided directly to the Audit Committee or to the internal audit unit or to the Bank inspectors in case of Bank fraud.



- if required, gathering information, documents or reports from all Bank units, support service contractors and independent auditors and being subject to Board approval, receiving consultancy from those who are specialists in their respective fields,
- reporting to and informing the Board about the results of its own operations, the measures needed to be taken in order for the Bank's operations to be within the framework of the related legislation and Bank policies in a continuous and secure way and its evaluation, opinion and recommendation on any other issues that are deemed to be important,
- fulfilling other responsibilities determined by the related legislations and the duties given by the Board within this framework.

As of the end of 2020, Audit Committee held 50 meetings with full participation and adopted 76 resolutions.

#### **Turkish Republic of Northern Cyprus (TRNC) Internal Systems Committee**

TRNC Internal Systems Committee is established within the framework of TRNC Banking Law and related regulations. The Committee which was reconstituted, has two members and as per the resolution of the Board of Directors, dated 29.05.2020, Nr. 43823 the Committee is chaired by Mr. Yusuf Ziya Toprak, the Vice Chairperson of the Board of Directors. The other member of the committee is Mr. Ersin Önder Çiftçioğlu who is a member of the Board.

The Committee holds meetings at least twice a year provided that a six month period is not exceeded and informs the Board of Directors on the results of its own activities, its opinion on the measures needed to be taken and the necessary practices to be implemented by the branches, that operate under TRNC office, and other important issues in order for these branches to operate in a secure way.

TRNC Internal Systems Committee is responsible for ensuring the efficiency and sufficiency of the internal systems provided by the Bank in relation to the operation of the branches, that operate under TRNC office; ensuring the operation of the internal systems, accounting and reporting systems in line with the law and related regulations and ensuring the integrity of the produced information; carrying out the preliminary assessment of independent audit firms and other companies providing services directly related to other banking operations to be selected by the Board; and monitoring regularly and coordinating these companies that are selected and contracted by the Board.

As of 2020 year-end, TRNC Internal Systems Committee held meetings 9 times with full participation of the members and took 11 resolutions.

#### **Credit Committee**

Credit Committee in the Bank makes resolutions on credit allocation within its authorization limit, makes decisions on demands to change the credit allocation conditions within its authorization limit and carries out other assignments regarding credits given by the Board.

Credit Committee consists of three members; one of them is the Chief Executive Officer or Deputy Chief Executive, who is also the chairperson of the Committee and two members from the Board of Directors. Two alternate Committee Members are also designated who will stand if need arises.

As the loan proposal files are presented, the Committee makes decision on the credit allocation with consensus, after each Committee Member examines and signs the files. Resolutions of the Credit Committee which have unanimous backing are executed directly while resolutions made on a majority basis are executed following the approval of the Board of Directors.

By the end of 2020, by the evaluation of 86 files under the authority of the Credit Committee, 63 resolutions were adopted with full participation of the members.

As per the resolution of the Board of Directors, dated 01.04.2020, Nr. 43752, Chief Executive Officer, Mr. Adnan Bali is the Chairperson of the Committee and regular member, Chairperson Ms. Füsün Tümsavaş and member of the Board of Directors Ms. Feray Demir are the Credit Committee members. Mr. Yusuf Ziya Toprak, Vice Chairperson of the Board of Directors and Mr. Fazlı Bulut, member of the Board of Directors are alternate members of the Credit Committee.

## İşbank Committees

### Credit Revision Committee

Being one of the committees of the Board of Directors, the Credit Revision Committee is constituted every year as per the article of the context of Bank's Credit Risk Policy put in effect. The Committee holds meetings at least once a year within the framework of the principle of reviewing the loan portfolio, evaluating the relations with credit customers at the end of the year and revising, when necessary, the credit limits allocated to the said persons and corporations for the following year.

Credit Revision Committee, composed of Ms. Füsün Tümsavaş, the Chairperson of the Board of Directors, and Mr. Ertuğrul Bozgedik, the Vice Chairperson of the Board of Directors, Ms. Feray Demir, and Mr. Ersin Önder Çiftçioğlu who are members of the Board of Directors as per the Board of Directors' resolution dated 23.12.2019, Nr. 43455 for the year 2020; has completed its analyses and evaluations regarding certain firms and groups under the authorization of Board of Directors and Credit Committee on 27.03.2020.

For the year 2021, the Credit Revision Committee is reconstituted with its members being Füsün Tümsavaş, Chairperson of the Board of Directors and Vice Chairperson Yusuf Ziya Toprak as well as Feray Demir, Ersin Önder Çiftçioğlu, and Mr. Sadrettin Yurtsever Board of Directors members; as per the Board of Directors' resolution dated 21.12.2020, Nr. 44157.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee held 5 meetings, 2 of them online, in 2020 and was established as per the Regulation on Social Responsibility Practice, which was adopted with the resolution of the Board and its members are Board Members Ms. Feray Demir, Mr. Fazlı Bulut, Durmuş Öztekin (as of 01.04.2020), Sadrettin Yurtsever (as of 01.04.2020) and deputy chief executives Mr. Yalçın Sezen and Ms. Senar Akkuş, and Mr. Suat Sözen, Corporate Communications Coordination And General Secretary and Mr. Bülent Yumuşaker, Head of Corporate Communications Division. The committee assessed the project suggestions and demands, as well as terms of cooperation and developments about ongoing activities and accounted for the results.

### Corporate Governance Committee

Corporate Governance Committee was established in order to monitor the Bank's compliance with the corporate governance principles, perform studies for improvement in corporate governance practices and make suggestions to the Board and fulfill the projected tasks of Corporate Governance Committee and Nomination Committee to be in accordance with the related legislation. The Corporate Governance Committee is the highest authority in matters regarding sustainability management. The Corporate Governance Committee is composed of one chairperson and three members. With the decision n.43988, dated 03.09.2020; Mr. Ersin Önder Çiftçioğlu, Member of the Board, was elected as the Chairperson of the Committee, Ms. Füsün Tümsavaş, Chairperson of Board of Directors, Board Member Mr. Sadrettin Yurtsever, and Head of Investor Relations and Sustainability Ms. Neşe Gülten Sözdinler were elected as Committee Members.

As of 2020 year-end, the Corporate Governance Committee convened 4 times with full participation of the members and took 5 decisions.

### Operational Risk Committee

Operational Risk Committee which is established by the Board decision dated 30.04.2020 and numbered 43790, operates to determine the strategies and policies for managing operational risks that Bank may be exposed to, improve the operational risk management framework and strengthen governance model regarding operational risks. Operational Risk Committee is formed to meet at least twice during a calendar year, and the members are listed below.

- Yusuf Ziya Toprak: Vice Chairperson of Board of Directors, Head of Audit Committee, Head of Operational Risk Committee.
- Adnan Bali: CEO, Head of Credit Committee
- Hakan Aran: Deputy Chief Executive
- N. Burak Seyrek: Deputy Chief Executive
- Sezgin Yılmaz: Deputy Chief Executive
- Ertuğrul Senem: Information Security Coordinator
- Süleyman H. Özcan: Head of Corporate Compliance Division
- H. Umut Togay: Head of Internal Control Division
- Hürdoğan İrmak: Head of Risk Management Division
- Burcu Nasuhoğlu: Unit Manager of Risk Management Division

Committee functions in coordination with Risk Committee and reports operating results to the Board through Audit Committee.

By the end of 2020, Operational Risk Committee had 1 meeting with the attendance of all members and 1 decision have been taken.

### Risk Committee

Risk Committee is responsible for articulating the risk management strategies and policies İşbank will adhere to both on a consolidated and unconsolidated basis, presenting them to the İşbank Board of Directors for approval and monitoring compliance with them. Committee is the common communication platform for the Bank's executive divisions in terms of assessing the risk the Bank is exposed to, making suggestions about the actions to be taken and approaches to be followed. The Committee's principal duties are the following:

- Preparing the risk strategies and policies and presenting to the Board for approval.
- Monitoring the effective usage of the outcomes of the Internal Capital Adequacy Assessment Process in the planning and decision making processes of the Bank.
- Negotiating and adjudicating the issues addressed by Risk Management Division.
- Recommending the level of risk limits for exposures/possible exposures to the Board, monitoring the breaches of these limits and making recommendations regarding the elimination of those breaches to the Board.
- Recommending the amendments in the risk policies to the Board.
- Monitoring the risk management processes, i.e. risk identification, definition, measurement, assessment, control and reporting processes, carried out by Risk Management Division.
- Monitoring the accuracy and reliability of the risk measurement methodologies and their results.
- Suggesting proposals regarding the determination of risk appetite statement and its amendments to the Board.
- Taking measures to establish risk culture in the Bank, creating processes to fulfill the responsibility of supervision, understanding all of the risks arising from the activities of the Bank and supervising the integration of these risks to risk management system of the Bank.

Committee Members:

- Füsün Tümsavaş: Chairperson of Board of Directors and Head of Risk Committee
- Yusuf Ziya Toprak: Vice Chairperson of Board of Directors and Head of Audit Committee
- Adnan Bali: CEO, Head of Credit Committee
- Senar Akkuş: Deputy Chief Executive
- Murat Bilgiç: Deputy Chief Executive
- Ebru Özşuca: Deputy Chief Executive, Head of Asset & Liability Management Committee
- Süleyman H. Özcan: Head of Corporate Compliance Division
- Hürdoğan Irmak: Head of Risk Management Division

Risk Committee contributes to the configuration of Group risk policies also through consolidated group meetings. In the activities that the Risk Committee carries out on a consolidated basis,

- Hansu Uçar, Head of Subsidiaries Division also attend the meetings.

In the Risk Committee meetings held in 2020, risk management practices of İşbank and its subsidiaries under consolidated risk policies have been evaluated, risk reports have been presented to the Committee, the results have been analyzed and decisions regarding the risk management systems and processes were taken. By the end of 2020, the Committee had 12 meetings and 30 decisions have been taken.

## İşbank Committees

### Sustainability Committee

Sustainability Committee has been established for preparing the Bank's sustainability strategy and policies and submitting them for the approval of the Board of Directors, ensuring coordination within the Bank for determining and implementing sustainability targets and action plans, observing the reflection of sustainability-related issues on strategic business plans, monitoring the development of metrics and targets, and performing tasks related to similar issues. The Committee is the highest authority responsible for sustainability activities in the Bank. The Committee, which was established with the decision of our Board of Directors dated 24.12.2020 an Nr. 44176, has a chairman and twelve members. Mr. Adnan Bali was the Chairman of the Committee, and the members of the committee are Ms. Feray Demir, Mr. Ersin Önder Çiftçioğlu, Ms. Gamze Yalçın, Ms. Senar Akkuş, Mr. Murat Bilgiç, Mr. Ozan Gürsoy, Mr. Şahismail Şimşek, Mr. Yalçın Sezen, Mr. Sezgin Yılmaz, Mr. Suat E. Sözen, Hürdoğan Irmak and Ms. Neşe Gülden Sözdinler.

### Remuneration Committee

Bank's Remuneration Committee has been established for the purpose of executing functions and activities related to monitoring and controlling remuneration policies of the Bank on behalf of Board of Directors. The Committee has two members; Ms. Füsün Tümsavaş, the Chairperson of the Board, was elected as the Chairperson of the Committee and Ms. Feray Demir, Member of the Board of Directors was elected as the member of the Committee dated as per the resolution of the Board dated 01.04.2020 and Nr. 43757.

Provided that it doesn't exceed three-month periods, the Remuneration Committee convenes at least four times a year and submits to the Board of Directors the results of the activities that it carries out and its opinions regarding other issues that it deems important.

Within the framework of compliance to Corporate Governance Principles, Remuneration Committee is responsible for monitoring and controlling policies related to remuneration management on behalf of Board of Directors within the context of compliance to Corporate Governance Principles; providing that remuneration policies are in compliance with the Bank's ethical values, internal balances and strategic goals. The Committee is also responsible for evaluating remuneration policy and practices within the framework of risk management; submitting the proposals regarding the necessities determined after the evaluations to Board of Directors, as well as fulfilling other responsibilities in accordance with relevant legislations and tasks assigned by the Board of Directors within this framework.

In 2020, Remuneration Committee held 6 meetings with full participation of the members and adopted 9 resolutions.

# Human Resources Practices at İşbank

The coronavirus pandemic that domineered the whole world and our country compelled certain changes in İşbank's human resources practices from early on in 2020. Even to this backdrop, İşbank successfully implemented its sustainable and value-added growth strategy in the area of Human Resources, acting as an organization setting the future competition and banking business standards with its identity as a dynamic and agile organization within the frame of its vision to pioneer digitalization.

A believer in collective working culture and shared wisdom that has internalized these values, the Bank has always acted in keeping with the "people first" notion, prioritized employees' and their families' health in Occupational Health and Safety practices, and concentrated on the countermeasures and monitoring in response to the pandemic. Even before the emergence of the disease in our country, written and visual detailed information was shared with the employees; pandemic and crisis management plans were updated, and preparatory steps were taken. Following the announcement of the first case, widescale measures were forthwith enforced, taking into consideration the practices and recommendations of the World Health Organization, the T.R. Ministry of Health, Infectious Diseases Associations, other countries' institutions and agencies. Numerous steps were taken such as putting all employees with chronic conditions, with infants, and pregnant employees on administrative leave, shifting to rotating working model of home-based working and in-office presence, introduction of flexible working hours, supplementary payments for pandemic to employees physically present at work places, setting up the pandemic communication hotline through which all employees can reach the Occupational Health and Safety Teams and directly the top management including the CEO any time of the day, provision of psychological and medical support and information and online contacts with doctors, introduction of casual dress code at all units including branches, digital training and security implementations, comprehensive cleaning, mask, gloves, ventilation and sanitation measures, etc. During this period, thousands of questions and notifications were responded to which were conveyed by employees through internal communication channels such as email, phone, maximo, and I Have a Suggestion platform. All Covid-19-positive employees were followed up closely; necessary measures and actions were taken to prevent any negative impacts to other employees in the branches/regional offices/Head Office locations where such employees work, and the course of the pandemic at İşbank was reported regularly. Additionally, "Corona Positive/Negative Case Reporting Hotline" was set up in a short period of time, which enables reporting and follow-up of employees' current status in relation to Covid-19 through the system, and was made available for use by all employees. Upon logging in the system, the procedure covering the measures and actions to be taken are e-mailed to employees and managers.

On another note, emergency response plans were renewed for all branches and locations, and pandemic risk assessment reports and pandemic plans were created for all branches and locations. Basic Occupational Health and Safety Training prepared in line with the new regulation was made available for employees use during 2020. In addition, the structure was also set up for issuing and e-mailing the certificates of attendance automatically to those who complete the training.

Within the scope of the overall strategy of İşbank that targets healthy and sustainable growth in every aspect, individuals possessing the competencies and qualifications required by the relevant positions were employed using the appropriate assessment tools and methods also in the reporting period. In 2020, 145 new employees were hired in Turkey and 17 abroad in various title groups. The Bank had 23,518 people in total on its payroll as at year-end 2020, 23,193 of them employed domestically and 325 in foreign countries.

The onboarding processes were executed on the digital platform in a faster and more user-oriented manner, and the scope of online hiring exam processes were expanded. İşbank MasterClass Digital Development Program, which is a completely digital program designed to attract skilled and successful potential candidates to İşbank, to familiarize them with the Bank, and also to contribute to these students' personal and professional development, was completed successfully by 51 students, who received their certificates of attendance. Additionally, "İş'te YBL Development Program", which is conducted in cooperation with Yenibirilider Association, had its second cohort of graduates, and participant selection processes were initiated for the program that will continue under the name Future Hub in the new term. Various career events and workshops designed to enhance İşbank's position as the "Employer of Choice" among candidates continued at the same speed on the digital platform, and along this line, competitions under various themes (artificial intelligence, machine learning, ideathon, etc.) were organized for the students that will constitute the workforce of the next century. Events held on university campuses were transferred to the digital platform under the name "İşbank Digitalk Career", which brought the Bank together with nearly 500 students in 16 events. Efforts were started to revamp the existing candidate application system with the aim of enhancing the user experience of candidates applying for a position at İşbank.

Managers and candidates for managerial positions working in branches and Head Office departments receive an annual bonus. Attention is paid to ensure that premium payments are aligned with the Bank's long-term strategy and the risk undertaken, as well as respective employees' performances. Variable remuneration is not applied to identified employees at the Bank.

## Human Resources Practices at İşbank

At İşbank, employee compensation and benefits are determined with the Collective Agreement within the frame of applicable legislation and in accordance with the Remuneration Policy. Related information is presented in the appropriate sections of the Annual Report.

The conformity of salary levels paid by the Bank to the ones in the sector is reviewed by participating in independent and anonymous salary surveys administered twice a year.

There were 27 identified employees working at İşbank by year-end 2020.

In 2020, besides fulfillment of regulatory obligations in Human Resources Management processes, manual processes were systematized, thus increasing their efficacy, practicability, accessibility and efficiency. Also, operational processes were rendered faster with the use of robots.

Pharmacy Provision System process and infrastructure were renewed and digitalized so that payments can be realized automatically. In addition, İşbank's Health Provision System's (Medigap) process and infrastructure were also upgraded and digitalized to enable automatic payment and the pilot phase is in progress.

Within the scope of the digitalization of HR practices and processes, June marked the launch of İŞİM, a mobile application for keeping the communication with employees alive on a 24/7 basis, posting announcements, sending personal messages specific to each employee, and increasing the synergy among employees through campaigns and competitions run on the app. İŞİM reached more than 14 thousand employees in its first 6 months. Through the app that covers profile, Bank announcements, current events, İŞ AİLEM, health, podcast, posts, events, Q&A, and stories tabs, the activities carried out under the heading Employee Communication Program and Platform (ÇİPP) were carried on online during the pandemic. "Morale Chain", a photo sharing activity for boosting internal motivation carried out in the early months of the pandemic, e-sports tournament that encompassed employees and their children, and guided tours for participation by the whole family were realized.

In the digital era, care is taken to make the utmost use of technology for leveraging İşbank's qualified human resource as the Bank's digital muscle is reflected in its ways of doing business and processes. Giving the priority to employee health and safety during the pandemic, all training and development activities were rapidly adapted to the emerging conditions. Minimized in number in February, classroom training sessions, academy programs, seminars, on-the-job trainings and other training programs planned to be conducted in physical environments were completely halted in March; the learning and development of employees continued to be supported uninterruptedly during this period through digital classrooms offered via Cisco Webex platform and named as "Live Digital Training" in combination with other digital learning resources. For the employees working remotely, digital learning contents, designed to support their well-being and daily routines through this rough period, were offered via Öğrenme Dünyası (Learning World) portal that is accessible from all devices, anytime and anywhere also from non-İşbank network.

In this period when remote-working acquired increased importance, a digital learning content named as "Cyber Security Measures at Home" was designed for employees, which aimed to enhance the awareness of potential cyber security risks that can be faced when working remotely and the measures that can be adopted against them; in addition, the digital learning program named as "Guide for Remote Working" which is prepared in alignment with İşbank's remote working principles was served to increase the efficiency of remote working and to ensure sustainability of work.

With its talent development initiatives, İşbank was awarded with 2020 BEST Award by the Association for Talent Development (ATD) that recognizes organizations that invests in enterprise-wide employee talent development and employs talent development as a strategic tool to achieve the targeted results. In addition, the Bank received two gold medals in "Best Advance in Assessment Utilization to Guide Talent Decisions" and "Best Advance in Succession and Career Management" categories at the Brandon Hall Human Capital Management (HCM) Excellence 2020 Awards, one of the leading international recognition programs in its respective field.

Being one of the initiatives realized by benefiting from the means offered by digitalization in keeping with the Bank's focus on improving employees' learning experiences, books compiled to help employees -particularly those who will take promotion exams- build on their technical competencies in relation to the banking legislation and the Bank's practices were offered through Öğrenme Dünyası (Learning World) in e-book format.

In Training Catalogue and Management Development Conferences offering development opportunities to employees in line with their individual needs and preferences, training programs dwelling on different topics in the areas of technology, innovation, customer experience, personal and professional development and leadership were offered in order to build on the competencies stand out in "Future of Work" studies.

İşbank is gearing up for the future of work and competencies of the future through learning and development programs and began using game-based assessments and inventories of digital corporate citizenship potentials in addition to applications like competency-based Assessment Center in the recruitment processes carried out with the aim of employing the appropriate human resource aligned with the competencies of the future, whereby candidates were delivered a fair, objective and holistic assessment experience.

In order to support the targeted cultural shift and leverage agile principles in the way of working, learning journeys were designed for the teams that started to operate within the scope of agile transformation. Specialized competency development programs were introduced in line with the needs of differentiated roles of employees, who seek to generate constant value while adapting to change rapidly. Studies on design of development programs specific to each chapter or center of excellence are in progress, for maintaining synchronized transfer of knowledge and skills across all tribes.

"Diversity and Inclusion" module was added to the career training programs and conferences were organized throughout the year under the headings of "Being a Woman in Professional Life", "Creating an Egalitarian Language" and "Diversity Management" with the aim of ensuring that diversity and inclusion principles making the foundation of Human Resources and Talent Management practices at İşbank are embraced by all employees and supporting awareness of the importance of guaranteeing diversity through handling individual differences within the organization together and adopting an inclusive culture.

Management and leadership development programs were carried on, which are being conducted for managers at different levels and intended to improve development-focused leadership culture that supports İşbank's vision of "being the bank of the future that generates sustainable value with an inclusive and participative approach".

The second cohort of the Artificial Intelligence Academy was completed, which is intended to support the knowledge and skills of the teams working in the field of artificial intelligence so as to enable them to design artificial learning-supported solutions and decision support systems based on big data, and which is conducted in cooperation with the Koç University.

## 2021 goals

Digital transformation efforts initiated in recruitment processes will be carried on in 2021, and they will be further proliferated with new headings in line with the business requirements of the digital age. Targeted at reducing operational risks and costs, increasing the efficacy and efficiency of the interaction with the target group, and enhancing candidate satisfaction, 2021 plans include efficient use of artificial intelligence and decision support systems, consideration of mobile solutions compatible with the new generation and needs of the digital era, perpetuation and diversification of activities for university students, and carrying out activities that will attract the best candidates who will steer the future of İşbank and contribute value to it.

Another goal for 2021 is to share with the employees the transfers that are being managed based on a transparent, fair and rational evaluation process and to facilitate their traceability, on condition that the evaluation principles for transfer requests that have been covered in the Collective Agreement so far will be adhered to. Along this line, "Transfer Scoring" system was introduced. Upon the transition to the Scoring System, family unity and health status of employees working under titles other than managers will continue to have priority and will be given weight in scoring criteria, as has been customary; however, possibility will also be provided for employees who have long been requesting a transfer for reasons other than the afore mentioned to be transferred to the requested locations in view of their waiting periods and in line with the score they earn. Devised in accordance with the rules in the Collective Agreement, the new structure is intended to let a high number of employees requesting transfer to locations without staffing needs track the ranking of their requests and to let them plan their lives by taking action accordingly, as well as enabling transparent follow-up of transfer requests.

In 2021, developments will continue to move the processes that continue to be handled manually to the system so that employees will be given easier reach to HR Practices processes and perform their procedures easily.

Appointments and transfers that the Career Management Unit performs through Sinerji will be moved to İKON and the process will be automated, whereas the hard copy declaration taken by the Social Affairs Unit will be digitalized.

As part of the targets within the frame of İşbank's structure and priorities, advancements in technology will be monitored, and efforts will be ongoing to move processes to mobile platforms, and to improve operational processes by migrating them to the system by utilizing robots.

Efforts are ongoing to enrich the İŞİM application with new features. ÇİPP (Employee Communication Program and Platform) activities, on the other hand, are planned to continue online given the circumstances, and it is planned to add workshops to guided trips.

In 2021, onboarding and basic OHS refresher trainings will continue to be implemented online to ensure satisfaction of İşbank's legal obligations and to

## Human Resources Practices at İşbank

enhance Occupational Health and Safety culture within the frame of OHS practices, while support programs on occupational health and safety issues addressing all employees will be carried on.

On another hand, weight will be given to preventive healthcare practices at İşbank to help the employees lead a physically and mentally healthy life, to follow-up and extend support to those with chronic and prechronic conditions, to preclude the problems they might be faced with in the future, and to protect them from illnesses and injuries through prophylaxis and early diagnosis. In addition, initiatives will be carried out to integrate healthcare practices with OHS practices, and thus to more effectively follow up healthcare processes. Accordingly, the steps for the purchasing of a new software have been completed. The system will most likely be started to be used during 2021 upon completion of the efforts coordinated by the Information Technologies Division and Softtech.

To enable talent conversion in analytical and digital roles, it is planned to introduce the Data Literacy Certification Program in 2021. Basically intending to build on employees' knowledge and skills in understanding and working with the data and to ensure a broad-based adoption of the culture of data-driven decision-making, the program will start with basic training accessible by all employees, and will be offered in a structure where training journeys will be customized as it moves towards advanced analytical roles. In addition, work started regarding the design of a new academy training program on data engineering for employees working as data scientists. The first cohort of Data Engineering Academy is targeted to be completed during 2021.

In line with the advancements in technology and changing user habits, the new digital learning infrastructure development project is in progress, which is intended to offer personalized learning contents to employees in a modern setting. This project is targeted to be completed and introduced employees during 2021.

## Information on the Transactions Carried out with İşbank's Risk Group

All financial services provided to companies within İşbank's Risk Group are provided on an arm's length basis, subject to the same procedures and policies applicable for third parties. Credit lines and other lending transactions allocated to companies within İşbank's Risk Group are analyzed and monitored to ensure compliance with legal requirements. In 2020, the loans extended to the Group companies had all been significantly below the regulatory risk limits.



## Activities for which Support Services are Received in Accordance with the Regulation on Procurement of Support Services for Banks

- Support services received from Accenture Danışmanlık Ltd. Şti. for credit management application;
- Support services received from Aktif İletişim ve Kurye Hizmetleri A.Ş. for delivery of credit card products to customer addresses;
- Support services received from Aras Kurye Servisi A.Ş. for delivery of card products to our customers addresses;
- Support services received from Aras Kurye Servisi A.Ş. for sending Banking Services Agreement to the addresses of applicants apply for "Anında Müşteri" and sending the signed contract to the Bank;
- Support services received from Atos Müşteri Hizmetleri A.Ş. for sales-oriented external calls;
- The service purchased from ATP Ticari Bilgisayar Ağı ve Elektrik Güç Kaynakları Üretim ve Pazarlama Ticaret A.Ş. regarding the transfer of right to use software and document;
- The service received from Austriacard Turkey Kart Operasyonları A.Ş. for production and customization of İşbank's credit cards equipped by chip technology;
- Support services received from Bilişim Bilgisayar Hizmetleri Ltd. Şti. for using of payment application on new generation cash register;
- The support services purchased from CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş. aimed at calling customers and reminding them the deferrals regarding retail loans and the credit cards payments;
- The support services purchased from Comdata Teknoloji ve Müşteri Hizmetleri A.Ş. aimed at calling customers and reminding them the deferrals regarding retail loans and the credit cards payments;
- Support services received from D-Market Elektronik Hizmetler ve Tic. A.Ş. for marketing of consumer loans;
- Service received from Definex Danışmanlık A.Ş. for the development of credit process optimization software.
- Services purchased from Edata Elektronik San ve Tic A.Ş. for maintenance of and running the Bank's application on new generation cash registers;
- Support service received from E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş. for production and customization of İşbank's credit cards equipped by chip technology;
- Support service received from Enuygun Com İnternet Bilgi Hizmetleri Teknoloji ve Ticaret A.Ş. for marketing of consumer loans.
- Support service received from Erişim Müşteri Hizmetleri A.Ş. for meeting the demands of the customers using Telephone Branch;
- Support services received from Genpa Telekomünikasyon ve İletişim Hizmetleri San. ve Tic. A.Ş. for marketing of consumer loans;
- Support services received from Hangisi İnternet ve Bilgi Hizmetleri A.Ş. for marketing of consumer loans;
- Services purchased from Hobim Digital Elektronik Hizmetler A.Ş. for printing and/or enveloping bank statements of the credit cards and contracted merchants, and other documents like letters and notices;
- Services purchased from Hugin Yazılım Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on new generation cash registers;
- Support service received from IBM Global Services İş ve Teknoloji Hizmetleri ve Ticaret Ltd. Şti. for Emergency Center located in İzmir for back up of the system;
- Service received from Iron Mountain Arşivleme Hizmetleri A.Ş., regarding physical archive services,
- Services purchased from Ingenico Ödeme Sistem Çözümleri for maintenance of and running the Bank's application on new generation cash registers;
- The service purchased from Innova Bilişim Çözümleri A.Ş. regarding the use of virtual POS;
- Services purchased from Infina Yazılım A.Ş., for purchasing software, installation, and maintenance, and support services to be received throughout the term of the contract;
- Service received from İnfoteks Bilgisayar Elektronik Telekom San. Tic. LTD. Şti. regarding Bank application work and maintenance services in new generation cash registers;
- Support service received from İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. for operation, management and maintenance of communication networks and for providing sources relating to operation and management of data processing application servers and server operating systems;
- Services purchased from Karbil Yazılım ve Bilişim Teknolojileri Tic. A.Ş. for maintenance of and running the Bank's application on new generation cash registers;
- Service received from Key Yazılım Çözümleri A.Ş. regarding expertise software,
- Support services received from Konut Kredisi Com Tr Danışmanlık A.Ş. for marketing of consumer loans;
- Support services received from Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş. for delivery of credit card products to customer addresses;
- Support services received from Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş. for delivery of OGS devices to our customers addresses;
- Support service received from Loomis Güvenlik Hizmetleri A.Ş. for carrying of cheques, promissory notes, other commercial papers and documents between Group Centers and Banking Operations and Payment Operations Division;
- Support service received from Loomis Güvenlik Hizmetleri A.Ş. for carrying of foreign currency cash between Group Centers and İstanbul Cash Management Center;
- International transportation service received from Loomis Güvenlik Hizmetleri A.Ş.
- Customer collection, transportation, processing and storage service received from Loomis Güvenlik Hizmetleri A.Ş.,
- The service purchased from Obase Bilgisayar Danışmanlık Hizmetleri Ticaret San. A.Ş. for outsourcing in data analytics studies;
- Secure e-payment infrastructure service related to electronic commerce purchased from Payten Teknoloji A.Ş.
- The service received from Plastik Kart Akıllı Kart İletişim Sistemleri San. ve Tic. A.Ş. for production and customization of İşbank's credit cards equipped by chip technology;
- The service purchased from Postkom Basım ve Posta İletişim Hizmetleri A.Ş. regarding the transfer of balance from POS devices to the prepaid cards;
- The service received from Mikrosaray Mikrobilgisayar Paz. ve Tic. A.Ş. on directing customers to the Bank's branches for installing the Bank's application to new generation cash registers;
- The service received from Mikrosaray Mikrobilgisayar Paz. ve Tic. A.Ş. regarding Bank application work and maintenance services in new generation cash registers;
- Services purchased from MT Bilgi Teknoloji Dış Ticaret A.Ş. for maintenance of and running the Bank's application on new generation cash registers;
- Services purchased from Panorama Bilişim Teknolojileri San. ve Tic. A.Ş. for maintenance of and running the Bank's application on new generation cash registers;
- Support service received from Posta ve Telgraf Teşkilatı A.Ş. for marketing of consumer loans.
- Services purchased from R2 Servis Elektrik, Elektronik ve Bilgisayar Teknolojileri San. ve Tic. A.Ş. for maintenance and running the Bank's application on new generation cash registers;
- Support services received from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. A.Ş. for information systems management, information systems infrastructure support, software development, project development, business analysis, systems analysis, project and product consulting, technical support issues;
- The service received from Token Finansal Teknolojiler A.Ş. regarding Bank application work and maintenance services in ÖKCs

# Corporate Governance Principles Compliance Statement

İşbank is subject to the provisions stipulated for banks in the Banking legislation and Capital Markets legislation regarding Corporate Governance Principles. The Bank carries out its activities in accordance with the compulsory principles of the Communiqué on Corporate Governance (Communiqué) published by the Capital Markets Board.

Bank's practices regarding the non-compulsory provisions of the principles stipulated in the Communiqué and additional information within in the framework of Corporate Governance are given in the Corporate Governance Compliance Report and Corporate Governance Information Form, which are the parts of Annual Report which is published with the approval of our Board of Directors. There are not any changes foreseen to be performed in the Bank's managerial practices within the framework of the principles stipulated in the Communiqué. Within the year, procedures were carried out to develop the structure of the Corporate Governance Principles that the Bank is subject to.

Under the section of the "Sustainability Principles Compliance Framework" in our Annual Report, the Bank's practices and information regarding the principles within the scope of the regulation with the same title published by the Capital Markets Board are also included.

## Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>Corporate Governance Compliance Report</b>						
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				In addition to the shareholders of İşbank, the persons mentioned in "İşbank Internal Directive on Working Principles and Procedures of General Assembly" may attend the General Assembly.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3- The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.					X	
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			In our Bank, minority rights are exercised in line with the related legislation.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Information considered necessary for international investors is available on the Bank's website, in the Investor Relations section also in English.
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

## Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				İşbank employees participate in the management of the Bank via their beneficiary status in İşbank Members' Supplementary Pension Fund, which holds 37.08% of İşbank shares.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.		X				Performance related compensation is used in certain positions.
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Our Bank's Board of Directors and Executives are insured against the risk of loss they may cause due to their faults while performing their duties within the scope of a liability insurance policy that names our Bank and our participations as the insured, however, the coverage of insurance is below the mentioned amount.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			No target ratio is set for the number of female members in the Board of Directors. As of the end of 2020, there are two female members in the Board. Based on the last three terms of İşbank Board of Directors, percentage of the female members in the Board was realized as 18%.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

## Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.		X				In 2020, 7 meetings of the 14 meetings were held electronically due to pandemic conditions. On the other hand, physical signatures of our members of the Board of Directors were taken for the resolutions subject to these meetings.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				The duties that İşbank Board members have outside the Bank are provided in the Annual Report which is presented in the General Assembly.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Members of İşbank Board of Directors may take part in more than one committee within the context of the related legislation.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		X				Restrictions related with the loans to be extended by İşbank to the Board members and employees are defined in article 50 of the Banking Law. In this context, İşbank does not extend loans to its Board members and employees other than those allowed by the law.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Total compensation of the Board members and managers with administrative responsibilities is disclosed.

# Corporate Governance Information Form

## 1. SHAREHOLDERS

### 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year	In 2020, İşbank participated 9 conferences online for stock and bond investors. In these events, a total of 97 meetings were conducted. In addition to 5 investor events in teleconference and videoconference format, where investors participated via remote access, 229 meetings were held via online connection.
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### 1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-

### 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/en/Bildirim/823675">https://www.kap.org.tr/en/Bildirim/823675</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	General Assembly documents except the list of participants and the minutes of the meeting (invitation to the General Assembly, agenda, proxy statement, information document, dividend distribution proposal, etc.) are presented in Turkish and English simultaneously.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	"The limit set for donations was approved in the General Assembly of 2013 and the minutes of said meeting can be found in İşbank website, Home Page > About Us > Investor Relations > Disclosures to BIST. The Bank's policy regarding donations does not take place in the Bank's website.
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	None
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 47
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Shareholders and shareholder representatives as well as Board members, independent auditor representatives and İşbank employees (within the context of the legislation) participated in the General Assembly held in 2020.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	37,08%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	Home Page > About Us > Investor Relations > Corporate Governance > Dividend Distribution Policy

## Corporate Governance Information Form

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Banking Regulation and Supervision Agency has sent an evaluation regarding the year 2019 to The Banks Association of Turkey, which indicated that the profits and reserves should not be distributed in such a way to cause a cash outflow, emphasizing the necessity to maintain the prudent policy to keep the equity structures of the banks strong. Out of total TL 6,071,460,806.58, which is composed of our net profit for the year 2019 amounting to TL 6,067,586,899.23 and our previous years' profit subject to tax exemption that was created during the period as a result of TAS-16 Tangible Fixed Assets accounting standard amounting to TL 3,873,907.35; it has been decided to transfer TL 26,394,081.00 resulting from real estate sales gains to the relevant reserves to be kept in a special fund account and capitalized when necessary, reserve TL 20,000,000.00 as venture capital funds to be directed to venture capital investment trusts and funds, Out of the remaining TL 6,025,066,725.58, it has been decided to allocate legal reserves in the amount of TL 301,253,336.28 in accordance with subparagraph (a) of Article 58 of our Bank's Articles of Association and the remaining TL 5,723,813,389.30 will be transferred to extraordinary reserves.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/en/Bildirim/833671">https://www.kap.org.tr/en/Bildirim/833671</a>
<b>General Assembly Meetings</b>	
General Meeting Date	31 March 2020
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	86.68%
Percentage of shares directly present at the GSM	0.00003%
Percentage of shares represented by proxy	86.68%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Home Page > About Us > Investor Relations > Disclosures to BIST
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	-
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	420
The link to the related PDP general shareholder meeting notification	<a href="https://www.kap.org.tr/en/Bildirim/833671">https://www.kap.org.tr/en/Bildirim/833671</a>

**2. DISCLOSURE AND TRANSPARENCY****2.1. Corporate Website**

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Home Page > About Us > Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Home > About Us > Investor Relations > Corporate Overview > Corporate Information > Ownership Structure
List of languages for which the website is available	Turkish and English

**2.2. Annual Report**

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.



a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Additional Information Regarding the Related Legislation
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	İşbank Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Information about the Meetings of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	No legislation change that would significantly impact İşbank activities has occurred
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Unconsolidated Financial Statements as at and for the Year Ended 31 December 2020 with Independent Audit's Report Thereon - Information on Other Provisions
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	İşbank has no cross ownership subsidiaries.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources Practices at İşbank / Corporate Social Responsibility Activities

### 3. STAKEHOLDERS

#### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Compensation principles for Bank employees are determined by the Collective Bargaining Agreement which is shared with the employees through İşbank's Corporate Intranet Portal.
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	İşbank has an online communication platform through which employees may submit their requests and complaints to the Senior Management directly. Only a limited number of managers have access to the said platform. Other stakeholders may deliver their suggestions or complaints to the Senior Management through İşbank Corporate Website.
The contact detail of the company alert mechanism	Every person can use the contact form in İşbank website (Home Page > Contact Form) to deliver any demand or complaint to the Bank.

#### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	No information on this matter is available on our website.
Corporate bodies where employees are actually represented	İşbank employees participate in the management of the Bank via their beneficiary status in İşbank Members' Supplementary Pension Fund, which holds 37.08% of İşbank shares.

## Corporate Governance Information Form

<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Board of Directors create succession plans.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Home Page > About Us > Sustainability > Our Policies
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Home Page > About Us > Sustainability > Our Policies
The number of definitive convictions the company is subject to in relation to health and safety measures	None
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	Home Page > About Us > Investor Relations > Corporate Governance > Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Home Page > About Us > Sustainability > Our Reports
Any measures combating any kind of corruption including embezzlement and bribery	Home Page > About Us > Sustainability > Our Policies
<b>4. BOARD OF DIRECTORS-I</b>	
<b>4.2. Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	24-25.12.2020
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation of authority in İşbank
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	68
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Audit Committee's Assessments on the Operation of Internal Control, Internal Audit and Risk Management Systems and Its Activities in the Reported Period
Name of the Chairman	Füsün Tümsavaş
Name of the CEO	Adnan Bali
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Chairman and General Manager seats are held by different persons
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Our Bank's Board of Directors and Executives are insured against the risk of loss they may cause due to their faults while performing their duties within the scope of a liability insurance policy that names our Bank and our participations as the insured, however, the coverage of insurance is below the mentioned amount. On the other hand, this issue has not been disclosed on the Public Disclosure Platform.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None
The number and ratio of female directors within the Board of Directors	2 / 18%

**Composition of Board of Directors**

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
FÜSUN TÜMSAVAŞ	Non-executive	Non Independent Director	28 March 2008		-	-	Yes
YUSUF ZİYA TOPRAK	Non-executive	Independent Director	31 March 2020		Not Considered	No	Yes
ADNAN BALİ	Executive	Non Independent Director	1 April 2011		-	-	Yes
FERAY DEMİR	Non-executive	Non Independent Director	25 March 2016		-	-	Yes
ERSİN ÖNDER ÇİFTÇİOĞLU	Non-executive	Independent Director	31 March 2017		Not Considered	No	Yes
FAZLI BULUT	Non-executive	Non Independent Director	29 March 2019		-	-	Yes
DURMUŞ ÖZTEK	Non-executive	Non Independent Director	31 March 2020		-	-	Yes
RECEP HAKAN ÖZYILDIZ	Non-executive	Non Independent Director	31 March 2020		-	-	Yes
MUSTAFA RIDVAN SELÇUK	Non-executive	Non Independent Director	31 March 2020		-	-	Yes
AHMET GÖKHAN SUNGUR	Non-executive	Independent Director	31 March 2020	Home > About Us > Investor Relations > Disclosures to BIST	Considered	No	Yes
SADRETTİN YURTSEVER	Non-executive	Non Independent Director	31 March 2020		-	-	Yes

**4. BOARD OF DIRECTORS-II****4.4. Meeting Procedures of the Board of Directors**

Number of physical board meetings in the reporting period (meetings in person) 7

Director average attendance rate at board meetings 98.35%

Whether the board uses an electronic portal to support its work or not Yes

Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter 3 work days

The name of the section on the corporate website that demonstrates information about the board charter Articles of Association

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors None

**4.5. Board Committees**

Page numbers or section names of the annual report where information about the board committees are presented İşbank Committees

Link(s) to the PDP announcement(s) with the board committee charters <https://www.kap.org.tr/tr/Bildirim/262622>

## Corporate Governance Information Form

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Corporate Governance Committee		Ersin Önder Çiftçiöğlü	Yes	Board member
Corporate Governance Committee		Fusun Tümsavaş	No	Board member
Corporate Governance Committee		Sadrettin Yurtsever	No	Board member
Corporate Governance Committee		Neşe Gülden Sözdinler	No	Not board member
Audit Committee		Yusuf Ziya Toprak	Yes	Board member
Audit Committee		Ersin Önder Çiftçiöğlü	No	Board member
Remuneration Committee		Fusun Tümsavaş	Yes	Board member
Remuneration Committee		Feray Demir	No	Board member
Other	Credit Committee	Adnan Bali	Yes	Board member
Other	Credit Committee	Fusun Tümsavaş	No	Board member
Other	Credit Committee	Feray Demir	No	Board member
Other	Credit Committee	Yusuf Ziya Toprak (Alternate Member)	No	Board member
Other	Credit Committee	Fazlı Bulut (Alternate Member)	No	Board member
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	Yusuf Ziya Toprak	Yes	Board member
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	Ersin Önder Çiftçiöğlü	No	Board member
Other	Credit Revision Committee	Fusun Tümsavaş	No	Board member
Other	Credit Revision Committee	Yusuf Ziya Toprak	No	Board member
Other	Credit Revision Committee	Feray Demir	No	Board member
Other	Credit Revision Committee	Ersin Önder Çiftçiöğlü	No	Board member
Other	Credit Revision Committee	Sadrettin Yurtsever	No	Board member
Other	Corporate Social Responsibility Committee	Feray Demir	No	Board member
Other	Corporate Social Responsibility Committee	Sadrettin Yurtsever	No	Board member
Other	Corporate Social Responsibility Committee	Fazlı Bulut	No	Board member
Other	Corporate Social Responsibility Committee	Durmuş Öztekin	No	Board member
Other	Corporate Social Responsibility Committee	Senar Akkuş	No	Not board member
Other	Corporate Social Responsibility Committee	Suat E. Sözen	No	Not board member
Other	Corporate Social Responsibility Committee	Bülent Yumuşaker	No	Not board member
Other	Corporate Social Responsibility Committee	Yalçın Sezen	No	Not board member
Other	Risk Committee	Fusun Tümsavaş	Yes	Board member
Other	Risk Committee	Yusuf Ziya Toprak	No	Board member
Other	Risk Committee	Adnan Bali	No	Board member
Other	Risk Committee	Senar Akkuş	No	Not board member
Other	Risk Committee	Murat Bilgiç	No	Not board member
Other	Risk Committee	Ebru Özsuca	No	Not board member
Other	Risk Committee	Süleyman H. Özcan	No	Not board member
Other	Risk Committee	Hürdoğan Irmak	No	Not board member
Other	Operational Risk Committee	Yusuf Ziya Toprak	Yes	Board member
Other	Operational Risk Committee	Adnan Bali	No	Board member
Other	Operational Risk Committee	Hakan Aran	No	Not board member
Other	Operational Risk Committee	N. Burak Seyrek	No	Not board member
Other	Operational Risk Committee	Sezgin Yılmaz	No	Not board member
Other	Operational Risk Committee	Ertuğrul Senem	No	Not board member
Other	Operational Risk Committee	Süleyman H. Özcan	No	Not board member
Other	Operational Risk Committee	H. Umut Togay	No	Not board member
Other	Operational Risk Committee	Hürdoğan Irmak	No	Not board member
Other	Operational Risk Committee	Burcu Nasuhoğlü	No	Not board member

Other	Sustainability Committee	Adnan Bali	Yes	Board member
Other	Sustainability Committee	Ersin Önder Çiftçioğlu	No	Board member
Other	Sustainability Committee	Feray Demir	No	Board member
Other	Sustainability Committee	Gamze Yalçın	No	Not board member
Other	Sustainability Committee	Senar Akkuş	No	Not board member
Other	Sustainability Committee	Murat Bilgiç	No	Not board member
Other	Sustainability Committee	Ozan Gürsoy	No	Not board member
Other	Sustainability Committee	Şahismail Şimşek	No	Not board member
Other	Sustainability Committee	Yalçın Sezen	No	Not board member
Other	Sustainability Committee	Sezgin Yılmaz	No	Not board member
Other	Sustainability Committee	Suat E. Sözen	No	Not board member
Other	Sustainability Committee	Hürdoğan İrmak	No	Not board member
Other	Sustainability Committee	Neşe Gülden Sözdinler	No	Not board member

#### 4. BOARD OF DIRECTORS-III

##### 4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Information about the activities of Audit Committee which was established within the context of the related legislation is presented in "İşbank Committees" section of the Annual Report.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	İşbank Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	At İşbank, functions of Nomination Committee are fulfilled by Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Information about the activities of Risk Committee is presented in "İşbank Committees" section of the Annual Report.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Information about the activities of Remuneration Committee which was established within the context of the related legislation is presented in "İşbank Committees" section of the Annual Report.

##### 4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	CEO's Message
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Home Page > About Us > Investor Relations > Corporate Governance > Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Additional Information Regarding the Related Legislation

##### Composition of Board Committees-II

Names of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in The Committee	The Number of Meetings Held In Person	The Number Of Reports on its Activities Submitted To The Board
Corporate Governance Committee		75%	25%	3 physical, 1 online	-
Audit Committee		100%	100%	50	12
Remuneration Committee		100%	0%	6	-
Other	Credit Committee	80%	20%	-	-
Other	Turkish Republic of Northern Cyprus Internal Systems Committee	100%	100%	9	2
Other	Credit Revision Committee	100%	40%	11	1
Other	Corporate Social Responsibility Committee	50%	0%	3 physical, 2 online	6
Other	Risk Committee	50%	12.5%	6 physical, 6 online	13
Other	Operational Risk Committee	50%	10%	1 online	-
Other	Sustainability Committee	23%	8%	-	-

# Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
<b>A. General Principles</b>		
<b>A1. Strategy, Policy and Targets</b>		
The Board of Directors determines material ESG issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; internal directives, business procedures of Companies etc. can be prepared. The Board of Directors takes decisions for these policies and they are publicly disclosed.	Yes	Home > About Us > Sustainability > Our Policies
Determines the company Strategy in line with the ESG policies, risks and opportunities. It determines and publicly discloses its short and long term goals in line with the Company Strategy and ESG policies.	Yes	2019 Integrated Report, page 19-25 2020 CDP Climate Change Report, page 19-25
<b>A2. Implementation/Monitoring</b>		
It determines and publicly discloses the committees / units responsible for the implementation of ESG policies. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Yes	2020 Annual Report, İşbank Committees, Sustainability Committee, page 106 Home > About Us > Sustainability > Our Organization
It forms implementation and action plans in line with the determined short and long term targets and publicly discloses them.	Yes	2019 Integrated Report, page 19-25 2020 CDP Climate Change Report, page 19-25
It determines the Key ESG Performance Indicators (KPI) and announces them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Yes	2019 Integrated Report, page 35,43, 51, 63, 73, 79, 87
Discloses innovation activities that improve sustainability performance for business processes or products and services.	Yes	2019 Integrated Report, page 46-49, 57-63
<b>A3. Reporting</b>		
It reports its sustainability performance, goals and actions at least once a year and makes it public. Discloses the information on sustainability activities within the scope of the annual report.	Yes	Home > About Us > Sustainability > Our Reports 2019 Integrated Report 2020 CDP Climate Change Report
It is essential to share information that is important for stakeholders in understanding the position, performance and development of the company in a direct and concise manner. It can also discloses detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Yes	Home > About Us > Sustainability Home > About Us > Investor Relations
It exercises maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of the balanced approach.	Yes	2019 Integrated Report, page 16-17
It gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Yes	2019 Integrated Report, page 30-31
Makes disclosure regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	Yes	<a href="https://www.kap.org.tr/en/Bildirim/890391">https://www.kap.org.tr/en/Bildirim/890391</a>
<b>A4. Verification</b>		
If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.	Yes	2019 Integrated Report, page 100-103

PRINCIPLES	COMPLIANCE	DEFINITION
<b>B. Environmental Principles</b>		
Discloses its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Yes	2019 Integrated Report, page 78
Complies with environmental laws and other relevant regulations and discloses them.	Yes	2019 Integrated Report, page 38-43
Explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	Yes	2019 Integrated Report, page 3, 96-99 2020 CDP Climate Change Report, page 1
Describes the highest level responsible, relevant committees and duties in the company on the issue of environment and climate change.	Yes	2020 Annual Report, İşbank Committees, Sustainability Committee, page 106 2020 Annual Report, Executive Committee, page 96-97
Describes the incentives it offers for the management of environmental issues, including the achievement of goals.	Yes	2020 CDP Climate Change Report, page 5-6
Explain how environmental matters are integrated into business goals and strategies.	Yes	2019 Integrated Report, page 18-25 2020 CDP Climate Change Report, page 17-18
Discloses the sustainability performances for business processes or products and services and the activities to improve this performance.	Yes	2019 Integrated Report, page 57-63, 74-79
Explains how it manages environmental issues not just in terms of direct operations but throughout the company's value chain and integrates suppliers and customers into its strategies.	Yes	2019 Integrated Report, page 74-76 Home > About Us > Sustainability > Our Policies > Supplier Code of Conduct
It explains whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international), its cooperation with the associations, related organizations and non-governmental organizations it is a member of, and the tasks it has taken, if any, and the activities it supports.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87 2019 Integrated Report, page 88 Home > About Us > Investor Relations > 2020 Investor Presentation (page 23)
Reports information on its impacts in a periodically comparable manner within the scope of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	Yes	Home > About Us > Sustainability > Environmental and Social Impacts
Describes the standard, protocol, methodology and base year details used to collect and calculate its data.	Yes	Home > About Us > Sustainability > Environmental and Social Impacts
Discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Yes	Home > About Us > Sustainability > Environmental and Social Impacts 2020 CDP Climate Change Report, page 25-34
Sets short and long term goals and discloses these goals to reduce its environmental impact. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year with respect to the targets set before, it provides information on the subject.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87 2020 CDP Climate Change Report, page 20

## Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
Discloses its strategy and actions for combating the climate crisis.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87 2020 CDP Climate Change Report, page 17-25
Describes the program or procedures for preventing or minimizing the potential negative impact of the products and / or services it offers; explains the actions to reduce greenhouse gas emissions of third parties.	Yes	2019 Integrated Report, page 55-58
Discloses the actions taken to mitigate its environmental impacts, the total number of projects and initiatives carried out along with the environmental benefits / benefits cost savings they provide.	Yes	2019 Integrated Report, page 77-78
It reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Yes	Home > About Us > Sustainability > Environmental and Social Impacts > Environmental Indicators
Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Yes	Home > About Us > Sustainability > Environmental and Social Impacts > Environmental Indicators
Carries out studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87
Discloses data on its renewable energy production and consumption.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87
Develops energy efficiency projects and explains the amount of energy consumption and emission reduction enabled by these studies.	Yes	2020 CDP Climate Change Report, page 23-25, 31-32 2019 Integrated Report, page 74-79
Reports the amount of water withdrawn, used, recycled and discharged from underground or aboveground, its sources and procedures (Total water withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Yes	Home > About Us > Sustainability > Environmental and Social Impacts > Environmental Indicators 2019 Integrated Report, page 96-99
Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Irrelevant	İşbank is the only member from Turkey to participate in the working group established within the International Finance Institute to expand the voluntary carbon markets. Carbon credit markets are closely monitored and development opportunities will be evaluated.
Discloses the carbon credit information accumulated or purchased during the reporting period.	No	There are no carbon credits accumulated or purchased during the reporting period. However, the Bank will be able to purchase carbon credits in order to reduce its emissions to a minimum level in the following years, in line with its medium and long term emission reduction and carbon neutral targets.



PRINCIPLES	COMPLIANCE	DEFINITION
Explains the details if carbon pricing is applied within the company.	No	At this stage, there is no carbon pricing practice in our bank. On the other hand, all activities of our Bank are in a continuous development with the ESG focus, and the implementation of the carbon pricing practice will be evaluated in the following period.
Discloses all compulsory and voluntary platforms where reports its environmental information.	Yes	Home > About Us > Sustainability > Environmental and Social Impacts > Environmental Indicators 2020 CDP Climate Change Report 2019 Integrated Report
<b>C. Social Principles</b>		
<b>C1. Human Rights and Employee Rights</b>		
Forms a Human Rights and Employee Rights Policy with a commitment to fully comply with the Universal Declaration of Human Rights, ILO Conventions which Turkey has confirmed and the legal framework and regulations governing the operation of corporate life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	Yes	Home > About Us > Sustainability > Our Policies > Human Rights and Human Resources
Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Yes	Home > About Us > Sustainability > Our Policies > Human Rights and Human Resources
Describes the measures taken throughout the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or securing minority rights / equal opportunities	Yes	Home > About Us > Sustainability > Our Policies > Supplier Code of Conduct 2019 Integrated Report, page 57-63
Reports developments regarding discrimination, inequality, human rights violations, forced labor and corrective practices. Explain the regulations to prevent child labor.	Yes	2019 Integrated Report, page 106
Explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Yes	2020 Annual Report, Human Resources Practices at İşbank, page 107-110 Home > About Us > Investor Relations > Corporate Governance > Remuneration Policy 2019 Integrated Report, page 64-73
Creates occupational health and safety policies and makes them public. Explain the precautions and accident statistics taken to prevent work accidents and to protect health.	Yes	Home > About Us > Sustainability > Our Policies > Occupational Health and Safety Policy 2019 Integrated Report, page 94
Creates and publicly discloses personal data protection and data security policies.	Yes	Home > Privacy Policy

## Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE	DEFINITION
Creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Yes	Home > About Us > Investor Relations > Corporate Governance > Ethical Principles
Explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.	Yes	2019 Integrated Report, page 80-87
Organizes information meetings and training programs for employees on ESG policies and practices.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87 2019 Integrated Report, page 39-97
<b>C2. Stakeholders, International Standards and Initiatives</b>		
Carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Yes	2019 Integrated Report, page 16-17
Regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Yes	<a href="https://www.isbank.com.tr/en/contact-us">https://www.isbank.com.tr/en/contact-us</a> <a href="https://www.isbank.com.tr/en/contact-form">https://www.isbank.com.tr/en/contact-form</a> <a href="https://www.isbank.com.tr/iletisim-formu-takip">https://www.isbank.com.tr/iletisim-formu-takip</a> 2019 Integrated Report, page 49-50
Conducts stakeholder communication continuously and transparently; It explains which stakeholders, for what purpose, on what issue and how often it communicated, and the developments in sustainability activities.	Yes	2019 Integrated Report, page 91
Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD) etc.).	Yes	2019 Integrated Report, page 3 2020 CDP Climate Change Report
Publicly discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) which it is a signatory or member of, and international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles).	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87
Makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87

PRINCIPLES	COMPLIANCE	DEFINITION
<b>D. Corporate Governance Principles</b>		
Makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.	Yes	2020 Annual Report, Corporate Governance Compliance Report, page 112-116 2020 Annual Report, Corporate Governance Information Form, page 117-125
Takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate management strategy.	Yes	2019 Integrated Report, page 16-17, 36-43 2020 CDP Climate Change Report, page 2
Takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders and applies to the opinions of stakeholders in determining the measures and strategies in the field of sustainability as stated in the Corporate Governance Principles.	Yes	2019 Integrated Report, page 16-17
Works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Yes	2020 Annual Report, Corporate Social Responsibility Activities, page 80-85 2019 Integrated Report, page 80-87
Strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Yes	2020 Annual Report, Sustainability at İşbank, page 86-87 2019 Integrated Report, page 88
Explains policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Yes	Home > About Us > Sustainability > Our Policies > Anti-bribery and Anti-corruption  The internet address where the Bank's Anti-Bribery and Anti-Corruption Policy can be accessed is given above, and detailed information about its tax liability can be found under the heading "Explanations on Tax Applications".  Home > About Us > Investor Relations > Publications and Results



2019 Integrated Report

2020 CDP Climate  
Change Report

# Audit Committee's Assessments on the Operation of Internal Control, Internal Audit and Risk Management Systems and Its Activities in the Reported Period

## Internal Audit

İşbank Board of Inspectors (the Board), operates under the Board of Directors' control. By adopting ethical principles stated by banking and internal audit regulations and taking IIA Internal Audit Standards into consideration, İşbank Board of Inspectors audits the activities of the Bank's Head Office divisions (including internal control, risk management and compliance divisions), banking and IT processes, domestic and foreign branches and subsidiaries; in accordance with the Bank's mission, strategies and policies, as well as relevant laws and regulations. The Board of Inspectors conducts inspections, ad-hoc audits and investigations.

İşbank Board of Inspectors, which is certified to be in conformance with the international quality standards, performs its duties by combining its long-established audit experience with advanced technology in a modern, risk-focused way. The Board, which is constituted by 154 auditors<sup>1</sup>, carries out on-site audits as well as remote audits with the help of its IT capabilities.

Audit reports are submitted to the Board of Directors, Audit Committee, senior management and related Head Office divisions depending on reports' importance and priority. In the meantime, corrective measures taken by the relevant Head Office divisions are monitored by the Board of Inspectors. The Board of Directors monitors activities of the Board of Inspectors through periodic business reports presented via the Audit Committee.

During 2020, The Board undertook audits of 186 domestic and 4 overseas branches, 3 Head Office divisions, 5 subsidiaries, 3 Regional Directorates subject to Retail Loans Underwriting Division, top 200 companies with the highest risk in the Bank. Moreover,

- Model,
- Sustainability Management System,
- Central Counterparty Practice,
- Valuation Process,
- Asset Custody Service,
- Policy for Combating Financial Crimes And Sanctions (current name of the policy)
- Compliance Policy on Treasury Backed Guarantees,
- ATM Channel,
- TFRS 9,
- Compliance Policy on Personal Data Protection Law,
- Customer Relationship Program,
- Compliance Policy on Good Practice Guidelines for Risk Center Data Security

are audited. Audits of 22 domestic branches, 1 Head Office division, Model Audit, Asset Custody Service, Sustainability Management System, Liquidity Risk Management and 4 subsidiaries which are started in 2020, haven't been finalized. Banking processes and IT audits are conducted annually by the members of The Board of Inspectors in accordance with the "Regulation over External Audit Institutions' Information Systems and Banking Processes Audits" which is published by Turkish Banking Regulation and Supervision Agency. Both consolidated and solo financial statements are tested during the financial reporting process audits.

<sup>1</sup>Junior and senior auditors are combined.

According to the results of the banking processes and IT audits conducted in 2020, there has been;

- no material weakness in the internal controls over the main banking processes ensuring the Bank to perform efficiently, reliably and smoothly,
- no material finding about the integrity, availability, consistency and reliability of the data reported in consolidated and solo financial statements.

With the help of risk focused audit plan, The Board audited a significant portion of İşbank's entire credit portfolio in 2020. During 2020, Data Analytics team continued the development and maintenance activities of;

- the Human Resources Risk Matrix, which is the basis of personnel related risks determination,
- the Branch based Credit Risk Matrix, which is the basis for the determination of the credit portfolio to be audited in a risk-focused way,
- the other applications that provide data for internal fraud detection and investigation activities.

### Internal Control

The main objective of the internal control system is to provide the maximum contribution to achieve İşbank's corporate targets set in accordance with the Bank's vision, mission and strategies and stakeholder expectations. To this end, the performance required to ensure that all components of the internal control system operate together in an integrated and effective manner, under the supervision of İşbank's Board of Directors, with the contribution and support of all İşbank's employees, is being rigorously carried out with professional care and attention.

The design and operational effectiveness of the internal control activities carried out by the relevant units in the process are regularly examined by the Internal Control Division which is an independent function. For this purpose, "onsite" and/or "remote" controls have been carried out by the Internal Control Division with a risk-oriented approach, on the activities of the Bank's domestic and foreign branches and Head Office units, financial reporting and information systems and internal control structures of the subsidiaries subject to consolidation.

Activities for central and continuous monitoring of the effectiveness of controls by using advanced data analytics applications were conducted.

The results of the reviews were analyzed by the Internal Control Division and developing proposals, monitoring and follow up activities intended for eliminating the existing deficiencies and preventing the recurrence of the defects were continued.

In order to contribute to their professional development, İşbank's internal control personnel were provided with various trainings during the year. Internal Control Division also supported the Bank's employees' trainings in order to increase the awareness of internal control activities across the organization.

In accordance with the Bank's Sustainability Policy, control activities regarding the operations carried out within the scope of the Sustainability Management System were conducted. In addition, in terms of assessment and management of environmental impacts, the Bank complies with the international ISO 14001 Environmental Management System standards, and the "internal review" activities defined in this system were carried out by the Internal Control Division.

İşbank's internal control system and internal control activities are structured and operated to make sure that: i) The Bank's assets are protected, ii) The Bank's activities are carried out in compliance with the Law and other relevant legislations, the Bank's internal policies and guidelines, and banking practices, iii) accounting and financial reporting systems function securely and in integrity, and iv) information is provided promptly.

## Audit Committee's Assessments on the Operation of Internal Control, Internal Audit and Risk Management Systems and Its Activities in the Reported Period

### Compliance

Compliance is the foremost duty and responsibility of all managers and employees of the Bank at any level. The functions and activities regarding compliance executed in the Head Office Divisions, Branches of the Bank local and abroad, and its subsidiaries are monitored through the corporate compliance activities conducted within the Corporate Compliance Division, which reports to the Board of Directors.

Corporate Compliance Division operates with the purpose to provide maximum contribution in order to manage the compliance risk in line with the materiality and risk-based approach and control this risk in an appropriate and efficient manner and in this regard to execute and manage the activities of the Bank continuously in compliance with the relevant laws, regulations and standards. The Bank oversees the effectiveness of corporate compliance activities in its subsidiaries as well.

The necessary researching, analyzing, monitoring, assessing, informing, conducting, coordinating and reporting activities regarding compliance issues are conducted within the Corporate Compliance Division, which consists of three sub-units, namely, Regulatory Compliance, Fiscal Offences and Sanctions and International Obligations.

The duties and responsibilities of the Compliance Officer as stated in the Prevention of Laundering Proceeds of Crime Law and other related regulations in effect are fulfilled by the Head of Corporate Compliance Division, who is the legal "Compliance Officer" of the Bank as well. The activities regarding the prevention of fiscal offences and sanctions in our Bank are executed in an express and efficient manner within the context of related legislations and the Bank's Policy and the Compliance Program, which have been prepared in accordance with these legislations.

Bank's Compliance Risk Management Policy and Policy For Combating Financial Crimes And Sanctions are stated in "Investor Relations / Corporate Governance" link at our Bank's website [www.isbank.com.tr](http://www.isbank.com.tr) in English and Turkish.

The results of the activities regarding compliance are also regularly monitored and evaluated by the senior management and the Board of the Bank.

### Risk Management

Besides banking activities, both financial and non-financial risks encompassing the whole group required to be analyzed, monitored and reported from the standpoint of group risk management in addition to that of banking-specific risk management principles. Beyond regulatory requirements this aspect of risk management has become an industry standard for corporate governance.

The risk management process, organized within the framework of advanced risk management methodologies and favors a common risk management culture throughout the establishment, is structured to emphasize good corporate governance, assuring segregation of units responsible for monitoring and controlling risk from executive functions. In that respect, risk definition, measurement, analysis, monitoring, reporting and control functions are carried out within the same framework.

The process of risk management and the functions involved in that process are among the highest priority responsibilities of the İşbank Board of Directors. The Risk Management Division, which acts through the Risk Committee and forms a functional constituent of the risk management function in collaboration with the Bank Credit Committee and the Asset & Liability Management Committee, carries out the works towards the regulatory and internal capital adequacy in accordance with the Basel framework and consistent with international best practices, in addition to working towards developing and validating risk measurement methodologies and optimizing the capital adequacy management process.



**Ersin Önder Çiftçioğlu**  
Member of the Board and  
the Audit Committee



**Yusuf Ziya Toprak**  
Vice Chairperson of the Board of Directors and  
Chairperson of the Audit Committee

# Explanations on Financial Position, Profitability and Solvency

İşbank increased its total assets by 26.9% to TL 593.9 billion by the end of 2020 compared to the end of the previous year, and retained its title as "Turkey's largest private bank". In the same period, İşbank also maintained its leader position among private banks in terms of total loans, total deposits and shareholders' equity.

The Bank's total cash loans reached TL 345.2 billion as of the end of 2020. Compared to the previous year-end, TL loans increased by 34.5% and FC loans decreased by 5.8% when adjusted for the impact of exchange rate.

As at year-end 2020, loans and securities portfolio accounted for 58.1% and 18.4% of total assets, respectively.

Maintaining its effective risk management and healthy growth policy in loan underwriting processes, İşbank's non-performing loan ratio was realized at 5.6% at 2020 year-end.

In line with its strategy of being the closest bank to the customer, İşbank carried on with its multidimensional banking services with its widespread branch network and diversified digital service platforms, and continued to be the primary choice of savers. In 2020, İşbank maintained its leadership among private banks in total deposits and FC deposits.

İşbank's total deposits grew by 24.7% and reached TL 368.9 billion by the end of 2020. While TL deposits increased by 2.5% compared to the end of the previous year, the increase in FC deposits was 13.5% when adjusted for the exchange rate. As of 2020 year-end, the share of demand deposits in total deposits was 41.7%.

Accounting for 62.1% of liabilities by the end of 2020, deposits continued to be the main funding source of İşbank. With a cost sensitive approach, İşbank also continued to utilize non-deposit funding sources in domestic and international markets in order to diversify its funding base and to extend the maturity profile of liabilities. The share of İşbank's non-deposit funding sources in total liabilities was 19.6% as of the end of 2020.

The Bank's shareholders' equity reached TL 67.8 billion at the end of 2020, up by 15.1% compared to the previous year-end. Maintaining its solid capitalization, İşbank's capital adequacy ratio stood at 18.7% at the end of the year.

In 2020, İşbank booked a net profit of TL 6.8 billion and achieved a return on average on equity of 10.9% and a return on average on assets of 1.3%.

# Information on Risk Management Policies Applied per Risk Types

Risk policies and procedures constitute the internal rules and principles which are approved and enforced by the Board considering Risk Management Division suggestions and executed by the senior management.

These policies that have been put into effect in accordance with international standards, stipulate general standards regarding the organization and scope of risk management function, risk measurement methods, roles and responsibilities of the risk management group, risk limit setting methodology, rules governing the breach of limits and confirmations that have to be given in various situations.

In 2021, the course of the epidemic, the results of the vaccine studies and the monetary policies to be followed by developed countries are expected to affect the global growth. Accordingly, it seems likely that in 2021, global liquidity is predicted to remain high in an environment where expansionary monetary policies are expected to continue. Hence, the risk appetite towards developing countries is expected to be strong given that there is no significant problem in COVID-19 vaccine roll-out and the inflationary outlook of the developed countries. Considering the precautions taken by legal authorities to reduce the effects of pandemic are expected to be lifted gradually, it is anticipated that the risks regarding asset quality will be in the spotlight in 2021. These evaluations are included in the financial statement footnotes.

Due to the COVID-19 pandemic since March of 2020, alongside country administrations many institutions including banks have taken various precautions to prevent COVID-19 from spreading and decrease its social and economic impacts on society. Apart from financial risks, being in the first place health and workplace safety, customer conduct, IT and cyber risks; non-financial risks are considered to stand out in 2021 due to COVID-19 pandemic. Also, due to COVID-19 pandemic, legal risks are anticipated to maintain their importance for banking sector.

To ensure the conformity of the Bank's risk appetite with business plan and prevailing market environment, risk limits which are set by the Board of Directors and defined in the Bank's risk appetite framework are used. In this context, breaches in market, liquidity, structural interest rate, credit and operational risk limits are monitored by Risk Management Division and by taking market and sector conditions into consideration, findings and evaluations about breaches are reported to the Audit Committee and Board of Directors.

## Capital Adequacy Policy

Capital Adequacy Policy defines the level of capital, on consolidated and unconsolidated basis, that the Bank must hold against potential losses arising from financial risks associated with on and off-balance sheet items in addition to non-financial risks caused by the Bank's operations; and establishes the principles for maintaining and monitoring the minimum capital levels determined in accordance with the regulations and the Internal Capital Adequacy Assessment Process. Capital Adequacy Policy is an integral part of the Risk Policies.

## Credit Risk Policy

Credit risk is defined as any situation where the counterparty obligation will not or cannot be fulfilled partially or fully on maturity as affirmed in the agreement. Credit Risk Policy sets the framework for credit risk management, control and monitoring, roles and responsibilities and credit risk limits.

İşbank maintains identification, measurement and management of credit risk across all products and activities. The Board reviews credit risk policies and strategies annually at minimum. Senior management is responsible for the execution of credit risk policies.

The findings of independent review of loans and credit risk are reported to the Board and the senior management regularly. Monitoring credit risk includes parameters such as maturity, industry, collateral, geography, currency, loan type, and credit risk ratings as a whole, in addition to the assessments on the obligor and the facility.

In managing credit risk, İşbank implements internal risk limits specified by the Board of Directors that restrict the maximum credit risk based on parameters such as risk groups and sectors in addition to the credit risk limits that are mandated by legal regulations. These internal limits are determined in a way that does not lead to risk concentrations.

İşbank employs internal credit risk rating systems that are developed to service the needs for credit risk management, credit granting decisions, credit process audits and credit provision calculations. Internal audit and risk management functions regularly assess the internal credit risk rating systems according to their compatibility with the structure, size and complexity of the Bank's operations. If diverse circumstances required, necessary adjustments and/or modifications are made to the system. Internal credit risk rating systems are assessed by the Risk Committee and approved by the Board of Directors.

## Asset and Liability Management Risk Policy

Asset and liability management risk is defined as; the risk of loss caused by Bank's failure to effectively manage all financial risks arising from the bank's assets, liabilities and off-balance sheet transactions. Market risk of trading book, structural interest rate risk of banking book and liquidity risk are all within the scope of asset and liability management risk.



All principles and procedures related to constitution and management of Bank's asset-liability structure and Bank's risk appetite is established by the Board of Directors. Ensuring asset and liability management risk being maintained within the levels imposed by legislation and internal risk limits is the first priority. Within the Bank's risk appetite framework risk tolerance levels which aim to put a cap on the amount of risk undertaken by the Bank are determined by Board of Directors for each risk type on both bank-only and consolidated basis. In this process, liquidity, target income level and general expectations about the risk factors are taken into consideration.

Board of Directors and Audit Committee are obliged to track that Bank's capital is used optimally. For this purpose, they have to keep risks under control and ensure necessary actions being taken.

Asset-Liability Management Committee is responsible for governance of asset and liability management risk in accordance with the risk appetite framework and risk limits determined by Board of Directors and within the principles and procedures expressed in ALM risk policy.

Measuring asset and liability management risk, reporting the results and monitoring the compliance with the risk limits are the responsibilities of Risk Management Division. The level of the risk taken is reviewed under different scenarios. Measurement results are tested in terms of reliability and integrity. Asset and liability management risk is reported to Risk Committee and reported to the Board of Directors through Audit Committee.

Compliance with risk limits is closely and continuously monitored by Risk Management Division, Asset-Liability Management Committee and related business units. In the event of a breach in the risk limits, the breach and its reasons are instantly reported to Board of Directors through Audit Committee. Course of action needed to be taken in order to eliminate the breach is determined by the Board.

Asset and liability management processes and compliance with the policy rules are audited by internal audit system. The principles regarding the audit process, audit reports and fulfillment of action plans to eliminate the errors and gaps determined by internal audit are established by the Board of Directors.

### Stress Testing Policy

The purpose of the Stress Testing Policy is to measure the significant risks and vulnerabilities that may arise from both bank specific adverse developments or from stress conditions on general economic and financial environment.

Stress testing programme is defined as the collection of studies and analyses to assess the risks generated by Bank's activities and the programme covers the methodologies, assumptions and scenarios related with those analyses. In order to ensure the validity and appropriateness of the results; stress testing programme is regularly monitored and updated taking into consideration the current economical conjuncture and market conditions, Bank's products, strategies and technological capabilities and Bank's risk appetite framework.

Bank implements a stress testing programme oriented to assess the risks both from a holistic view (i.e. bank-wide stress tests) and on the basis of the important risk types (i.e. individual stress tests) in accordance with the regulations and internal procedures and the results are reported to the senior management, Board of Directors and other related legal authorities.

The Board of Directors is responsible for conducting the stress testing programme as a whole. The Board of Directors ensures that the outputs of the stress testing programme are evaluated and used as an input for decision making on the relevant fields. Executing the analyses included in stress testing programme, reporting the outputs of the stress tests and monitoring the compliance with respect to the risk limits are the responsibility of Risk Management Division. The scope of the stress testing programme, the set of risk factors to be used in the analyses and the level of the stress parameters are determined by Risk Committee.

The processes related to stress testing and compliance with the policy rules are audited by internal audit system. The principles regarding the audit process, audit reports and fulfillment of action plans to eliminate the errors and gaps determined by internal audit are established by the Board of Directors.

### Operational Risk Policy

Operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risk. Risk Management Division is responsible for the risk management activity on this particular risk. Operational risk management activities comprise defining, measuring, analyzing, monitoring and reporting, controlling of operational risks, following up the new techniques on management of operational risks besides regulatory and internal reporting. The fundamental principles and procedures of risk management are determined in Operational Risk Policy.

Categorization of inherited operational risks within the activities and processes is made possible by the Risk Catalogue. It serves as the basic document to define and classify the risks and is subject to alteration as conditions change. Risk Catalogue is modified in line with the improving risk management practices and changing regulations

## Information on Risk Management Policies Applied per Risk Types

Operational risk is managed on the basis of the three lines of defense approach within the framework of risk management policies approved by the Board. Risk appetite and affiliated internal limits which are determined by the Board for the operational risks are monitored periodically. Internal and external factors that may affect banking operations negatively are considered in the process of determining operational risks. Operational risk management process combines both qualitative and quantitative approaches in measurement and assessment. In the process of measurement and assessment, risks are prioritized with respect to financial, legal, reputational and operational effects of operational risks that Bank is exposed to. Apart from the calculations executed within the scope of legislation, "internal measurement methods", "impact - likelihood analysis", "loss data analysis", "scenario analysis", "stress testing" and "key risk indicators" are utilized. Studies are reported to the Board through Risk Committee and Operational Risk Committee.

Operational risks that the Bank is exposed in the banking and information systems processes, risk levels of new product, service and activities, support and valuation services, operational risk related loss events and risk indicators are monitored regularly by Risk Management Division and reported periodically to the Risk Committee and the Board.

Employees have the understanding of the Bank's objective to attain a working environment aiming to reduce the probability of loss, considering that the entire internal rules and procedures, led by operational risk policy, and act sensitively to the inherited operational risks and controls.

### Reputational Risk Policy

Reputational risk is defined as loss of trust to the Bank or reputation impairment as a result of non-compliance with existing legal regulations or negative view of parties such as current or potential customers, partners, opponents and supervisory authorities and related studies are conducted by Risk Management Division. Reputational Risk Policy determines principles and procedures for definition, evaluation, control, monitoring, reporting and management activities of reputational risk sources.

Reputational risk sources are evaluated both individually and as a whole, appropriate systems and controls are established to manage risky elements efficiently. Risk Management Division is responsible for reporting reputational risk evaluations periodically to Risk Committee, Audit Committee and the Board of Directors.

All the employees execute their functions with the responsibility of preserving the reputation of the Bank.

### Consolidated Risk Policies

Compliance with risk management principles related to the Bank's subsidiaries is monitored according to Bank's Consolidated Risk Policies. Through Consolidated Risk Policies, subsidiaries identify their specific risk management policies which are approved by their boards that form the framework of their risk management systems and processes.

### Information Systems Management Policy

The purpose of Information Systems Management Policy is to determine the principles which will constitute a basis for the management of information systems that the Bank uses to fulfill its activities and the procedures in order to define, measure, control, monitor, report and manage the risks derived from using information technologies. With the Policy, the information technologies which is an important element for sustaining Bank activities is intended to be managed effectively as information systems management, being handled as a part of corporate governance practices. On the management of Bank's information systems and all the elements relating to those systems articles of this Policy are applied.

Risks derived from information technologies are basically assessed within the scope of Bank's operational risk management. It is essential that those risks which could be seen as multipliers of the other risks derived from activities of the Bank are measured, closely monitored and controlled within the framework of Bank's integrated risk management.

### Model Risk Management Policy

The purpose of the Model Risk Management Policy is to regulate the procedures and principles, regarding the model risk management by considering the end to end life cycle of the models used by the Bank. With the policy, it is aimed to manage the model risk, caused by errors, malfunctions or deficiencies in the life cycle of the models used in the activities of the Bank, with a holistic perspective.

In the bank, model risk is managed by the three line of defense structure; first line of defense (model owner, model development team, model implementation team, model user), second line of defense (model risk management team, validation team, internal control) and the third line of defense (internal audit). Model risk management covers the entire model life cycle. The main activities in each step of the model life cycle and the responsibilities within the scope of these activities are determined in the policy.

# İşbank Credit Ratings

## Credit Ratings Assigned by Rating Agencies to the Bank and Related Explanations:

	Rating	Outlook <sup>(*)</sup>
<b>MOODY'S</b>		
Long-term Foreign Currency Deposit Rating	B3	Negative
Long-term Local Currency Deposit Rating	B3	Negative
Long-term Foreign Currency Senior Debt Rating	B3	Negative
Short-term Foreign Currency Deposit Rating	NP	-
Short-term Local Currency Deposit Rating	NP	-
<b>FITCH RATINGS</b>		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+(tur)	Stable
Viability Rating	b+	-
Support Rating	5	-
<b>STANDARD &amp; POOR'S</b>		
Long-term Issuer Credit Rating	B+	Negative
Short-term Issuer Credit Rating	B	-
Long-term National Scale Rating	trA+	-
Short-term National Scale Rating	trA-1	-

The dates on which the Bank's credit ratings/outlook was last updated are given below:

Moody's 10.12.2020, Fitch Ratings: 01.09.2020, Standard & Poor's: 17.08.2018

<sup>(\*)</sup> Outlook: "Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded and "negative" indicates that the current rating is very likely to be downgraded.

Türkiye İş Bankası A.Ş.

# Unconsolidated Financial Statements As at and For the Year Ended December 31, 2020 With Independent Auditor's Report Thereon

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

# Independent Auditor's Report



Güney Bağımsız Denetim ve  
SMMM A.Ş.  
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Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017

## To the Shareholders of Türkiye İş Bankası Anonim Şirketi:

### Audit of Unconsolidated Financial Statements

#### Qualified Opinion

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

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

#### Basis for Qualified Opinion

As explained in Section Five Part II-i.4.5 and IV.f, the accompanying unconsolidated financial statements as at December 31, 2020 include a free provision at an amount of TL 2,875,000 thousands of which TL 1,125,000 thousands was provided in prior years and TL 1,750,000 thousands provided in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

# Independent Auditor's Report

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><b>IFRS 9 "Financial Instruments" Standard and recognition of impairment on financial assets and related significant disclosures</b></p> <p>As presented in Section III disclosure VIII, the Bank recognizes expected credit losses of financial assets in accordance with IFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> <li>- Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements.</li> <li>- There are complex and comprehensive requirements of IFRS 9.</li> <li>- The classification of the financial assets is based on the Bank's business model and characteristics of the contractual cash flows in accordance with IFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.</li> <li>- The Bank's determines fair value of its financial assets, reflected at fair value in accordance with the relevant business model category, according to Level 3 if there are financial inputs that are not observable in the fair value measurement and that contain significant estimates and assumptions.</li> <li>- Policies implemented by the Bank management include compliance risk to the regulations and other practices.</li> <li>- Processes of IFRS 9 are advanced and complex.</li> <li>- Judgements and estimates used in expected credit loss, complex and comprehensive.</li> <li>- Disclosure requirements of IFRS 9 are comprehensive and complex.</li> </ul>	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of accounting policies as to the requirements of IFRS 9, Bank's past experience, local and global practices.</li> <li>- Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists.</li> <li>- Evaluating the reasonableness and appropriateness of management's key estimates and judgements in expected credit loss calculations including the responses to COVID-19, through selection of methods, models, assumptions and data sources.</li> <li>- Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank's Business model.</li> <li>- Reviewing the Bank's classification and measurement models of the financial instruments (financial instruments determined as Level 3 according to fair value hierarchy) and comparing with IFRS 9 requirements</li> <li>- Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Bank's past performance, regulations, and other processes that has forward looking estimations.</li> <li>- Evaluating the impact of the COVID-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses together with forward-looking estimates and significant assumptions.</li> <li>- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.</li> <li>- Testing the mathematical accuracy of expected credit loss calculation on sample basis.</li> <li>- Evaluating the judgments and estimates used for the individually assessed financial assets.</li> <li>- Evaluating the accuracy and the necessity of post-model adjustments.</li> <li>- Auditing of IFRS 9 disclosures.</li> </ul>

<p><b>Pension Fund Obligations</b></p> <p>Employees of the Bank are members of "Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the "Section Three Note XVII.2 to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the "Council of Ministers" on the determination of the mentioned transfer date is changed as "President" in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. According to the technical balance sheet report as at 31 December 2020 prepared considering the related articles of the Law regarding the transferrable benefit obligations for the non- transferrable social benefits and payments which are included in the articles of association, the Fund has an actuarial and technical deficit which is fully provisioned for.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Bank Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law ,we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plans during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.</p> <p>We further focused on the accuracy and adequacy of the Bank's provision provided for the deficit and also disclosures on key assumptions related to pension fund deficit.</p>
<p><b>Derivative Financial Instruments</b></p> <p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in "Section Five Note I.c." and "Section Five Note II.b".</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.</p>

# Independent Auditor's Report

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

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

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

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

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

## Additional paragraph for convenience translation to English

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

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



February 8, 2021  
Istanbul, Turkey



Türkiye İş Bankası A.Ş.

# The Unconsolidated Financial Report As at and for the Year Ended December 31, 2020

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The unconsolidated financial report as at and for the year ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON THE ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- DISCLOSURES AND FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the year ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, "Banking Regulation and Supervision Agency" (BRSA) regulations, "Turkish Accounting Standards", "Turkish Financial Reporting Standards" and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial report is presented in thousands of Turkish Lira (TL) and has been subjected to independent audit and presented as the attached.



**Ersin Önder Çiftçioğlu**

Member of the Board and  
the Audit Committee



**Yusuf Ziya Toprak**

Deputy Chairperson of the Board of Directors and  
Chairperson of the Audit Committee



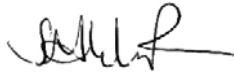
**Füsün Tümsavaş**

Chairperson of the Board of Directors



**Ali Tolga Ünal**

Head of Financial Management Division



**Senar Akkuş**

Deputy Chief Executive  
In Charge of Financial Reporting



**Adnan Bali**

Chief Executive Officer

The authorized contact person for questions on this financial report:

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## Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements  
For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE: GENERAL INFORMATION ABOUT THE BANK****I. Explanations on the Establishment Date and Initial Status of the Bank, History Including the Changes in the Former Status**

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank") was established on August 26, 1924 to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

**II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group**

As of December 31, 2020, 37.08% of the Bank's shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party- CHP (Atatürk's shares) and 34.83% are on free float (December 31, 2019: Fund 39.10%, CHP 28.09%, Free float 32.81%).

**III. Explanations on the Chairperson's, Directors', Auditors', Chief Executive Officer's and Deputy Chief Executives' Shares, if any, and the Areas of their Responsibility at the Bank****Chairperson and Members of the Board of Directors:**

Name and Surname	Areas of Responsibility
Fusun Tümsavaş	Chairperson of the Board of Directors, Chairperson of Remuneration Committee and Risk Committee, Member of the Corporate Governance Committee and Credit Committee
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, TRNC Internal Systems Committee and Operational Risk Committee, Member of the Risk Committee and Substitute Member of the Credit Committee
Adnan Bali	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee, Information Systems Strategy Committee and Continuity Committee, Natural Member of the Risk Committee, Member of the Operational Risk Committee, Chairperson of the Executive Committee
Feray Demir	Director, Member of the Credit Committee, Remuneration Committee, Continuity Committee and Corporate Social Responsibility Committee
Ersin Önder Çiftçioğlu	Director, Chairperson of the Corporate Governance Committee, Member of the Audit Committee, TRNC Internal Systems Committee and Continuity Committee
Fazlı Bulut	Director, Member of Corporate Social Responsibility Committee and Substitute Member of the Credit Committee
Durmuş Özbek	Director, Member of Corporate Social Responsibility Committee
Recep Hakan Özyıldız	Director
Mustafa Rıdvan Selçuk	Director
Ahmet Gökhan Sungur	Director
Sadrettin Yurtsever	Director, Member of Corporate Governance Committee and Corporate Social Responsibility Committee

**Chief Executive Officer and Deputy Chief Executives:**

Name and Surname	Areas of Responsibility
Adnan Bali	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee, Information Systems Strategy Committee and Continuity Committee, Natural Member of the Risk Committee, Member of the Operational Risk Committee, Chairperson of the Executive Committee
Hakan Aran	Information Technologies, Digital Banking Operations, Data Management, Member of the Information Systems Strategy Committee and Operational Risk Committee
Yalçın Sezen	Retail Banking Marketing, Sales and Products, Retail Loans, Digital Banking, Member of the Corporate Social Responsibility Committee and Continuity Committee
Senar Akkuş	Financial Management, Strategy and Corporate Performance Management, Managerial Reporting and Internal Accounting, Subsidiaries, Member of the Corporate Social Responsibility Committee, Risk Committee, Information Systems Strategy Committee and Continuity Committee
Murat Bilgiç	Corporate Loans, Commercial Loans and Retail Loans Allocation, Project Finance, Member of the Risk Committee and Continuity Committee
Nezhat Burak Seyrek	Corporate Architecture, Human Resources and Talent Management, Agile Management, Consumer Relations Coordination Officer, Member of the Information Systems Strategy Committee and Operational Risk Committee
Şahisml Şimşek	SME and Enterprise Banking Marketing and Sales, Agricultural Banking Marketing, Commercial Banking Product and Member of the Continuity Committee
Ebru Özsuca	Treasury, Economic Research, Member of the Risk Committee
Gamze Yalçın	International Financial Institutions, Investor Relations and Continuity, Member of Corporate Management Committee and Continuity Committee
H. Cahit Çınar	Legal Affairs and Legal Proceedings, Legal Consultancy, Commercial and Corporate Loans and Retail Loans Proceedings, Loans Monitoring, Credits Portfolio Management
Ozan Gürsoy	Corporate and Commercial Banking Marketing, Commercial Banking Sales, Free Zone Branches, Transboundary Banking, Member of Continuity Committee
Sezgin Yılmaz	Banking Base Operations, Support Services, External Operations and Commercial Loan Operations, Internal Operations, Construction and Real Estate Management, Acquisition, Member of the Operational Risk Committee and Continuity Committee
Serkan Uğraş Kaygalak	Retail Loan and Card Operations, Payment Systems, Private Banking Marketing and Sales, Capital Markets

At the meeting of the Bank's Board of Directors on 28.01.2021, it was decided for Sabri Gökmenler, Information Technologies Department Manager, and Sezgin Lüle, Corporate Architecture Department Manager to be appointed as Deputy Chief Executives after making the necessary notifications to the Banking Regulation and Supervision Agency and obtaining permissions.

The Parent Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## IV. Information on the Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members' Supplementary Pension Fund)	1,688,613	37.08%	1,688,613	
Cumhuriyet Halk Partisi - Republican People's Party - (Atatürk's Shares)	1,264,142	28.09%	1,264,142	

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

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

## VI. Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholders' Equity between the Bank and its Subsidiaries or the Reimbursement of Liabilities

None.

## VII. Written Policies on Assessment of Ensuring Compliance on Market Discipline, Disclosure Obligations, Frequency and Accuracy of the Related Disclosures

The Bank has written policies on assessment of ensuring compliance on market discipline, disclosure obligations, frequency and accuracy of related disclosures. The mentioned policies which are agreed by Board of Directors' can be obtained from the Bank's website.

## Türkiye İş Bankası A.Ş.

## Unconsolidated Balance Sheet (Statement of Financial Position)

## SECTION TWO: UNCONSOLIDATED FINANCIAL STATEMENTS

ASSETS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>FINANCIAL ASSETS (NET)</b>		<b>50,998,250</b>	<b>108,186,227</b>	<b>159,184,477</b>	<b>43,873,366</b>	<b>81,575,604</b>	<b>125,448,970</b>
1.1	Cash and Cash Equivalents		5,987,913	78,424,127	84,412,040	5,941,992	60,217,752	66,159,744
1.1.1	Cash and Balances with Central Bank	V-I-a	5,563,679	65,342,682	70,906,361	5,262,530	47,970,711	53,233,241
1.1.2	Banks	V-I-d	427,313	13,104,745	13,532,058	683,360	12,270,949	12,954,309
1.1.3	Money Market Placements		-	-	-	-	-	-
1.1.4	Expected Credit Loss (-)		3,079	23,300	26,379	3,898	23,908	27,806
1.2	Financial Assets at Fair Value Through Profit or Loss	V-I-b	1,466,421	2,714,953	4,181,374	1,475,121	1,897,655	3,372,776
1.2.1	Government Debt Securities		167,674	566,315	733,989	258,360	10,939	269,299
1.2.2	Equity Securities		147,257	261,922	409,179	137,669	-	137,669
1.2.3	Other Financial Assets		1,151,490	1,886,716	3,038,206	1,079,092	1,886,716	2,965,808
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	V-I-e	43,348,436	22,182,510	65,530,946	36,236,812	15,635,533	51,872,345
1.3.1	Government Debt Securities		42,920,765	20,327,275	63,248,040	35,822,081	14,488,127	50,310,208
1.3.2	Equity Securities		76,843	269,119	345,962	63,903	369,921	433,824
1.3.3	Other Financial Assets		350,828	1,586,116	1,936,944	350,828	777,485	1,128,313
1.4	Derivative Financial Assets	V-I-c-l	195,480	4,864,637	5,060,117	219,441	3,824,664	4,044,105
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		195,480	4,864,637	5,060,117	219,441	3,824,664	4,044,105
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II.</b>	<b>Financial Assets Measured at Amortised Cost (Net)</b>		<b>249,597,920</b>	<b>134,219,237</b>	<b>383,817,157</b>	<b>190,990,350</b>	<b>113,653,733</b>	<b>304,644,083</b>
2.1	Loans	V-I-f	231,136,428	134,385,174	365,521,602	175,565,322	113,678,236	289,243,558
2.2	Lease Receivables	V-I-k	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortised Cost (Net)	V-I-g	35,451,053	6,208,384	41,659,437	28,041,103	2,847,252	30,888,355
2.4.1	Government Debt Securities		35,395,702	5,029,387	40,425,089	27,752,402	2,361,186	30,113,588
2.4.2	Other Financial Assets		55,351	1,178,997	1,234,348	288,701	486,066	774,767
2.5	Expected Credit Loss (-)		16,989,561	6,374,321	23,363,882	12,616,075	2,871,755	15,487,830
<b>III.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	V-I-r	<b>1,214,294</b>	<b>5,800</b>	<b>1,220,094</b>	<b>1,100,815</b>	<b>1,366</b>	<b>1,102,181</b>
3.1	Held for Sale		1,214,294	5,800	1,220,094	1,100,815	1,366	1,102,181
3.2	Discontinued Operations		-	-	-	-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</b>		<b>23,387,451</b>	<b>2,614,932</b>	<b>26,002,383</b>	<b>19,109,551</b>	<b>1,961,003</b>	<b>21,070,554</b>
4.1	Investments in Associates (Net)	V-I-h	266,305	-	266,305	250,459	-	250,459
4.1.1	Associates Accounted by using Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		266,305	-	266,305	250,459	-	250,459
4.2	Subsidiaries (Net)	V-I-i	23,121,146	2,614,932	25,736,078	18,859,092	1,961,003	20,820,095
4.2.1	Unconsolidated Financial Subsidiaries		10,389,989	2,614,932	13,004,921	7,954,699	1,961,003	9,915,702
4.2.2	Unconsolidated Non-Financial Subsidiaries		12,731,157	-	12,731,157	10,904,393	-	10,904,393
4.3	Joint Ventures (Net)	V-I-j	-	-	-	-	-	-
4.3.1	Joint Ventures Accounted by using Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>	V-I-m	<b>6,576,739</b>	<b>33,540</b>	<b>6,610,279</b>	<b>6,430,266</b>	<b>32,301</b>	<b>6,462,567</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	V-I-n	<b>1,329,996</b>	<b>845</b>	<b>1,330,841</b>	<b>912,885</b>	<b>624</b>	<b>913,509</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		1,329,996	845	1,330,841	912,885	624	913,509
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>	V-I-o	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	V-I-p	<b>2,093,900</b>	<b>1,326,594</b>	<b>3,420,494</b>	<b>1,038,789</b>	<b>792,319</b>	<b>1,831,108</b>
<b>X.</b>	<b>OTHER ASSETS</b>	V-I-r	<b>5,046,647</b>	<b>7,270,060</b>	<b>12,316,707</b>	<b>2,468,498</b>	<b>4,118,001</b>	<b>6,586,499</b>
	<b>TOTAL ASSETS</b>		<b>340,245,197</b>	<b>253,657,235</b>	<b>593,902,432</b>	<b>265,924,520</b>	<b>202,134,951</b>	<b>468,059,471</b>

## Türkiye İş Bankası A.Ş.

## Unconsolidated Balance Sheet (Statement of Financial Position)

LIABILITIES		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	V-II-a	134,513,823	234,362,668	368,876,491	131,290,175	164,631,827	295,922,002
<b>II.</b>	<b>FUNDS BORROWED</b>	V-II-c	2,113,127	38,318,218	40,431,345	1,856,265	38,394,368	40,250,633
<b>III.</b>	<b>MONEY MARKETS</b>		17,958,135	5,038,402	22,996,537	739,089	448,671	1,187,760
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	V-II-d	5,436,832	25,403,816	30,840,648	6,423,545	24,693,665	31,117,210
4.1	Bills		3,960,641	-	3,960,641	5,231,941	-	5,231,941
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1,476,191	25,403,816	26,880,007	1,191,604	24,693,665	25,885,269
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	V-II-b-h	1,336,155	6,598,330	7,934,485	349,231	1,785,132	2,134,363
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		1,336,155	6,598,330	7,934,485	349,231	1,785,132	2,134,363
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	V-II-g	1,330,308	58,909	1,389,217	1,348,114	48,149	1,396,263
<b>X.</b>	<b>PROVISIONS</b>	V-II-i	9,644,891	579,699	10,224,590	6,772,459	269,898	7,042,357
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,481,897	-	1,481,897	1,237,995	-	1,237,995
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		8,162,994	579,699	8,742,693	5,534,464	269,898	5,804,362
<b>XI.</b>	<b>CURRENT TAX LIABILITY</b>	V-II-j	2,415,583	4,524	2,420,107	1,194,439	28,346	1,222,785
<b>XII.</b>	<b>DEFERRED TAX LIABILITY</b>	V-II-j	-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	V-II-k	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	V-II-l	2,286,510	19,852,049	22,138,559	2,281,084	11,265,847	13,546,931
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		2,286,510	19,852,049	22,138,559	2,281,084	11,265,847	13,546,931
<b>XV.</b>	<b>OTHER LIABILITIES</b>	V-II-f	15,321,692	3,547,309	18,869,001	12,844,278	2,521,424	15,365,702
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	V-II-m	67,900,540	(119,088)	67,781,452	59,249,365	(375,900)	58,873,465
16.1	Paid-in capital		4,500,000	-	4,500,000	4,500,000	-	4,500,000
16.2	Capital Reserves		1,125,985	204	1,126,189	1,043,623	204	1,043,827
16.2.1	Share Premium		90,520	204	90,724	5,610	204	5,814
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1,035,465	-	1,035,465	1,038,013	-	1,038,013
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		4,233,464	(617)	4,232,847	4,370,921	(617)	4,370,304
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		4,880,015	(118,675)	4,761,340	3,351,446	(375,487)	2,975,959
16.5	Profit Reserves		40,079,251	-	40,079,251	34,007,790	-	34,007,790
16.5.1	Legal Reserves		4,673,489	-	4,673,489	4,372,235	-	4,372,235
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		35,405,762	-	35,405,762	29,635,555	-	29,635,555
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or Loss		13,081,825	-	13,081,825	11,975,585	-	11,975,585
16.6.1	Prior Periods' Profit or Loss		6,270,908	-	6,270,908	5,907,998	-	5,907,998
16.6.2	Current Period Profit or Loss		6,810,917	-	6,810,917	6,067,587	-	6,067,587
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>260,257,596</b>	<b>333,644,836</b>	<b>593,902,432</b>	<b>224,348,044</b>	<b>243,711,427</b>	<b>468,059,471</b>

## Türkiye İş Bankası A.Ş.

## Unconsolidated Statement of Off-Balance Sheet Items

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSAND TL					
		CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET CONTINGENCIES and COMMITMENTS (I+II+III)</b>	V-III	<b>216,016,443</b>	<b>398,524,226</b>	<b>614,540,669</b>	<b>149,796,339</b>	<b>290,959,998</b>	<b>440,756,337</b>
<b>I. GUARANTEES AND SURETYSHIPS</b>		<b>39,746,728</b>	<b>79,828,486</b>	<b>119,575,214</b>	<b>31,903,241</b>	<b>61,085,821</b>	<b>92,989,062</b>
1.1 Letters of Guarantee		39,206,983	48,225,907	87,432,890	31,795,897	38,451,496	70,247,393
1.1.1 Guarantees Subject to State Tender Law		687,709	535,767	1,223,476	576,475	976,230	1,552,705
1.1.2 Guarantees Given for Foreign Trade Operations		4,416,349	24,422,710	28,839,059	1,935,615	15,107,009	17,042,624
1.1.3 Other Letters of Guarantee		34,102,925	23,267,430	57,370,355	29,283,807	22,368,257	51,652,064
1.2 Bank Acceptances		84,800	9,374,903	9,459,703	-	6,504,495	6,504,495
1.2.1 Import Letter of Acceptance		-	216,670	216,670	-	111,643	111,643
1.2.2 Other Bank Acceptances		84,800	9,158,233	9,243,033	-	6,392,852	6,392,852
1.3 Letters of Credit		454,945	19,082,336	19,537,281	107,344	13,482,177	13,589,521
1.3.1 Documentary Letters of Credit		435,024	13,372,331	13,807,355	95,025	9,693,110	9,788,135
1.3.2 Other Letters of Credit		19,921	5,710,005	5,729,926	12,319	3,789,067	3,801,386
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	3,145,340	3,145,340	-	2,647,653	2,647,653
1.9 Other Suretyships		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>70,648,692</b>	<b>20,505,458</b>	<b>91,154,150</b>	<b>57,195,362</b>	<b>12,394,658</b>	<b>69,590,020</b>
2.1 Irrevocable Commitments		69,830,795	14,234,226	84,065,021	56,523,318	8,259,675	64,782,993
2.1.1 Forward Asset Purchase Commitments		2,240,523	4,198,612	6,439,135	926,022	1,770,544	2,696,566
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Capital Commitments to Associates and Subsidiaries		-	-	-	3,588	-	3,588
2.1.4 Loan Granting Commitments		24,688,380	1,009,054	25,697,434	18,930,150	691,460	19,621,610
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2,641,068	-	2,641,068	2,673,042	-	2,673,042
2.1.8 Tax and Fund Liabilities from Export Commitments		26,068	-	26,068	23,261	-	23,261
2.1.9 Commitments for Credit Card Expenditure Limits		37,915,127	-	37,915,127	31,090,963	-	31,090,963
2.1.10 Commitments for Credit Cards and Banking Services Promotions		179,370	-	179,370	113,842	-	113,842
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		2,140,259	9,026,560	11,166,819	2,762,450	5,797,671	8,560,121
2.2 Revocable Commitments		817,897	6,271,232	7,089,129	672,044	4,134,983	4,807,027
2.2.1 Revocable Loan Granting Commitments		752,897	6,271,232	7,024,129	587,044	4,134,983	4,722,027
2.2.2 Other Revocable Commitments		65,000	-	65,000	85,000	-	85,000
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>105,621,023</b>	<b>298,190,282</b>	<b>403,811,305</b>	<b>60,697,736</b>	<b>217,479,519</b>	<b>278,177,255</b>
3.1 Derivative Financial Instruments Held for Risk Management		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Net Foreign Investment Hedges		-	-	-	-	-	-
3.2 Derivative Financial Instruments Held for Trading		105,621,023	298,190,282	403,811,305	60,697,736	217,479,519	278,177,255
3.2.1 Forward Foreign Currency Buy/Sell Transactions		6,312,076	28,172,122	34,484,198	5,471,564	16,739,104	22,210,668
3.2.1.1 Forward Foreign Currency Buy Transactions		4,782,648	12,591,821	17,374,469	2,941,784	8,195,147	11,136,931
3.2.1.2 Forward Foreign Currency Sell Transactions		1,529,428	15,580,301	17,109,729	2,529,780	8,543,957	11,073,737
3.2.2 Currency and Interest Rate Swaps		95,665,431	237,078,233	332,743,664	51,678,508	186,651,608	238,330,116
3.2.2.1 Currency Swap Buy Transactions		4,334,346	87,338,121	91,672,467	4,648,644	61,491,754	66,140,398
3.2.2.2 Currency Swap Sell Transactions		89,556,285	22,896,516	112,452,801	46,073,264	10,992,170	65,065,434
3.2.2.3 Interest Rate Swap Buy Transactions		887,400	63,421,798	64,309,198	478,300	53,083,842	53,562,142
3.2.2.4 Interest Rate Swap Sell Transactions		887,400	63,421,798	64,309,198	478,300	53,083,842	53,562,142
3.2.3 Currency, Interest Rate and Security Options		1,523,960	14,050,208	15,574,168	3,547,664	11,745,692	15,293,356
3.2.3.1 Currency Call Options		951,985	2,936,454	3,888,439	1,980,082	2,565,449	4,545,531
3.2.3.2 Currency Put Options		571,975	3,273,722	3,845,697	1,567,582	2,766,699	4,334,281
3.2.3.3 Interest Rate Call Options		-	3,920,016	3,920,016	-	3,206,772	3,206,772
3.2.3.4 Interest Rate Put Options		-	3,920,016	3,920,016	-	3,206,772	3,206,772
3.2.3.5 Securities Call Options		-	-	-	-	-	-
3.2.3.6 Securities Put Options		-	-	-	-	-	-
3.2.4 Currency Futures		2,119,556	1,949,448	4,069,004	-	-	-
3.2.4.1 Currency Buy Futures		1,521	1,948,141	1,949,662	-	-	-
3.2.4.2 Currency Sell Futures		2,118,035	1,307	2,119,342	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Buy Futures		-	-	-	-	-	-
3.2.5.2 Interest Rate Sell Futures		-	-	-	-	-	-
3.2.6 Other		-	16,940,271	16,940,271	-	2,343,115	2,343,115
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>616,280,990</b>	<b>563,097,495</b>	<b>1,179,378,485</b>	<b>547,916,565</b>	<b>414,540,975</b>	<b>962,457,540</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>43,881,000</b>	<b>70,901,615</b>	<b>114,782,615</b>	<b>41,199,588</b>	<b>32,346,684</b>	<b>73,546,272</b>
4.1 Customers' Securities Held		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		25,350,314	4,451,310	29,801,624	25,209,839	3,179,363	28,389,202
4.3 Cheques Received for Collection		15,218,680	37,822,146	53,040,826	12,690,407	12,294,549	24,984,956
4.4 Commercial Notes Received for Collection		2,858,449	17,207,412	20,065,861	2,932,325	12,417,721	15,350,046
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		453,557	11,420,747	11,874,304	367,017	4,455,051	4,822,068
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>572,399,990</b>	<b>492,195,880</b>	<b>1,064,595,870</b>	<b>506,716,977</b>	<b>382,194,291</b>	<b>888,911,268</b>
5.1 Marketable Securities		45,877,542	156,869	46,034,411	39,135,450	5,890	39,141,340
5.2 Guarantee Notes		2,669,349	19,101,121	21,770,470	2,977,525	15,525,296	18,502,821
5.3 Commodity		109,623,146	31,574,919	141,198,065	92,058,677	19,501,597	111,560,274
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		344,351,988	340,246,167	684,598,155	314,369,096	270,300,149	584,669,245
5.6 Other Pledged Items		69,877,965	101,116,804	170,994,769	58,176,229	76,861,359	135,037,588
Pledged Items - Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>832,297,433</b>	<b>961,621,721</b>	<b>1,793,919,154</b>	<b>697,712,904</b>	<b>705,500,973</b>	<b>1,403,213,877</b>



# Türkiye İş Bankası A.Ş.

## Unconsolidated Income Statement

INCOME STATEMENT		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2020)	PRIOR PERIOD (01/01-31/12/2019)
<b>I.</b>	<b>INTEREST INCOME</b>	V-IV-a	<b>42,516,332</b>	<b>43,042,350</b>
1.1	Interest Income on Loans		31,987,586	33,059,553
1.2	Interest Income on Reserve Deposits		84,888	384,820
1.3	Interest Income on Banks		134,033	267,376
1.4	Interest Income on Money Market Placements		666	1,158
1.5	Interest Income on Marketable Securities Portfolio		10,276,024	9,277,804
1.5.1	Financial Assets At Fair Value Through Profit or Loss		27,489	49,775
1.5.2	Financial Assets At Fair Value Through Other Comprehensive Income		6,161,252	5,393,805
1.5.3	Financial Assets At Measured at Amortised Cost		4,087,283	3,834,224
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		33,135	51,639
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	V-IV-b	<b>17,274,293</b>	<b>23,183,222</b>
2.1	Interest on Deposits		9,521,065	16,704,769
2.2	Interest on Funds Borrowed		1,448,001	1,800,967
2.3	Interest on Money Market Funds		1,496,380	900,764
2.4	Interest on Securities Issued		3,972,083	3,466,414
2.5	Financial Lease Expense		235,210	238,843
2.6	Other Interest Expenses		601,554	71,465
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>25,242,039</b>	<b>19,859,128</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>5,617,613</b>	<b>5,569,128</b>
4.1	Fees and Commissions Received		6,790,418	6,948,594
4.1.1	Non-cash Loans		1,111,518	1,061,821
4.1.2	Other		5,678,900	5,886,773
4.2	Fees and Commissions Paid		1,172,805	1,379,466
4.2.1	Non-cash Loans		1,518	998
4.2.2	Other		1,171,287	1,378,468
<b>V.</b>	<b>DIVIDEND INCOME</b>	V-IV-c	<b>21,487</b>	<b>9,098</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	V-IV-d	<b>(3,341,357)</b>	<b>(6,397,400)</b>
6.1	Gains/(Losses) on Securities Trading		335,938	149,234
6.2	Derivative Financial Transactions Gains/Losses		(10,390,437)	(5,870,570)
6.3	Foreign Exchange Gains/(Losses)		6,713,142	(676,064)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	V-IV-e	<b>2,436,205</b>	<b>3,146,751</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>29,975,987</b>	<b>22,186,705</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	V-IV-f	<b>10,213,836</b>	<b>7,778,690</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	V-IV-f	<b>2,516,084</b>	<b>547,216</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>5,191,989</b>	<b>4,283,744</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	V-IV-g	<b>6,604,997</b>	<b>5,508,800</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>5,449,081</b>	<b>4,068,255</b>
<b>XIV.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		<b>3,406,471</b>	<b>2,806,196</b>
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XIII+...+XVI)</b>	V-IV-h	<b>8,855,552</b>	<b>6,874,451</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	V-IV-i	<b>2,044,635</b>	<b>806,864</b>
18.1	Current Tax Provision		3,823,786	1,692,604
18.2	Deferred Tax Income Effect (+)		434,581	587,078
18.3	Deferred Tax Expense Effect (-)		2,213,732	1,472,818
<b>XIX.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>	V-IV-j	<b>6,810,917</b>	<b>6,067,587</b>
<b>XX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
19.1	Income on Assets Held for Sale		-	-
19.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
19.3	Other Income on Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-
20.1	Expense on Assets Held for Sale		-	-
20.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
20.3	Other Expense on Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XX-XXI)</b>		-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
22.1	Current Tax Provision		-	-
22.2	Deferred Tax Expense Effect (+)		-	-
22.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>NET PERIOD PROFIT/LOSS (XIX+XXIV)</b>	V-IV-k	<b>6,810,917</b>	<b>6,067,587</b>
	Earnings per Share (*)		0.060540274	0.053933028

Türkiye İş Bankası A.Ş.

# Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2020)	PRIOR PERIOD (01/01-31/12/2019)
<b>I.</b>	<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>6,810,917</b>	<b>6,067,587</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1,647,924</b>	<b>3,174,046</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>(137,457)</b>	<b>80,237</b>
2.1.1	Revaluation Surplus on Tangible Assets	(17,036)	(19,137)
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Gains/(Losses) on remeasurements of Defined Benefit Plans	(72,288)	(73,864)
2.1.4	Other Income/Expense Items of Other Comprehensive Income not to be Reclassified to Profit Or Loss	(64,294)	156,552
2.1.5	Taxes Relating To Components Of Other Comprehensive Income not to be Reclassified To Profit Or Loss	16,161	16,686
<b>2.2</b>	<b>Other Income/Expense Items not be Reclassified to Profit or Loss</b>	<b>1,785,381</b>	<b>3,093,809</b>
2.2.1	Exchange Differences on Translation	587,725	220,557
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	930,213	2,771,653
2.2.3	Income/(Loss) Related with Cash Flow Hedges	-	-
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items of Other Comprehensive Income to be Reclassified to Other Profit or Loss	459,584	665,823
2.2.6	Taxes Relating To Components Of Other Comprehensive Income to be Reclassified To Profit Or Loss	(192,141)	(564,224)
		<b>8,458,841</b>	<b>9,241,633</b>
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8,458,841</b>	<b>9,241,633</b>

## Türkiye İş Bankası A.Ş.

## Unconsolidated Statement of Cash Flows

		THOUSAND TL	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01-31/12/2020)	(01/01-31/12/2019)
		Footnotes	
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>28,104,080</b>	<b>10,690,936</b>
1.1.1	Interest Received	38,484,202	40,743,322
1.1.2	Interest Paid	(16,404,956)	(23,866,286)
1.1.3	Dividend Received	543,139	470,493
1.1.4	Fees and Commissions Received	6,801,535	6,940,115
1.1.5	Other Income	787,561	730,481
1.1.6	Collections from Previously Written Off Loans and Other Receivables	1,597,389	908,016
1.1.7	Cash Payments to Personnel and Service Suppliers	(9,077,374)	(7,108,597)
1.1.8	Taxes Paid	(3,077,002)	(2,308,000)
1.1.9	Other	8,449,586	(5,818,608)
		V-VI	
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>(2,891,050)</b>	<b>10,205,225</b>
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss	(634,886)	(271,746)
1.2.2	Net (Increase)/Decrease in Due From Banks	(4,669,874)	(3,077,291)
1.2.3	Net (Increase)/Decrease in Loans	(43,633,155)	(10,188,922)
1.2.4	Net (Increase)/Decrease in Other Assets	(4,013,134)	1,727,554
1.2.5	Net Increase/(Decrease) in Bank Deposits	(1,055,791)	(461,278)
1.2.6	Net Increase/(Decrease) in Other Deposits	35,499,546	38,477,867
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	(8,474,053)	(8,533,986)
1.2.9	Net Increase/(Decrease) in Matured Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	24,090,297	(7,466,973)
		V-VI	
<b>I.</b>	<b>Net Cash Provided From Banking Operations</b>	<b>25,213,030</b>	<b>20,896,161</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(17,791,592)</b>	<b>(9,837,471)</b>
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	(635,402)	(8,500)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-
2.3	Cash Paid for the Purchase of Tangible Asset	(530,639)	(248,842)
2.4	Cash Obtained from the Sale of Tangible Asset	214,005	494,844
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(20,625,367)	(18,850,009)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	12,958,458	12,196,027
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(15,274,452)	(11,142,522)
2.8	Cash Obtained from Sale of Financial Assets Measured at Amortised Cost (*)	6,752,597	8,299,543
2.9	Other	(650,792)	(578,012)
		V-VI	
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>(2,831,398)</b>	<b>(528,663)</b>
3.1	Cash obtained from funds borrowed and securities issued	20,922,579	13,975,887
3.2	Cash used for repayment of funds borrowed and securities issued	(23,253,700)	(13,983,203)
3.3	Equity Instruments	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(500,277)	(521,347)
3.6	Other	-	-
		V-VI	
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(1,105,433)</b>	<b>787,421</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents</b>	<b>3,484,607</b>	<b>11,317,448</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>41,877,301</b>	<b>30,559,853</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>45,361,908</b>	<b>41,877,301</b>

(\*) Includes Redeemed Financial Assets measured at amortized cost.

## Türkiye İş Bankası A.Ş.

## Unconsolidated Statement of Changes in Shareholders' Equity

		THOUSAND TL							
CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income That will not be Reclassified in Profit/(Loss)		
							Tangible assets accumulated revaluation reserve Increase/(Decrease)	Accumulated gains/(losses) on remeasurements of defined benefit plans	Other <sup>(1)</sup>
<b>PRIOR PERIOD (31/12/2019)</b>		V-V							
<b>I.</b>	<b>Beginning Balance</b>		<b>4,500,000</b>	<b>5,532</b>		<b>1,041,901</b>	<b>2,752,088</b>	<b>-167,175</b>	<b>1,705,154</b>
<b>II.</b>	<b>Adjustment in accordance with TAS 8</b>								
2.1	The Effect of Adjustments								
2.2	The Effect of Changes in Accounting Policies								
<b>III.</b>	<b>New Balance (I+II)</b>		<b>4,500,000</b>	<b>5,532</b>		<b>1,041,901</b>	<b>2,752,088</b>	<b>-167,175</b>	<b>1,705,154</b>
<b>IV.</b>	Total Comprehensive Income						-17,224	-59,091	156,552
<b>V.</b>	Capital Increase in Cash								
<b>VI.</b>	Capital Increase Through Internal Reserves								
<b>VII.</b>	Paid-in-Capital inflation adjustment difference								
<b>VIII.</b>	Convertible Bonds								
<b>IX.</b>	Subordinated Debt								
<b>X.</b>	Increase/(Decrease) Through Other Changes			282		-3,888			
<b>XI.</b>	Profit Distribution								
11.1	Dividend Paid								
11.2	Transfer to Reserves								
11.3	Other								
<b>Ending Balance (III+IV+.....+X+XI)</b>			<b>4,500,000</b>	<b>5,814</b>		<b>1,038,013</b>	<b>2,734,864</b>	<b>-226,266</b>	<b>1,861,706</b>
<b>CURRENT PERIOD (31/12/2020)</b>									
<b>I.</b>	<b>Beginning Balance</b>		<b>4,500,000</b>	<b>5,814</b>		<b>1,038,013</b>	<b>2,734,864</b>	<b>-226,266</b>	<b>1,861,706</b>
<b>II.</b>	<b>Adjustment in accordance with TAS 8</b>								
2.1	The Effect of Adjustments								
2.2	The Effect of Changes in Accounting Policies								
<b>III.</b>	<b>New Balance (I+II)</b>		<b>4,500,000</b>	<b>5,814</b>		<b>1,038,013</b>	<b>2,734,864</b>	<b>-226,266</b>	<b>1,861,706</b>
<b>IV.</b>	Total Comprehensive Income						-15,332	-57,831	-64,294
<b>V.</b>	Capital Increase in Cash								
<b>VI.</b>	Capital Increase Through Internal Reserves								
<b>VII.</b>	Paid-in-Capital inflation adjustment difference								
<b>VIII.</b>	Convertible Bonds								
<b>IX.</b>	Subordinated Debt								
<b>X.</b>	Increase/(Decrease) Through Other Changes <sup>(1)</sup>			84,910		-2,548			
<b>XI.</b>	Profit Distribution								
11.1	Dividend Paid								
11.2	Transfer to Reserves								
11.3	Other								
<b>Ending Balance (III+IV+.....+X+XI)</b>			<b>4,500,000</b>	<b>90,724</b>		<b>1,035,465</b>	<b>2,719,532</b>	<b>-284,097</b>	<b>1,797,412</b>

<sup>(1)</sup> Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss.

<sup>(2)</sup> Accumulated gains/(losses) on cash flow hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for using equity method that will be classified to Profit/(Loss), Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss

<sup>(3)</sup> Includes changes in the Group shares.

THOUSAND TL							
Accumulated Other Comprehensive Income That will be Reclassified in Profit/(Loss)		Accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other <sup>(2)</sup>	Profit Reserves	Prior Period Profit/ (Loss)	Net Current Period Profit/(Loss)	Total Shareholder's Equity
Exchange differences on translation reserve							
710,286		-1,811,945	983,809	27,238,705	12,762,269		49,720,624
710,286		-1,811,945	983,809	27,238,705	12,762,269		49,720,624
220,557		2,207,429	665,823			6,067,587	9,241,633
					-85,186		-88,792
				6,769,085	-6,769,085		
				6,769,085	-6,769,085		
930,843		395,484	1,649,632	34,007,790	5,907,998	6,067,587	58,873,465
930,843		395,484	1,649,632	34,007,790	11,975,585		58,873,465
930,843		395,484	1,649,632	34,007,790	11,975,585		58,873,465
587,725		738,072	459,584			6,810,917	8,458,841
					366,784		449,146
				6,071,461	-6,071,461		
				6,071,461	-6,071,461		
1,518,568		1,133,556	2,109,216	40,079,251	6,270,908	6,810,917	67,781,452

## Türkiye İş Bankası A.Ş.

## Unconsolidated Statement of Profit Distribution Table

		THOUSAND TL	
		CURRENT PERIOD (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT <sup>(1)</sup></b>		
1.1	CURRENT PERIOD PROFIT	8,855,552	6,874,451
1.2	TAXES AND DUES PAYABLE (-)	2,044,635	806,864
1.2.1	Corporate Tax (Income Tax)	3,788,280	1,662,347
1.2.2	Income Tax Withholding	35,506	30,257
1.2.3	Other Taxes and Dues Payable <sup>(2)</sup>	-1,779,151	-885,740
<b>A.</b>	<b>NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>6,810,917</b>	<b>6,067,587</b>
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	301,253
1.5	OTHER STATUTORY RESERVES (-)	-	46,394
<b>B.</b>	<b>NET PROFIT ATTRIBUTABLE TO [(A)-(1.3+1.4+1.5)]</b>	<b>6,810,917</b>	<b>5,719,940</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Shares	-	-
1.6.3	To Preferred Shares (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit/Loss Share Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO THE 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/Loss Share Certificates	-	-
1.10	STATUTORY RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	5,719,940
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION FROM RESERVES</b>		
2.1	DISTRIBUTED 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/Loss Share Certificates	-	-
2.3	DIVIDENDS TO PERSONNEL (-)	-	-
2.4	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES <sup>(3)</sup>	0.0605	0.0539
3.2	TO OWNERS OF ORDINARY SHARES (%)	151	135
3.3	TO OWNERS OF PREFERRED SHARES	-	-
3.4	TO OWNERS OF PREFERRED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PREFERRED SHARES	-	-
4.4	TO OWNERS OF PREFERRED SHARES (%)	-	-

<sup>(1)</sup>: The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting date.

<sup>(2)</sup>: Deferred Tax Income.

<sup>(3)</sup>: Expressed in exact TL.

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

## SECTION THREE: EXPLANATIONS ON ACCOUNTING POLICIES

### I. Basis of Presentation:

The unconsolidated financial statements, related notes, and explanations in this report are prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Financial Reporting Legislation") and requirements of Turkish Accounting Standards (TAS) published the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

The COVID-19 outbreak, which started in China and spread globally in the first half of 2020, caused serious effects on both economic and social life. In order to control the outbreak, many countries around the world have implemented measures that have negative consequences for not only social life, but also economic activity both on regional and global scale. As in other countries where the pandemic is also effective, various social and economic cautions are also implemented with partial changes in our country in order to contain the pandemic and mitigate the damages it has caused. negativity. The Bank sustains its activities for the period precisely by closely monitoring the processes related to the outbreak, postponing retail and non-retail customers' due debts, restructuring with grace periods and existing or additional limit allocations in respect with customers' needs. Assessments regarding to possible effects of the COVID-19 outbreak through the measurement of expected credit losses as of December 31, 2020 financial statements are explained in the Section Three "VIII. Explanations on Impairment of Financial Assets".

"Interest Rate Benchmark Reform- Stage 2", brought changes in various TAS/IFRSs effective from January 1, 2021, was released in December 2020 within the scope of the project of transition of the benchmark interest rates carried out by the International Accounting Standards Board (IASB). Although early implementation was permitted, it was concluded that early implementation is not required by evaluating the effects of these changes on the Bank's financial statement. The Bank continues to perform required studies to comply with the Interest Rate Benchmark Reform.

### Additional paragraph for convenience translation to English

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

The accounting policies applied in the current period are in line with the prior period financial statements. The accounting policies and valuation principles used in the preparation of financial statements are presented below in detail.

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

#### 1. The Bank's Strategy on Financial Instruments

The Bank's main activities comprise private, retail, commercial and corporate banking, money market and securities market operations, as well as activities related to international banking services.

In conformity with the general liability structure of the banking system, the Bank's liabilities are mainly composed of short-term deposits and other medium and long-term liabilities. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of Republic of Turkey ("CBRT"). As a result, the liquidity of the Bank and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed-interest, and by closely monitoring the developments in the sector, both fixed and floating rate placements are made based on the yields of alternative investment instruments.

Safety principle has always been the top priority in placements and the placements are focused on high yielding and low risk assets by considering their maturity structure. Accordingly, a pricing policy aiming at high return is implemented in the long-term placements and attention is paid to the maximum use of non-interest income generation opportunities. The Bank determines its lending strategy by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers' expectations and tendencies, and risks such as; interest rate, liquidity, currency and credit risks. Furthermore, in conformity with this strategy, the Bank acts within the legal limits in terms of asset-liability management.

The primary objectives related to balance sheet components are set by the long-term plans shaped along with budgeting; and the Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Bank's own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

#### 2. Foreign Currency Transactions

Foreign currency monetary assets and liabilities on the balance sheet are converted into Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into Turkish Lira by the rates at the date of which the fair value is determined. Exchange rate differences arising from the conversions of monetary foreign currency items and the collections of and payments in foreign currency transactions are reflected to the income statement.

The Bank started to apply equity method in 2018 for the foreign associates and subsidiaries which were followed with historical rates in accordance with the TAS 27 "Separate Financial Statements". In this context, foreign subsidiaries are accounted at current rates in the financial statement and the resulting exchange differences are accounted under equity.

The financial statements of the foreign branches of the Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches are expressed in TL which is the functional currency of the Bank and the presentation currency of the financial statements. Assets and liabilities of the foreign branches of the Bank are converted into TL by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by at exchange rates at the dates of the transactions. The exchange rate differences arising from the conversion are recorded in the shareholders' equity.

## Türkiye İş Bankası A.Ş.

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

### III. Associates and Subsidiaries

Since 2018, the Bank accounts its associates and subsidiaries in accordance with equity method which described in TAS 28.

Under the equity method, Bank's share of net assets of the associates and subsidiaries is recognized in the Bank's financial statements. The profit or loss of the Bank includes the Bank's share of the profit or loss of the associates and subsidiaries and Bank's other comprehensive income or expenses include the Bank's share of other comprehensive income or expenses of the associates and subsidiaries. Mergers/acquisitions and change in share ratios of related associates and subsidiaries during the period are shown under the item "Increase/Decrease through Other Changes" in the statement of changes in shareholders' equity.

### IV. Forward, Option Contracts and Derivatives Instruments

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, forwards, foreign currency options and interest rate options. The Bank has no derivative instruments decomposed from the main contract.

The Bank classifies derivative transactions, which act as a hedge but does not meet qualification criteria for hedge accounting, as "Derivative Financial Assets at Fair Value through Profit or Loss" in accordance with the "IFRS 9 Financial Instruments" requirements.

Derivative transactions are recorded at their fair value at the date of contract, receivables and payables arising from these transactions are recorded in off-balance sheet accounts. Derivative transactions are measured at fair value at subsequent reporting dates and if the valuation difference is positive they are classified as "Derivative Financial Assets at Fair Value through Profit or Loss", if it is negative they are classified as "Derivative Financial Liabilities at Fair Value through Profit or Loss". The differences arising from the valuation of derivative transactions are associated with the income statement.

On off-balance sheet items table, options which generated assets for the Bank are presented under "call options" line and which generated liabilities are presented under "put options" line.

### V. Interest Income and Expenses

Interest income is calculated by using the effective interest rate method (the rate that equal the future cash flows of a financial asset or liability to its present net book value) to gross carrying amount of financial asset in conformity with "IFRS 9 Financial Instruments" except financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired.

Under the scope of IFRS 9 application, the Bank does not reverse the interest accruals and discounts of non-performing loans and other receivables and monitors the related amounts under interest income and calculates expected credit loss on these amounts according to the related methodology.

### VI. Fees and Commission Income and Expenses

Wages and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with "IFRS 15 - Revenue from Customer Contracts". Fees and commission income and expenses are recognized either on accrual basis or by using the effective interest method. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third-party real person or corporate body are recognized in income accounts in the period of collection.

### VII. Financial Assets

As of January 1, 2018, the Bank within the scope of "IFRS 9 Financial Instruments", classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Measured at Amortized Cost" by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to IFRS 9 "Recognition and Derecognition in Statement of Financial Position" requirements. The Bank recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

The Bank has three different business models for classification of financial assets:

- Business model aimed at holding financial assets in order to collect contractual cash flows: Financial assets held under the mentioned business model are managed to collect contractual cash flows over the life of these assets. The Bank manages its assets held under this portfolio in order to collect certain contractual cash flows
- Business model aimed at collecting contracted cash flows of financial assets and selling: In this business model, the Bank intends both to collect contractual cash flows of financial assets and to sell these assets.
- Other business models: A business model in which financial assets; are not held within the scope of a business model aimed at collection of contractual cash flows and within the scope of a business model aimed at collecting and selling contracted cash flows, are measured by reflecting fair value in profit or loss.

The Bank is able to reclassify all affected financial assets in case it changes the business model that is used for the management of financial asset.

In the event of the termination of the rights related to the cash flows from a financial asset, the transfer of all risks and rewards of the financial asset to a significant extent or has no longer control of the financial assets, the Bank derecognizes the financial asset.

#### 1. Financial Assets at Fair Value Through Profit or Loss

Financial assets except financial assets measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason or financial assets that are not held in a business model that aims at collecting and/or selling contractual cash flows of financial assets.

Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit and loss accounts.

In some cases, restructuring, alteration or counterparty changes of contractual cash flows of loans may lead to derecognition of related loans in accordance with IFRS 9. When the change in the financial asset results from derecognizing the existing financial asset from the financial statements and the revised financial asset is recognized in the financial statements, the revised financial asset is considered as a new financial asset in accordance with IFRS 9. When it is determined that there are significant changes between the new conditions of the revised financial asset and the first conditions in related agreements, the Bank evaluates the new financial asset according to the current business models. When it is determined that the contractual conditions do not only result in cash flows that include principal and interest payments at certain dates, the financial asset is recognized at fair value and is subject to valuation. The differences arising from the valuation are reflected in the nominal accounts.



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The Bank recognizes loans at fair value through profit or loss, if the contractual terms of the loan, do not result in cash flow including the principal payments and interest payments generated from principal amounts at certain dates. These loans are valued at their fair values after their recognition and the losses or gains arising from the valuation are included in the profit and loss accounts.

## 2. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. The initial recognition and subsequent valuation of such financial assets, including the transaction costs, are carried out on a fair value basis and the difference between amortized cost and the cost of borrowing instruments is recognized in profit or loss by using the effective interest method. Dividend income arising from investments in equity instruments that are classified as at fair value through other comprehensive income is also recognized in income statements.

Gains and losses, except impairment gain or loss and foreign exchange gain or loss, arising from changes in the fair value of financial assets at fair value through other comprehensive income are reflected to other comprehensive income until derecognized or reclassified. When the value of the financial asset is collected or financial asset is disposed, the related fair value differences accumulated in the shareholders' equity are transferred to the profit or loss statement.

During the initial introduction to financial statements, amendments to the fair value of an investment in an equity instrument within the framework of TFRS 9 that are not held for trading or that are not valued in a financial statement of an entity that acquires business combinations under the "TFRS 3 Business Combinations" may be subject to an irreversible preference regarding these amendments being accounted in other comprehensive income. In such case dividends taken from mentioned investment will be accounted in financial statement as profit or loss.

## 3. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, after eliminating any provision for impairment if there is any. Interest income measured by using the effective interest rate method are recognized in the income statement as an "interest income".

The Bank evaluates its loans within the framework of current business models and can be classified as Financial Assets measured at Amortized Cost.

## VIII. Impairment of Financial Assets

In accordance with the "TFRS 9-Financial Instruments" and the regulation "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" issued by BRSA, the Bank recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income, financial assets measured at amortized cost, impaired credit commitments and financial guarantee contracts.

Within the scope of TFRS 9, the expected credit loss is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after initial recognition and detailed in the following headings:

### Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the stage one. Impairment for credit risk for the Stage 1 financial assets is equal to the 12-month expected credit losses.

Based on the decisions taken by the BRSA regarding to the COVID-19 outbreak that being effective from the date 17.03.2020 until 30.06.2021, the 30-days past due period foreseen for loans, in order to be classified as Stage 2, has been started to be applied as 90 days past due for Stage 1 loans. In addition, the Bank provides provisions for customers in this group with a delay of more than 30 days, in accordance with its own risk policies and models, which also evaluate the borrower's conditions.

### Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss. In order to classify a financial asset in the stage 2, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability of default

In other respect, the 30-days past due period foreseen for loans to be classified as Stage 2, started to be applied as 90 days for Stage 1 loans until the date of 30.06.2021 in accordance with the decisions, that being effective from the date 17.03.2020, taken by BRSA in regard to the COVID-19 outbreak. For the abovementioned group with a past due date more than 90 days, the Bank allocates provisions in accordance with its risk policies and applies grouping approach and models in which also evaluate the borrower's conditions.

In case of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is classified as stage 2. The absolute and gradual thresholds used to increase the probability of default are differentiated on the basis of portfolio and product group. In this manner, for the commercial portfolio, definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from the integrated rating/score based on internal rating and probability of default of the same loan on reporting date, obtained from the integrated rating/score based on internal rating. For the individual portfolio, it is accepted that the probability of default is worsened in cases where the behavioral score falls below the thresholds determined on the basis of the product and the probability of default exceeds the thresholds determined on the basis of the product.

### Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the third stage:

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

In other respect, the 90-days past due period foreseen for loans to be classified as non-performing loan, started to be applied as 180 days until the date of 30.06.2021 in accordance with the decisions, that being effective from the date 17.03.2020, taken by BRSA in regard to the COVID-19 outbreak.

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While estimating the expected credit loss, statistical models, methods and tools are used in accordance with the relevant legislation and accounting standards. Expected credit loss is measured using reasonable and supportable information by taking current and forecasts of future economic information into consideration, including macroeconomic factors. Three scenarios, base scenario, optimistic scenario and the worst scenario, are used in forecasting studies made by macroeconomic models. The variables used in these estimates include Industrial Production Index and other financial indicators. The validity of the risk parameter estimates used in the calculation of expected credit losses is reviewed and evaluated at least annually within the framework of model validation processes. Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect the changes in economic conjuncture and are updated if needed. In the expected credit loss calculations, macroeconomic information is taken into account under multiple scenarios.

Except for demand or revolving loans, the maximum period for which expected credit losses are to be determined is the contractual life of the financial asset. For demand or revolving loans, maturity is determined by taking the future risk mitigation processes into account such as behavioral maturity analyses performed by the Bank and cancellation/revision of the Bank's credit limit.

While calculating the expected credit loss, aside from assessment of whether there is a significant increase in credit risk or not, basic parameters expressed as probability of default, loss given default and exposure at default are used.

**Probability of Default:** Represents the probability of default on the loan over a specified time period. In this context, the Bank has developed models to calculate 12-month and life-time default probabilities by using internal rating based credit rating models. As for the Group Companies historical probability of default data has also been observed.

**Loss Given Default (LGD):** Defined as the damage caused by the default of borrower to the total balance of the exposure at the time of default. The LGD estimates are determined in terms of credit risk groups that are detailed in the Bank's data resources and system facilities. The model used for the estimation of the LGD was established by taking into account the direct cost items during the collection process, based on the historical data of the Bank's collection, cash flows are discounted at effective interest rates.

**Exposure at Default:** For cash loans, the cash balance at the date of report, for non-cash loans the balance calculated using the Credit Conversion Factor (CCF) is represented by Exposure at Default.

**Credit Conversion Factor:** Calculated for non-cash loans (undrawn limit for revolving loans, commitments, non-cash loans etc.) The historical limit usage data of the Bank for revolving loans are analyzed and the limit amount that can be used until the moment of default is estimated. For non-cash loans, the cash conversion ratio of the loan amount is estimated by analyzing the product type and the past compensation amount of the bank.

Credit risks, which require qualitative assessments due to their characteristics and differ by grouping in this manner, are considered as individual within the internal policies. Calculations are made by the method of discounted cash flows with the effective interest rate expected from the relevant financial instrument. Discounted cash flows are estimated for 3 different scenarios in which parameters are differentiated, and individual expected credit loss is calculated by taking into consideration the cash deficit amounts weighted according to probabilities.

On the other hand, the Bank has updated the macroeconomic data used in the scenarios again in the current year regarding to the effects of COVID-19 outbreak on Expected Credit Losses, and besides that, as mentioned above, the Bank allocated expected credit losses by reflecting additional provisions through individual assessments performed for the customers that operates in sectors where the impact might be high in accordance with the Bank's risk policies.

Expected credit loss is reflected in the income statement. Released provisions in the current year are accounted under "Expected Credit Loss Expenses" and released provision which is carried from the prior year are accounted under "Other Operating Income".

Receivables evidenced through the Legal Process that collection is not possible can be written-off by fulfilling the requirements of the Tax Procedure Law. Besides, the loans for which specific provision is allocated and for which there is no reasonable expectation of recovery might be written-off.

## IX. Offsetting Financial Instruments

Financial assets and financial liabilities shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## X. Sale and Repurchase Agreements and Securities Lending Transactions

Marketable securities subject to repurchase agreements are classified under "Financial Assets at Fair Value through Profit and Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost" in the Bank's portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the effective interest rate method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method.

## XI. Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets that meet the criteria to be classified as held for sale within the scope of "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" are measured at the lower one of their fair value and their carrying amount which from the costs to sell are deducted and presented separately within the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

## XII. Goodwill and Other Intangible Assets

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

The Bank's intangible assets consist of software programs. The purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "IAS 36 - Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

The related assets are amortized by the straight-line method considering the estimated useful life. The amortization method and period are periodically reviewed at the end of each year.

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**XIII. Tangible Assets**

Tangible assets purchased before January 1, 2005, are presented in the financial statements at their inflation adjusted acquisition costs as at December 31, 2004, and the items purchased in the subsequent periods are presented at acquisition costs less accumulated amortization and impairment provisions. In 2015, the Bank, has been changed its accounting policies from historical cost method to revaluation method for the real estate properties which are held for own use in accordance with "TAS 16-Property, Plant and Equipment". The positive difference between the net book value of real estate property values and the renewed expertise values which are determined by the licensed valuation companies in 2018 are recorded under the shareholders' equity.

In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "TAS 36 - Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Tangible assets other than the land and construction in progress are amortized at the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets held under finance lease are depreciated over the expected useful life of the related assets.

Assets subject to leasing are depreciated according to relevant contract periods.

Leasehold improvements are amortized in equal amounts considering their useful life. However, in any case the useful life cannot exceed leasing term. When the lease period is not certain or longer than 5 years, the amortization period is recognized as 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of a tangible asset and the book value of the tangible assets are recognized in the income statement.

Regular maintenance and repair costs incurred for tangible assets are recognized as expense.

There are no pledges, mortgages and similar encumbrances on tangible assets.

The "Regulation on Procedures and Principles for the Trading of Precious Metals by Banks and the Disposal of Commodities and Real Properties acquired by Banks due to their Receivables" has been abolished by BRSA effective from January 1, 2017. Real properties acquired by Group due to their receivables and not treated in the scope of "TFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" has been started to follow under "Other Assets" in accordance with the related accounting standard from the current period.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	50	2%
Safe Boxes	2-50	2% - 50%
Other Movables	2-25	4% - 50%

**XIV. Leasing Transactions**

Assets acquired through financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated. Within the context of the Bank's general borrowing policy, financial expenses are recognized in the income statement. Assets held under financial leases are recognized under the "Property, Plant and Equipment" account and are depreciated by using the straight-line method.

The Bank does not participate in the financial leasing transactions as a "lessor".

As of January 1, 2019, the Bank have started to recognize operating leases in accordance with the TFRS 16 "leases" standard. Operating leases within the framework of the aforementioned standard are monitored in a similar manner to financial leases. For the agreements within the scope of TFRS 16, the right of use asset and the lease payments are reflected to the financial statements and they are presented under "Tangible Assets" and "Liabilities from Financial Leases", respectively. The lease liability is calculated by discounting the future lease payments by the use of the Bank or alternative borrowing interest rates at the date of initial application or contract date. Fixed assets, which are accounted as right of use assets, are subject to depreciation considering the period of the contract. Interest expenses and foreign exchange differences related to the lease liabilities are associated with profit and loss statement.

**XV. Provisions and Contingent Liabilities**

As of the end of the reporting period, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists, the entity recognizes a provision in the financial statements. As of the end of the reporting period where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability on footnotes unless the possibility of an outflow of resources embodying economic benefits is remote.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions are calculated based on the reliable estimates of management on the expenses to incur as of the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

**XVI. Contingent Assets**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but if there is a possibility that an inflow of economic benefits of these assets may occur then it is explained in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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## XVII. Liabilities Regarding Employee Benefits

### 1. Severance Indemnities and Short-Term Employee Benefits

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of "TAS 19-Employee Benefits", the Bank allocates severance indemnity provisions for employee benefits by estimating the present value of the probable future liabilities. According to TAS 19, all actuarial gains and losses occurred are recognized under shareholder's equity. The Bank also allocates provision for the unused paid vacation.

### 2. Retirement Benefit Obligations

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı ("İşbank Pension Fund"), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article numbered 23 of the Banking Law numbered 5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 numbered 2006/11345. However, the related article of the act has been cancelled upon the President's application dated November 2, 2005, by the Supreme Court's decision dated March 22, 2007, numbered E.2005/39, K.2007/33, which was published on the Official Gazette dated March 31, 2007 and numbered 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional Article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated December 15, 2007 and numbered 26731, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emending Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Cabinet decision dated March 14, 2011, which was published on the Official Gazette dated April 9, 2011 and numbered 27900. In addition, by the Law "Emending Social Security and General Health Insurance Act", which was published on the Official Gazette dated March 8, 2012 and numbered 28227, this period of 2 years has been raised to 4 years after that related transfer period has been prolonged for one more year by the Cabinet decision dated April 8, 2013, which was published on the Official Gazette dated 3 May 2013 and numbered 28636 also this period has revalidated one more year by the Cabinet decision dated February 24, 2014, which was published on the Official Gazette dated April 30, 2014 and numbered 28987. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated April 23, 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which was published in the repetitive Official Gazette No. 30473 dated July 9, 2018.

On the other hand, the application made on 19 June 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The aforementioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments,
- despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

In line with the new law, the Bank obtained a technical an actuarial valuation report prepared by an actuary registered in the actuaries register for the year ended December 31, 2020. In related period's financial statements, Bank provided full provision for the total amount of technical and actual deficit stated in the actuarial report of the aforementioned period. The actuarial assumptions used in the related actuarial report are given in Section Five Note II-i-4.1.

İşbank Members' Supplementary Pension Fund has been founded to provide beneficiaries with additional social security and solidarity rights to compulsory social security benefits as per the provisions of the Turkish Commercial Code and Turkish Civil Code.

## XVIII. Taxation

### 1. Corporate Tax:

With the change in Law no: 7061, in accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 22% for 2018, 2019 and 2020 taxation period's income. As per the Corporate Tax law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The 4<sup>th</sup> provisional tax for the year 2020 will be paid in February 2021 for to be deducted from the corporate tax of the current taxation period.

Tax expense consists of current tax and deferred tax. The current tax liability is calculated over the portion of the period subject to taxation. The taxable profit differs from the profit stated in the income statement, as the income and expense items that can be taxable or deductible at other periods, and items that are not taxable or deductible are excluded. The current tax amounts payable are netted off with prepaid tax amounts and presented on the financial statements.

Within the framework of the Corporate Tax Law numbered 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovable are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years. However, in accordance with Article 89/a of the Law No. 7061 and Article 5.1.e and Article 5.1.f of the Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, the 75% applied in terms of immovable sales mentioned above has been reduced to 50% which is effective from the date of publication of the Law.

### 2. Deferred Tax:

Deferred tax asset or liability is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the legal tax base account, by taking the legal tax rates into account. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Free provisions that are allocated for possible future risks are included in the tax base and they are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers.

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The carrying values of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period or about to be enacted when the assets are realized or liabilities are settled, and the tax is recognized as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91 of the Law numbered 7061, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. Within this context deferred tax is calculated using 20% to be effective from 2021 (prior period 22%) considering the periods when deferred tax assets and liabilities are realized.

Even though, according to BRSA Article numbered BDDK.DZM 2/13/1-1a-3, dated December 8, 2004, there is no deferred tax allocated for general and free provision, the Bank has started to calculate deferred tax for the expected credit loss for Stage 1 and Stage 2 loans since January 2018. However, deferred tax is not calculated for free provisions.

Deferred tax assets and liabilities are shown in financial tables by way of offsetting.

**3. Tax Practices in the Countries that Foreign Branches Operate:**Turkish Republic of Northern Cyprus (TRNC)

In accordance with TRNC tax legislation, 15% income tax is accrued on the remaining tax base after 10% corporate tax is deducted from corporate income. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two equal installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The related withholding tax payments and provisional tax paid every quarter during the year are deducted from corporate tax payable and the difference between withholding and provisional tax amounts and corporate tax payable is discounted from income tax provided that the withholding tax and paid provisional tax amounts are higher than corporate tax amount.

England

Corporate earnings are subject to 19% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, if the specific balance within the scope of the regulations' tax base of the relevant year, is higher than the amount found the corporate tax payments are made as temporary tax payments in four installments in July and October of the relevant year and in January and April of the following year. Relevant temporary tax payments are deducted from the corporate tax that is finalized until the end of January of the second year following the relevant year. On the other hand, if the tax base is under the determined balance, corporate tax is paid by the end of September following the year that the profit is made.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

The Republic of Iraq (Iraq)

The corporate tax rate in Iraq is 15%, and the corporate tax is paid on a consolidated basis to the tax office of the foreign bank's central branch. The first branch established in Iraq is considered as the central branch. Foreign bank branches whose central branch is within the boundaries of the Central Government must submit their consolidated financial statements to the relevant tax office by the end of May of the following year, and branches of foreign banks whose central branch is within the boundaries of the Northern Iraq Regional Government by the end of June of the following year at the latest and must pay the tax. Northern Iraq Regional Government tax offices can accrue fixed taxes other than the specified rate and can postpone the last payment period.

Kosovo

Corporate earnings are subject to income tax rate of 10% according to the Kosovo legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the corporate income and that are calculated in accordance with the tax laws. Tax has to be paid in advance until April, July, October and the 15<sup>th</sup> day of January of the following year by four installments. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the end of March of the following year, in case of a claim made by the company, if it is higher, then the difference is returned to the institution by the tax authorities after the inspection conducted by those institutions.

**4. Transfer Pricing:**

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled "Transfer Pricing through Camouflage of Earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué Regarding Camouflage of Earnings through Transfer Pricing".

According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions according to article 11 of Corporate Tax Law in means of corporate tax.

**XIX. Borrowings**

The Bank, whenever required, generates funds from individuals and institutions residing domestically and abroad by approaching the borrowing instruments in the form of syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the effective interest rate method.

**XX. Equity Shares and Their Issuance**

Share issuance related to costs is recognized as expenses.

Dividend income related with the equity shares are determined by the General Assembly of the Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Bank's earnings per share calculations taking place in the income statement are as follows:

	Current Period	Prior Period
Profit distributable to shareholders	6,810,917	6,067,587
Weighted average number of share certificates (Thousand figure)	112,502,250	112,502,250
Earnings per share - (in full TL)	0.060540274	0.053933028

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(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)**XXI. Bank Acceptances and Bills of Guarantee**

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

**XXII. Government Incentives**

There are no government incentives utilized by the Bank, during the current or prior accounting periods.

**XXIII. Segment Reporting**

Business segment is the part of an enterprise,

- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise),
- whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment, and
- which has its separate financial information.

Information on the Bank's business segmentation and related information is explained in Section IV, Note XII.

**XXIV. Other Disclosures**

None.

**SECTION FOUR: INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK****I. Explanations on Shareholders' Equity**

The capital adequacy standard ratio of the bank is 18.68%. (31.12.2019: 17.87%). The capital adequacy standard ratio for the current period was calculated based on the Regulation on Measurement and Assessment of Capital Adequacy of Banks and other legal regulations and the BRSA temporary regulation dated 08.12.2020 and numbered 9312. Within the scope of this temporary regulation, the equity amount calculated without reflecting the negative net valuation differences of the securities included in the "Fair Value Through Other Comprehensive Income" portfolio acquired before 23.03.2020 was taken into consideration. In the calculation of the amount subject to credit risk in accordance with the same regulation, the simple arithmetic average of the last 252 business days in the foreign exchange buying rates of the Central Bank of the Republic of Turkey was used.

	Current Period	Amount as per the regulation before 1/1/2014 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	6,115,938	
Share Premium	90,724	
Legal Reserves	39,469,305	
Other Comprehensive Income according to TAS	10,088,593	
Profit	13,081,825	
Net Current Period Profit	6,810,917	
Prior Period Profit	6,270,908	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit		
<b>Common Equity Tier I Capital Before Deductions</b>	<b>68,846,385</b>	
<b>Deductions from Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	393,890	
Leasehold improvements on operational leases	48,658	
Goodwill Netted with Deferred Tax Liabilities		
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,207,338	1,207,338
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences		
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting		
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization gains		
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness		
Net amount of defined benefit plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	530,307	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage servicing rights (amount above 10% threshold)		
Net Deferred Tax Assets arising from Temporary Differences Exceeding the Threshold of Tier I Capital		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		



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The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	
Excess Amount arising from Mortgage servicing rights	
Excess Amount arising from Deferred Tax Assets from Temporary Differences	
Other items to be defined by the regulator	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2,180,193</b>
<b>Total Common Equity Tier I Capital</b>	<b>66,666,192</b>
<b>ADDITIONAL TIER I CAPITAL</b>	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	
<b>Additional Tier I Capital before Deductions</b>	
<b>Deductions from Additional Tier I Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital	
Other items to be Defined by the regulator	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	
<b>Total Deductions from Additional Tier I Capital</b>	
<b>Total Additional Tier I Capital</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>66,666,192</b>
<b>TIER II CAPITAL</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	11,481,250
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	1,253,000
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	5,141,120
<b>Tier II Capital Before Total Deductions</b>	<b>17,875,370</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	
The Total of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	
The Total of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	
Other items to be Defined by the regulator (-)	
<b>Total Deductions from Tier II Capital</b>	
<b>Total Tier II Capital</b>	<b>17,875,370</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>84,541,562</b>
<b>Deductions from Total Equity (Tier I Capital and Tier II Capital)</b>	<b>1,102</b>
Loans Granted against the Articles 50 and 51 of the Banking Law	721
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	
Other items to be Defined by the regulator	381
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

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

The Portion of Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% of the Issued Share Capital, Deferred tax assets based on temporary differences and the right to offer mortgage as per the Temporary Article 2, Clause 1, Sub Clause 1 and 2 of the Regulation		
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)		84,540,460
Total Risk Weighted Assets		452,476,866
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier I Capital Ratio (%)		14.73
Tier I Capital Ratio (%)		14.73
Capital Adequacy Ratio (%)		18.68
<b>BUFFERS</b>		
Total Additional Common Equity Requirement Ratio (a+b+c)		2.560
a) Capital Conservation Buffer Ratio (%)		2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)		0.060
c) Systematic Important Bank Buffer Ratio (%)		0.000
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)		8.73
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital		242,174
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences		3,420,494
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)		10,923,729
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets		5,141,120
Total Loan Provision that Exceeds Total Expected Loss Calculated According to the Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach		
Total Loan Provision that Exceeds Total Expected Loss Calculated According to the Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets		
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4		
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4		1,253,000
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		9,086,000

<sup>(1)</sup>Represents the amounts taken into consideration according to transition clauses.



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	Prior Period	Amount as per the regulation before 1/1/2014 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	6,115,938	
Share Premium	5,814	
Legal Reserves	33,424,238	
Other Comprehensive Income according to TAS	8,556,156	
Profit	11,975,585	
Net Current Period Profit	6,067,587	
Prior Period Profit	5,907,998	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit		
<b>Common Equity Tier I Capital Before Deductions</b>	<b>60,077,731</b>	
<b>Deductions from Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	673,959	
Leasehold improvements on operational leases	60,218	
Goodwill Netted with Deferred Tax Liabilities		
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	842,016	842,016
Deferred Tax Assets that Rely on Future Profitability Excluding Those Arising from Temporary Differences (net of related tax liability)		
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting		
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization gains		
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness		
Net amount of defined benefit plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	530,307	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage servicing rights (amount above 10% threshold)		
Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier 1 Capital		
Mortgage servicing rights (amount above 10% threshold)		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other items to be defined by the regulator		
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals		
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2,106,500</b>	
<b>Total Common Equity Tier I Capital</b>	<b>57,971,231</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
<b>Additional Tier I Capital before Deductions</b>		
<b>Deductions from Additional Tier 1 Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Core Capital		
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier 1 Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 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 regulator		
<b>Items to be Deducted from Tier 1 Capital during the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		

Türkiye İş Bankası A.Ş.

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Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	
<b>Total Deductions from Additional Tier I Capital</b>	
<b>Total Additional Tier I Capital</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>57,971,231</b>
<b>TIER II CAPITAL</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5,195,000
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	1,627,800
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	4,405,791
<b>Tier II Capital before Regulatory Deductions</b>	<b>11,228,591</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	
Other items to be Defined by the regulator	
<b>Total Deductions from Tier II Capital</b>	
<b>Total Tier II Capital</b>	<b>11,228,591</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>69,199,822</b>
<b>Deductions from Total Equity</b>	<b>973</b>
Loans Granted against the Articles 50 and 51 of the Banking Law	135
Net Book Values of Movables and Immovable's Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	
Other items to be Defined by the regulator	838
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks,	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	
Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	
<b>CAPITAL</b>	
Total Capital (Total of Tier I Capital and Tier II Capital)	69,198,849
Total Risk Weighted Assets	387,338,812
<b>CAPITAL ADEQUACY RATIOS</b>	
Common Equity Tier I Capital Ratio (%)	14.97
Tier I Capital Ratio (%)	14.97
Capital Adequacy Ratio (%)	17.87
<b>BUFFERS</b>	
Total Additional Common Equity Requirement Ratio (a+b+c)	2.551
a) Capital Conservation Buffer Ratio (%)	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.051
c) Systematic Important Bank Buffer Ratio (%)	0.000
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	8.97
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	220,768
Remaining Mortgage Servicing Rights	
Net Deferred Tax Assets arising from Temporary Differences	1,831,108
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	

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# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	5,476,404
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	4,405,791
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	
<b>Debt Instruments Covered by Temporary Article 4 (effective between January 1, 2018-January 1, 2022)</b>	
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	1,627,800
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	6,618,200

<sup>(\*)</sup> Represents the amounts taken into consideration according to transition clauses.

## Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements  
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## Information on Subordinated Liabilities:

Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	US900151AB70 - XS0847042024	US900151AF84 - XS1003016018	US90016BAF58 - XS1623796072	XS2106022754
Governing law(s) of the instrument	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.
<b>Taking into account in equity calculation</b>				
Subject to 10% deduction as of 1/1/2015	Yes	No	No	No
Eligible at unconsolidated/consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated	Unconsolidated -Consolidated
Instrument type	Bond	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	71	1,182	3,692	5,539
Par value of instrument	7,385	2,954	3,692	5,539
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	24.10.2012	10.12.2013	29.06.2017	22.01.2020
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	11 Years	10 Years
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) provided that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date a) can purchase b) can redeem all bonds if any taxes imposed or levied (2) can redeem all bonds in case of the deduction from equity.	The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on June 29, 2023 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on January 22, 2025 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.
Subsequent call dates, if applicable	None.	None.	None.	None.
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	6%	7.85%	7%	7.75%
Existence of a dividend stopper	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.	None.
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
<b>Convertible or non-convertible</b>				
Convertible or non-convertible	None.	None.	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				
<b>Write-down feature</b>	None	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks.Article 8.2.ğ. bonds have deleted option from records.

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
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If write-down, write-down trigger(s)		Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable).	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)
If write-down, full or partial		Partially or completely	Partially or completely	Partially or completely
If write-down, permanent or temporary		Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism				
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of "Own fund regulation"	Yes	Yes	Yes	Yes
Details of non-compliances with article number 7 and 8 of "Own fund regulation"	Don't vest with the conditions stated in clause of the Article 7 and the clause of 8.2. (ğ)	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

## Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements  
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Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	TRSTISB72712	TRSTISB62911	TRSTISB92918
Governing law(s) of the instrument	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.
<b>Taking into account in equity calculation</b>			
Subject to 10% deduction as of 1/1/2015	No	No.	No
Eligible at unconsolidated/consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting data)	1,100	800	350
Nominal value of instrument (TL Million)	1,100	800	350
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.08.2017	19.06.2019	26.09.2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity
Subsequent call dates, if applicable	None.	None.	None.
<b>Interest/Dividend Payment</b>			
Fixed or floating coupon/dividend payments	Floating	Floating	Floating
Coupon rate and any related index	Government Debt Security for 5 years + 350 base points	TRLIBOR with 3 months maturity + 100 base points	Government Debt Security for 5 years + 350 base points
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible into equity shares	None.	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			
<b>Write-down feature</b>			
In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.	In accordance with Regulations on Equities of Banks, Article 8 (2) (ğ), bonds have deleted option from records.
If write-down, write-down trigger(s)	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.
If bond can be written-down, full or partially	Partially or Completely	Partially or Completely	Partially or Completely
If bond can be written-down, permanent or temporary	Permanent	Permanent	Permanent

Türkiye İş Bankası A.Ş.

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

If temporary write-down, description of write-up mechanism			
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Yes.	Yes.	Yes.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

## Explanations on the reconciliation of amounts on the equity items statement and amounts on the balance sheet:

Current Period	Carrying Amount	Amounts in Equity Calculation (*)
Shareholders' equity	67,781,452	67,922,188
Leasehold improvements on operational leases	48,658	(48,658)
Goodwill and intangible assets	1,330,841	(1,207,338)
Provision	10,923,729	5,141,120
Subordinated debt	22,138,559	12,734,250
Deductions from shareholders' equity	1,102	(1,102)
<b>Capital</b>		<b>84,540,460</b>

(\*) The related amounts are calculated in accordance with "Regulation on Equities of Banks". In this context, part of the expected credit loss of stage 1 and stage 2 up to 1.25% of amount subject to credit risk, part: subordinated loans according to fourth article of the regulation, have been taken into consideration in equity calculation. On the other hand, in the calculation, the equity amount calculated in accordance with the BRSAs temporary regulation dated 08.12.2020 and numbered 9312, temporary regulation and the credit risk amount calculated in accordance with same regulation.

## II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank.

The Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Bank's Risk Group, including the Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation.

Utmost importance is given to ensure that loans are furnished with collaterals. Allocation decision, by the definition of credit risk, is not based on the assumption of collaterals can be liquidized. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees. Jurisdictional applicability of collaterals in default, time required to convert to money and ability to maintain expected values are taken into consideration from the beginning of the credit allocation process. Most of the loans are collateralized by the receipt of real estate and securities pledge, commercial enterprise pledge, exchange notes and other liquid securities receivables, bank letters of guarantees and surety of other persons and institutions. It is an important element of the credit policy that disinclose concentration on collaterals.



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Non-performing and impaired loans have been classified in accordance with the "IFRS 9-Financial Instruments" and BRSAs "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside". The detailed descriptions of these methods correspond with accounting practices, are included in Section Three Note VIII.

Amount subject to credit risk <sup>(*)</sup>	Current Period Risk Amount	Average Risk Amount <sup>(**)</sup>
<b>Risk Classifications</b>		
Conditional and unconditional exposures to central governments or central banks	175,099,720	157,034,139
Conditional and unconditional exposures to regional governments or local authorities	454,665	387,615
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	547,034	498,626
Conditional and unconditional exposures to multilateral development banks	228,951	98,302
Conditional and unconditional exposures to international organizations		
Conditional and unconditional exposures to banks and brokerage houses	32,123,693	32,768,399
Conditional and unconditional exposures to corporates	253,996,106	230,426,858
Conditional and unconditional retail exposures	109,073,532	97,409,931
Exposures secured by residential real estate property	10,450,092	11,750,387
Exposures secured by commercial real estate property	23,010,640	22,116,456
Past due items	7,342,980	7,339,163
Items in regulatory high-risk categories	165,756	248,142
Exposures in the form of bonds secured by mortgages		
Securitization positions		
Short term exposures to banks, brokerage houses and corporates		
Exposures in the form of collective investment undertakings	1,581,841	1,379,709
Other items	21,296,877	18,835,979
Share Certificate Investment	26,315,903	23,689,002

<sup>(\*)</sup> Risk amounts after the credit conversions and the effects of credit risk mitigation

<sup>(\*\*)</sup> Average risk amounts are the arithmetical average of the amounts in quarterly reports prepared.

Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period.

2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers' needs and the progress in the domestic market in this particular area, the Bank uses derivative transactions either for hedging or for commercial purposes. Derivative instruments with a remarkable volume are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking the market conditions, country risks, and the relevant legal limitations into account. Furthermore, the credibility of banks and other financial institutions established abroad is examined within the framework of the ratings that are determined by rating agencies and backed with CDS-IR (based on credit default swap) ratings and credit limits are assigned to the related banks and financial institutions accordingly.

6. (i) The share of the Bank's receivables from the top 100 and 200 cash loan customers in the overall cash loan portfolio stands at 27%, 36%, respectively (December 31, 2019: 28%, 36%).

(ii) The share of the Bank's receivables from the top 100 and 200 non-cash loan customers in the overall non-cash portfolio stands at 45%, 58% respectively (December 31, 2019: 45%, 57%).

(iii) The share of the Bank's cash and non-cash receivables from the top 100 and 200 loan customers in the overall cash and non-cash loans stands at 17%, 23%, respectively (December 31, 2019: 17%, 23%).

Companies that are among the top loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. The total value of the stage 1 and stage 2 expected credit loss allocated for credit risk stands at TL 10,375,920 (December 31, 2019: TL 5,154,031).

8. The Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as "Strong", "Standard" and "Below Standard" by considering their default features, is shown below.

The loans whose borrowers' capacity to fulfill their obligations is very good, are defined as "Strong", whose borrowers' capacity to fulfill its obligations in due time is reasonable, are defined as "Standard" and whose borrowers' capacity to fulfill their obligations is poor, are defined as "Below Standard".

	Current Period	Prior Period
Strong	48.71%	43.92%
Standard	43.51%	47.42%
Below Standard	7.78%	8.66%

The table data comprises behavior rating/scoring results.



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9. The net values of the collaterals of the closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period			Prior Period		
	Personal	Commercial and Corporate	Credit Cards	Personal	Commercial and Corporate	Credit Cards
Real Estate Mortgage (*)	681,452	8,318,497		978,177	6,911,845	
Cash Collateral (Cash, securities pledge, etc.)	37,128	291,707		28,982	172,846	
Pledge on Wages and Vehicles	1,469,688	204,747		1,199,790	382,587	
Cheques & Notes		586			460	
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	236,678	23,694,264		243,349	22,182,474	
Non-collateralized	1,432,206	5,398,670	1,067,462	1,194,740	2,140,828	1,138,507
<b>Total</b>	<b>3,857,152</b>	<b>37,908,471</b>	<b>1,067,462</b>	<b>3,645,038</b>	<b>31,791,040</b>	<b>1,138,507</b>

(\*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

10. The net values of the collaterals of non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage (*)	5,580,741	5,580,741	5,423,511	5,423,511
Cash Collateral	366	366	437	437
Vehicle Pledge	286,435	286,435	348,010	348,010
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	7,262,883	7,262,883	6,516,987	6,516,987

(\*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances the smallest figures are considered to be the net value of collaterals.

11. The aging analysis of the receivables past due but not impaired in terms of financial asset classes, is as follows:

Current Period (*)	31-60 Days (**)	61-90 Days (***)	Total
Loans			
Corporate/Commercial Loans	120,921	1,564,999	1,685,920
Consumer Loans	28,118	147,779	175,897
Credit Cards	60,020	184,618	244,638
<b>Total</b>	<b>209,059</b>	<b>1,897,396</b>	<b>2,106,455</b>

(\*) The loans classified as closely monitored that are not past due or past due for less than 31 days is TL 37,329,789.

(\*\*) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 2,660,732 and TL 736,109 respectively.

(\*\*\*) Consists of overdue amounts (TL 1,369,804) of the loans with more than 90 days past due date yet classified under close monitoring based on the decisions taken by the BRSA within the scope of COVID-19 outbreak, being effective since 17.03.2020, and mentioned loans' undue balance is amounting to TL 2,097,786.

Prior Period (*)	31-60 Days (**)	61-90 Days (**)	Total
Loans			
Corporate/Commercial Loans	371,078	636,254	1,007,332
Consumer Loans	95,921	53,600	149,521
Credit Cards	189,052	81,662	270,714
<b>Total</b>	<b>656,051</b>	<b>771,516</b>	<b>1,427,567</b>

(\*) The loans classified as closely monitored that are not past due or past due for less than 31 days is TL 31,945,921.

(\*\*) Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 2,363,979 and TL 837,118 respectively.

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## 12. Profile of significant exposures in major regions

Current Period	Domestic	European Union	OECD Countries (**)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Undistributed Assets/Liabilities (***)	Total
<b>Risk Groups<sup>(*)</sup></b>									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks (****)	171,550,123	554			1,381,513	2,167,530			175,099,720
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	454,664					1			454,665
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	546,941					93			547,034
Contingent and Non-Contingent Receivables from Multilateral Development Banks		36,797	192,154						228,951
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	5,040,922	16,705,749	5,463,934	11,772	3,678,389	1,222,927			32,123,693
Contingent and Non-Contingent Corporate Receivables	245,186,583	878,894	760,374	592,449	902,905	5,674,901			253,996,106
Contingent and Non-Contingent Retail Receivables	107,085,755	341,011	127,212	1,358	48,685	1,469,511			109,073,532
Contingent and Non-Contingent Receivables Secured by Residential Property	33,285,077	110,679	29,606	126	9,658	25,586			33,460,732
Non-Performing Receivables	7,321,663	12,428	208		2,231	6,450			7,342,980
Receivables are identified as high risk by the Board	165,740	1				15			165,756
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	1,581,841								1,581,841
Other Receivables	21,287,537		9,340						21,296,877
Share Certificate Investments							26,315,903		26,315,903
<b>Total</b>	<b>593,506,846</b>	<b>18,086,113</b>	<b>6,582,828</b>	<b>605,705</b>	<b>6,023,381</b>	<b>10,567,014</b>	<b>26,315,903</b>		<b>661,687,790</b>

(\*) Risk amounts after the credit conversions and the effects of credit risk mitigation

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

(\*\*\*) Assets and liabilities that are not consistently allocated.

(\*\*\*\*) Credits guaranteed by the Undersecretariat of Treasury are included in the class of receivables from central government.

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Prior Period	Domestic	European Union	OECD Countries (**)	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Undistributed Assets/Liabilities (***)	Total
<b>Risk Groups<sup>(*)</sup></b>									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks (****)	140,965,666	724			667,385	2,033,483			143,667,258
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	144,915					7			144,922
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	427,971					93			428,064
Contingent and Non-Contingent Receivables from Multilateral Development Banks		331							331
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	4,996,816	13,657,672	1,743,227	10,361	4,709,354	952,202			26,069,632
Contingent and Non-Contingent Corporate Receivables	198,071,661	1,369,703	9,263	806,724	785,441	3,190,429			204,233,221
Contingent and Non-Contingent Retail Receivables	75,806,832	363,781	31,764	1,175	28,893	1,008,317			77,240,762
Contingent and Non-Contingent Receivables Secured by Residential Property	35,168,937	166,019	27,218	253	13,114	60,355			35,435,896
Non-Performing Receivables	8,545,147	4,371	213		2,856	4,856			8,557,443
Receivables are identified as high risk by the Board	503,896	2	4			1			503,903
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	1,273,213								1,273,213
Other Receivables	15,557,343	13,018	5,671						15,576,032
Equity Investments							21,504,378		21,504,378
<b>Total</b>	<b>481,462,397</b>	<b>15,575,621</b>	<b>1,817,360</b>	<b>818,513</b>	<b>6,207,043</b>	<b>7,249,743</b>	<b>21,504,378</b>		<b>534,635,055</b>

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

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

(\*\*\*) Assets and liabilities that are not consistently allocated

(\*\*\*\*) Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury are included in the receivables from central governments.

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## 13. Risk profile by sectors or counterparties:

	Current Period							
	Bank							
	(1) (*)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sectors/Counterparty (*)								
<b>Agricultural</b>	<b>123,644</b>		<b>333</b>				<b>1,960,037</b>	<b>3,226,594</b>
Farming and Raising Livestock	116,283		333				974,976	3,178,022
Forestry	1,837						11,224	15,978
Fishing	5,524						973,837	32,594
<b>Industry</b>	<b>3,020,321</b>	<b>133</b>	<b>137,801</b>				<b>114,074,129</b>	<b>6,320,699</b>
Mining	76,529						5,231,489	148,028
Production	2,890,076						66,585,328	6,022,541
Electricity, gas, and water	53,716	133	137,801				42,257,312	150,130
<b>Construction</b>	<b>1,056,168</b>		<b>3,544</b>				<b>29,624,131</b>	<b>3,078,725</b>
<b>Services</b>	<b>65,740,292</b>		<b>364,284</b>	<b>228,951</b>		<b>32,107,179</b>	<b>86,571,988</b>	<b>26,808,555</b>
Wholesale and Retail Trade	3,604,789						35,434,391	15,395,542
Hotel, Food and Beverage Services	287,366		62				6,675,241	1,748,350
Transportation and Telecommunication	491,134		561				22,749,941	6,349,149
Financial Institutions	60,931,218		317,859	228,951		32,107,179	10,741,668	384,681
Real Estate and Renting Services	106,569		1,931				4,924,310	1,078,817
Self-Employment Services	65,124		37,507				690,114	791,784
Education Services	109,923		6,158				1,248,199	286,411
Health and Social Services	144,169		206				4,108,124	773,821
<b>Other</b>	<b>105,159,295</b>	<b>454,532</b>	<b>41,072</b>			<b>16,514</b>	<b>21,765,821</b>	<b>69,638,959</b>
<b>Total</b>	<b>175,099,720</b>	<b>454,665</b>	<b>547,034</b>	<b>228,951</b>		<b>32,123,693</b>	<b>253,996,106</b>	<b>109,073,532</b>

(\*) Contingent and non-contingent exposures to central governments or central banks (2) Contingent and non-contingent exposures to regional governments or local authorities

(3) Contingent and non-contingent exposures to administrative bodies and non-commercial undertakings (4) Contingent and non-contingent exposures to multilateral development banks (5) Contingent and non-contingent exposures to international organizations

(6) Contingent and non-contingent exposures to banks and brokerage houses (7) Contingent and non-contingent corporate receivables (8) Contingent and non-contingent retail receivables (9) Contingent and non-contingent exposures secured by real estate property

(10) Past due receivables (11) Receivables in regulatory high-risk categories (12) Other receivables (13) Share Certificate Investments (14) Stock Investments

(\*) Risk amounts after the credit conversions and the effects of credit risk mitigation (\*\*) Credit Guarantee Fund guaranteed by the undersecretariat of treasury are included in the receivables from central governments.

Current Period									
Bank									
	(9)	(10)	(11)	(12)	(13)	(14)	TL	FC	Total
	376,885	46,889	925				4,393,817	1,341,490	5,735,307
	344,901	40,283	914				4,315,709	340,003	4,655,712
	904	466	4				29,783	630	30,413
	31,080	6,140	7				48,325	1,000,857	1,049,182
	5,910,969	2,001,423	20,096			11,645,630	50,214,340	92,916,861	143,131,201
	84,094	10,220	4,913				1,000,502	4,554,771	5,555,273
	5,618,664	720,822	13,026			11,645,630	40,372,727	53,123,360	93,496,087
	208,211	1,270,381	2,157				8,841,111	35,238,730	44,079,841
	3,417,217	2,112,393	26,074				14,502,168	24,816,084	39,318,252
	14,359,425	2,667,544	43,487	1,311,251		14,195,782	99,346,766	145,051,972	244,398,738
	6,635,823	1,119,284	28,470			82,408	42,111,003	20,189,704	62,300,707
	1,789,949	586,196	825				4,257,287	6,830,702	11,087,989
	1,434,810	100,425	3,605			89,700	12,321,619	18,897,706	31,219,325
	622,434	2,100	78	1,311,251		11,971,713	28,897,340	89,721,792	118,619,132
	2,965,625	796,960	815			2,051,961	6,894,279	5,032,709	11,926,988
	248,066	31,112	8,991				1,549,904	322,794	1,872,698
	260,106	10,284	46				1,202,433	718,694	1,921,127
	402,612	21,183	657				2,112,901	3,337,871	5,450,772
	9,396,236	514,731	75,174	270,590	21,296,877	474,491	183,127,678	45,976,614	229,104,292
	33,460,732	7,342,980	165,756	1,581,841	21,296,877	26,315,903	351,584,769	310,103,021	661,687,790

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## 14. Analysis of maturity-bearing exposures according to remaining maturities:

Risk Groups <sup>(*)</sup>	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	7,447,751	4,719,762	8,570,370	8,497,273	84,414,952	113,650,108
Contingent and Non-Contingent Receivables from Regional Governments or Domestic Governments	2,184	197	8,176	3,957	440,151	454,665
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	1,982	3,211	341,065	36,305	143,472	526,035
The multilateral development banks and non-contingent receivables	36,797	401	191,752			228,950
Contingent and Non-Contingent Receivables from Banks and Intermediaries	12,952,134	1,457,795	1,232,308	4,919,824	4,596,092	25,158,153
Contingent and Non-Contingent Corporate Receivables	14,168,583	20,325,194	27,260,561	32,058,376	152,824,228	246,636,942
Contingent and Non-Contingent Retail Receivables	21,279,134	1,500,020	2,814,796	7,251,580	71,217,301	104,062,831
Contingent and Non-Contingent Collateralized Receivables with Real Estate Mortgages	655,789	966,627	1,132,155	2,664,322	26,394,429	31,813,322
Receivables are identified as High Risk by the Board	10,071	2,716	18,138	4,977	124,642	160,544
<b>Total</b>	<b>56,554,425</b>	<b>28,975,923</b>	<b>41,569,321</b>	<b>55,436,614</b>	<b>340,155,267</b>	<b>522,691,550</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

## 15. Information on Risk Classes

In the calculation of the amount subject to credit risk, determining the risk weights related to risk classes stated on the sixth article of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", is based on the Fitch Ratings' international rating. While receivables from resident banks in abroad which is assessed in the risk class of "Contingent and Non-Contingent Receivables from Banks and Brokerage Agencies" and receivables from central governments which is assessed in the risk class of "Contingent and Non-Contingent Receivables from Central Governments or Central Banks" will be subjected to risk weights with the scope of ratings; therefore domestic resident banks accepted as unrated, the risk weight is applied according to receivables from relevant banks, type of exchange and original maturity.

If a receivable-specific rating is performed, risk weights to be applied on the receivable are determined by the relevant credit rating.

The table related to mapping the ratings used in the calculations and credit quality grades, which is stated in the Annex of Regulation on Measurement and Evaluation of Capital Adequacy of Banks, is given below:

Credit Quality Grades	1	2	3	4	5	6
Risk Rating	AAA via AA-	A+ via A-	BBB+ via BBB-	BB+ via BB-	B+ via B-	CCC+ and lower

## Risk Amounts according to Risk Weights

Risk Weight	0%	20%	35%	50%	75%	100%	150%	250%	Mitigation in Shareholders' Equity <sup>(**)</sup>
Amount Before Credit Risk Mitigation <sup>(*)</sup>	172,847,436	21,218,008	10,468,700	39,915,972	114,139,630	307,895,351	367,946	242,174	1,255,381
Amount After Credit Risk Mitigation	182,115,524	21,218,008	10,450,092	39,912,463	109,073,532	298,308,051	367,946	242,174	1,255,381

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.<sup>(\*\*)</sup> In the calculation made in accordance with the BRSB temporary regulation dated 08.12.2020 and numbered 9312, the simple arithmetic average of the last 252 business days the Central Bank of the Republic of Turkey foreign exchange buying rates of the reporting date is used.

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## 16. Miscellaneous Information According to Type of Counterparty or Major Sectors

Current Period	Significant Sectors/Counterparty	Loans		Provisions
		Significant Increase in Credit Risk (Stage 2)	Non-Performing (Stage 3)	Expected Credit Loss (TFRS 9)
<b>1</b>	<b>Agricultural</b>	<b>273,650</b>	<b>172,067</b>	<b>157,365</b>
1.1	Farming and Raising Livestock	270,523	153,868	145,045
1.2	Forestry	2,786	2,572	2,811
1.3	Fishing	341	15,627	9,509
<b>2</b>	<b>Industry</b>	<b>20,037,948</b>	<b>5,601,703</b>	<b>8,043,763</b>
2.1	Mining	67,507	64,759	68,053
2.2	Production	7,975,524	2,833,194	3,608,566
2.3	Electricity, gas, and water	11,994,917	2,703,750	4,367,144
<b>3</b>	<b>Construction</b>	<b>4,429,993</b>	<b>4,856,377</b>	<b>3,671,667</b>
<b>4</b>	<b>Services</b>	<b>12,999,311</b>	<b>7,399,441</b>	<b>6,680,615</b>
4.1	Wholesale and Retail Trade	3,588,573	3,418,639	2,850,473
4.2	Hotel, Food and Beverage Services	3,131,267	1,355,181	1,241,468
4.3	Transportation and Telecommunication	2,952,157	402,672	878,290
4.4	Financial Institutions	13,084	11,993	11,141
4.5	Real Estate and Renting Services	1,666,732	1,983,864	1,330,425
4.6	Self-Employment Services	270,606	109,517	101,621
4.7	Education Services	187,214	52,713	65,525
4.8	Health and Social Services	1,189,678	64,862	201,672
<b>5</b>	<b>Other</b>	<b>5,092,183</b>	<b>2,341,884</b>	<b>2,231,720</b>
<b>6</b>	<b>Total</b>	<b>42,833,085</b>	<b>20,371,472</b>	<b>20,785,130</b>

## 17. Information on Value Adjustments and Change in Credit Provisions:

	Beginning Balance	Additional Provisions	Reversal of Provisions	Other Value Adjustment	Ending Balance
Stage 3 provisions	10,326,031	3,926,427	(1,276,497)		12,975,961
Stage 1 and Stage 2 Provisions	5,154,031	7,529,985	(2,308,096)		10,375,920

## 18. Exposures Subject to Counter-cyclical Capital Buffer

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	291,895,851	246,660	292,142,511
TRNC	2,467,904		2,467,904
Albania	1,243,123		1,243,123
ABD	903,229		903,229
Malta	796,078		796,078
England	762,726		762,726
Kosovo	600,611		600,611
Cayman Island	592,448		592,448
Marshall Island	474,180		474,180
The United Arab Emirates	406,266		406,266
Other	647,015		647,015

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### III. Explanations on Currency Risk

The exposed currency risk of the Bank is result of the difference between the assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. Furthermore, parity fluctuations of different foreign currencies are another element of the currency risk.

The currency risk is managed by the internal currency risk limits which are established as a part of the Bank's risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks within the framework of the limits determined by the "Net Foreign Currency Overall Position/Shareholders' Equity" ratio which is a part of the legal requirement and the internal currency risk limits specified by the Board of Directors. Foreign exchange risk management decisions are strictly applied.

In measuring currency risk, both the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall are used as applied in the statutory reporting.

Measurements made within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging currency risk.

Risk measurements made within the context of the VAR are practiced on a daily basis using the historical and Monte Carlo simulation methods. Scenario analyses are conducted to support the calculations made within the VAR context. Expected loss calculations are also carried out daily.

The results of the measurements made on currency risk are reported to the Key Management and the risks are closely monitored by taking into account the market and the economic conditions.

**The Bank's foreign currency purchase rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:**

Date	USD	EUR
December 31, 2020	7.3850	9.0298
December 30, 2020	7.3065	8.9856
December 29, 2020	7.3140	8.9567
December 28, 2020	7.3493	8.9793
December 25, 2020	7.4901	9.1327
December 24, 2020	7.5142	9.1568

**The Bank's last 30-days arithmetical average foreign currency purchase rates:**

USD: TL 7.6147	EUR: TL 9.2731
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### Sensitivity to currency risk:

The Bank's sensitivity to any potential change in foreign currency rates has been analyzed. In the analysis presented below, 10% change, which is also the amount used for the internal reporting purposes, is anticipated in USD, EUR, GBP and CHF.

	% Change in Foreign Currency	Effects on Profit/Loss <sup>(*)</sup>	
		Current Period	Prior Period
USD	10% increase	36,357	(138,012)
	10% decrease	(36,357)	138,012
EUR	10% increase	355,066	244,576
	10% decrease	(355,066)	(244,576)
GBP	10% increase	35,540	3,100
	10% decrease	(35,540)	(3,100)
CHF	10% increase	30,076	23,368
	10% decrease	(30,076)	(23,368)

<sup>(\*)</sup> Indicates the values before tax



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## Information on currency risk:

	EUR	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(1)</sup>	21,486,115	29,525,200	14,331,367	65,342,682
Banks	2,198,196	4,587,823	6,318,726	13,104,745
Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>	1,185,387	4,481,801	447,143	6,114,331
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	3,933,472	18,245,067	3,971	22,182,510
Loans <sup>(3)</sup>	66,366,042	66,567,950	1,978,262	134,912,254
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	1,977,454		637,478	2,614,932
Financial Assets Measured at Amortized Cost	2,352,890	2,154,117	1,701,377	6,208,384
Derivative Financial Assets Held for Risk Management				
Tangible Assets <sup>(2)</sup>	16,536	132	12,172	28,840
Intangible Assets <sup>(2)</sup>				
Other Assets <sup>(2)</sup>	2,667,212	4,340,421	148,593	7,156,226
<b>Total Assets</b>	<b>102,183,304</b>	<b>129,902,511</b>	<b>25,579,089</b>	<b>257,664,904</b>
<b>Liabilities</b>				
Banks Deposits	1,207,812	340,263	141,075	1,689,150
Foreign Currency Deposits <sup>(4)</sup>	77,057,972	109,032,213	46,583,333	232,673,518
Money Market Funds		5,038,402		5,038,402
Funds Provided from Other Financial Institutions	13,324,485	24,993,733		38,318,218
Marketable Securities Issued <sup>(5)</sup>		45,169,166	86,699	45,255,865
Miscellaneous Payables	485,397	1,172,851	106,866	1,765,114
Derivative Financial Liabilities Held for Risk Management				
Other Liabilities <sup>(2)</sup>	1,651,993	3,423,638	103,208	5,178,839
<b>Total Liabilities</b>	<b>93,727,659</b>	<b>189,170,266</b>	<b>47,021,181</b>	<b>329,919,106</b>
<b>Net Balance Sheet Position</b>	<b>8,455,645</b>	<b>(59,267,755)</b>	<b>(21,442,092)</b>	<b>(72,254,202)</b>
<b>Net Off Balance Sheet Position</b>	<b>(4,939,836)</b>	<b>60,694,619</b>	<b>22,680,380</b>	<b>78,435,163</b>
Derivative Financial Assets <sup>(6)</sup>	14,700,689	83,998,250	23,965,091	122,664,030
Derivative Financial Liabilities <sup>(6)</sup>	19,640,525	23,303,631	1,284,711	44,228,867
Non-Cash Loans	37,579,765	37,803,128	4,445,593	79,828,486
<b>Prior Period</b>				
<b>Total Assets</b>	<b>81,706,566</b>	<b>108,979,229</b>	<b>13,689,715</b>	<b>204,375,510</b>
<b>Total Liabilities</b>	<b>76,165,666</b>	<b>149,320,339</b>	<b>18,027,718</b>	<b>243,513,723</b>
<b>Net Balance Sheet Position</b>	<b>5,540,900</b>	<b>(40,341,110)</b>	<b>(4,338,003)</b>	<b>(39,138,213)</b>
<b>Net Off Balance Sheet Position</b>	<b>(3,393,004)</b>	<b>40,826,778</b>	<b>4,911,925</b>	<b>42,345,699</b>
Derivative Financial Assets	12,347,552	55,005,759	5,993,884	73,347,195
Derivative Financial Liabilities	15,740,556	14,178,981	1,081,959	31,001,496
Non-Cash Loans	28,080,966	29,667,289	3,337,566	61,085,821

<sup>(1)</sup> Precious metals accounts amounting TL 13,700,154 are included.

<sup>(2)</sup> In accordance with the Communiqué regarding the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position/Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign Currency Income Accruals of Derivative Financial Instruments (TL 1,465,259), Operating Lease Development Costs (TL 4,700), Intangible assets (TL 845), Deferred Tax Asset (TL 1,326,594), Prepaid Expenses (TL 126,390), Stage 1 and Stage 2 expected credit loss (TL (6,083,307)), Assets Held for Sale and Related to Discontinued Operations (TL 5,800), in liabilities; Foreign Currency Expense Accruals of Derivative Financial Instruments (TL 3,641,612) and Shareholders' Equity (TL (119,088)) in Stage 1 and Stage 2 expected credit loss for non-cash loans (TL 203,206) in liabilities are not included in currency risk calculations.

<sup>(3)</sup> Foreign currency indexed loans amounting TL 853,950 presented in TL loans in the balance sheet are included in the table above. TL 395,434 is USD indexed, TL 452,930 is EUR indexed, TL 1,144 is CHF indexed, TL 4,442 is GBP indexed.

<sup>(4)</sup> Precious metals deposit accounts amounting TL 36,807,875 are included.

<sup>(5)</sup> Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

<sup>(6)</sup> The derivative transactions within the context of forward foreign currency options and foreign currency forwards definitions included in the Communiqué above are taken into consideration.

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## IV. Explanations on Interest Rate Risk

Interest rate risk is defined as the impairment in the value of the Bank's interest sensitive Asset, liabilities and off-balance sheet items due to interest rate fluctuations. A method which takes into consideration the effect of standard interest shocks on the economic values of the Bank's on and off-balance sheet interest sensitive accounts is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Bank's assets and liabilities, market developments, the general economic environment and expectations are regularly followed in meetings of the Asset-Liability Committee, where further measures to reduce risk are taken when necessary.

The Bank's on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits on the ratio of structural interest rate risk to equity and tier 1 capital determined by the Board within the scope of asset-liability management risk policy. Moreover, scenario analyses formed in line with the average maturity gaps and the historical data and expectations are also used in the management of the related risk.

In addition, the impact of changes in interest rates on the Bank's net interest income is regularly analyzed. Within this framework, the limit on the ratio of change in net interest income to the capital is expected to occur under various scenarios are monitored and regularly reported to senior management.

### Interest rate sensitivity

In this part, the sensitivity of the Bank's assets and liabilities to the interest rates has been analyzed assuming that the year-end balance figures were the same throughout the year. Mentioned analysis shows how the FC and TL changes in interest rates by one point during the one-year period affect the Bank's income accounts and shareholders' equity under the assumption maturity structure and balances are remain the same all year round at the end of the year.

During the measurement of the Bank's interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank's profit and shareholders' equity in case of 100 basis point increase/decrease in TL and FC interest rates on the reporting day are given below:

% Change in the Interest Rate <sup>(*)</sup>		Effect on Profit/Loss		Effect on Equity <sup>(**)</sup>	
TL	FC <sup>(***)</sup>	Current Period	Prior Period	Current Period	Prior Period
100 bp increase	100 bp increase	674.620	136.010	(1.124.477)	(789.613)
100 bp decrease	100 bp decrease	(1.226.541)	(401.444)	1.247.244	871.744

<sup>(\*)</sup> Changes in interest rates is calculated assuming that the expectations reflected in inflation. The effects on the profit/loss and shareholders' equity are stated with their before tax values.

<sup>(\*\*)</sup> The effect on the profit/loss is mainly arising from the fact that the average maturity of the Bank's fixed rate liabilities is shorter than the average maturity of its fixed rate assets.

<sup>(\*\*\*)</sup> The effect on the shareholders' equity is arising from the change of the fair value of securities followed under Financial Assets Available for Sale.

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## a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,076,982					67,829,379	70,906,361
Banks	4,522,726	136,518	45,738			8,827,076	13,532,058
Financial Assets at Fair Value through Profit/Loss (*)	1,381,494	1,290,113	4,005,775	997,989	7,470	1,558,650	9,241,491
Money Market Placements							
Financial Assets at Fair Value Through Other Comprehensive Income	18,325,551	8,933,436	12,984,006	11,561,103	13,291,720	435,130	65,530,946
Loans	71,342,009	32,663,401	108,725,501	129,701,034	22,956,660	132,997	365,521,602
Financial Assets Measured at Amortized Cost	8,288,856	7,600,549	16,871,549	7,319,256	1,579,227		41,659,437
Other Assets (**)	5,071,030					22,439,507	27,510,537
<b>Total Assets</b>	<b>112,008,648</b>	<b>50,624,017</b>	<b>142,632,569</b>	<b>149,579,382</b>	<b>37,835,077</b>	<b>101,222,739</b>	<b>593,902,432</b>
<b>Liabilities</b>							
Banks Deposits	2,584,686	409,869	768			1,080,222	4,075,545
Other Deposits	160,014,577	37,603,795	13,737,662	526,688		152,918,224	364,800,946
Money Market Funds	22,996,534	3					22,996,537
Miscellaneous Payables	425,062					14,527,257	14,952,319
Marketable Securities Issued (***)	1,080,972	5,104,639	12,275,296	24,729,251	9,789,049		52,979,207
Funds Provided from Other Financial Institutions	1,059,824	23,448,656	13,126,348	2,303,162	493,355		40,431,345
Other Liabilities (****)	2,586,492	2,756,982	1,755,976	1,154,150	1,090,336	84,322,597	93,666,533
<b>Total Liabilities</b>	<b>190,748,147</b>	<b>69,323,944</b>	<b>40,896,050</b>	<b>28,713,251</b>	<b>11,372,740</b>	<b>252,848,300</b>	<b>593,902,432</b>
Balance Sheet Long Position			101,736,519	120,866,131	26,462,337		249,064,987
Balance Sheet Short Position	(78,739,499)	(18,699,927)				(151,625,561)	(249,064,987)
Off Balance Sheet Long Position	3,665,121	9,971,763	649,650				14,286,534
Off Balance Sheet Short Position				(5,576,573)	(8,123,500)		(13,700,073)
<b>Total Position</b>	<b>(75,074,378)</b>	<b>(8,728,164)</b>	<b>102,386,169</b>	<b>115,289,558</b>	<b>18,338,837</b>	<b>(151,625,561)</b>	<b>586,461</b>

(\*) The balance includes derivative financial assets

(\*\*) The expected loss provisions are shown in Non-Interest column.

(\*\*\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(\*\*\*\*) Equity is included in "non-interest bearing" column.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,094					53,232,147	53,233,241
Banks	7,621,787	139,292				5,193,230	12,954,309
Financial Assets at Fair Value through Profit/Loss (*)	1,081,006	931,943	3,724,410	448,867	7,189	1,223,466	7,416,881
Money Market Placements							
Financial Assets at Fair Value Through Other Comprehensive Income	13,024,342	6,677,495	8,531,979	11,102,996	12,025,501	510,032	51,872,345
Loans	55,681,293	23,095,570	83,061,216	104,904,123	22,410,738	90,618	289,243,558
Financial Assets Measured at Amortized Cost	5,929,309	5,571,939	8,914,079	9,069,431	1,403,597		30,888,355
Other Assets (**)	2,202,682					20,248,100	22,450,782
<b>Total Assets</b>	<b>85,541,513</b>	<b>36,416,239</b>	<b>104,231,684</b>	<b>125,525,417</b>	<b>35,847,025</b>	<b>80,497,593</b>	<b>468,059,471</b>
<b>Liabilities</b>							
Banks Deposits	3,361,138	512,680	339,195			501,725	4,714,738
Other Deposits	165,490,809	29,716,872	11,170,506	1,285,997	4,627	83,538,453	291,207,264
Money Market Funds	1,187,760						1,187,760
Miscellaneous Payables	682,025					11,418,430	12,100,455
Marketable Securities Issued (***)	1,691,889	4,450,505	6,611,475	28,670,433	3,239,839		44,664,141
Funds Provided from Other Financial Institutions	4,481,401	21,746,804	10,914,492	2,671,878	436,058		40,250,633
Other Liabilities (****)	477,960	455,147	859,624	660,713	1,056,965	70,424,071	73,934,480
<b>Total Liabilities</b>	<b>177,372,982</b>	<b>56,882,008</b>	<b>29,895,292</b>	<b>33,289,021</b>	<b>4,737,489</b>	<b>165,882,679</b>	<b>468,059,471</b>
Balance Sheet Long Position			74,336,392	92,236,396	31,109,536		197,682,324
Balance Sheet Short Position	(91,831,469)	(20,465,769)				(85,385,086)	(197,682,324)
Off Balance Sheet Long Position	3,533,443	10,295,150					13,828,593
Off Balance Sheet Short Position			(1,270,459)	(4,204,967)	(6,954,496)		(12,429,922)
<b>Total Position</b>	<b>(88,298,026)</b>	<b>(10,170,619)</b>	<b>73,065,933</b>	<b>88,031,429</b>	<b>24,155,040</b>	<b>(85,385,086)</b>	<b>1,398,671</b>

(\*) The balance includes derivative financial assets

(\*\*) The expected loss provisions are shown in Non-Interest column.

(\*\*\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

(\*\*\*\*) Equity is included in "non-interest bearing" column.

**b. Average interest rates applied to monetary financial instruments:**

Current Period	EUR	USD	JPY	TL
	%	%	%	%
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				12.00
Banks	0.33	0.14		15.27
Financial Assets at Fair Value through Profit/Loss	2.09	2.12		13.90
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	2.18	4.66		14.66
Loans	4.74	5.83		14.17
Financial Assets Measured at Amortized Cost	1.80	3.88		12.81
<b>Liabilities</b>				
Banks Deposits	0.11	1.01		16.50
Other Deposits	0.05	0.15		10.65
Money Market Funds		1.75		16.93
Miscellaneous Payables				
Debt Securities Issued (*)		6.22		13.81
Funds Provided from Other Financial Institutions	1.86	2.58		11.02

(\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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Prior Period	EUR	USD	JPY	TL
	%	%	%	%
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				
Banks	0.06	0.95		9.83
Financial Assets at Fair Value through Profit/Loss	1.56	6.36		9.70
Money Market Placements				
Financial Assets at Fair Value Through Other Comprehensive Income	2.35	4.96		13.97
Loans	4.97	7.13		16.33
Financial Assets Measured at Amortized Cost	1.92	4.10		14.42
<b>Liabilities</b>				
Banks Deposits	0.37	1.52		11.21
Other Deposits	0.14	1.15	0.04	7.99
Money Market Funds		2.72		9.62
Miscellaneous Payables				
Debt Securities Issued (*)		5.90		15.11
Funds Provided from Other Financial Institutions	1.74	4.09		11.76

(\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

## V. Explanations on Equity Shares Risk Arising from Banking Book

a. Accounting policies related to equity investments in associates and subsidiaries can be seen in the Section Three Note III.2.

b. Balance Sheet Value of Equity Investment, fair value, and for publicly traded, if the market value is different from the fair value comparison to the market price:

Investments in Shares	Comparison		
	Book Value	Fair Value	Market Value
<b>Quoted</b>			
<b>Investments in Shares Group A</b>			
Subsidiaries			
Financial Subsidiaries	7,867,083		20,008,561
Non-Financial Subsidiaries	11,553,281		22,468,675
<b>Non-Quoted</b>			
Subsidiaries			
Financial Subsidiaries	242,174		
Non-Financial Subsidiaries	24,131		
Associates			
Financial Associates	5,137,838		
Non-Financial Associates	1,177,876		

c. Information on revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital

Portfolio	Realized Gains/losses During the period	Revaluation Increases		Unrealized Gains and Losses		
		Total	Including into Tier I Capital (*)	Total	Including into Common Equity	Including into Tier II Capital
1 Private Equity Investments						
2 Shares Traded on a Stock Exchange		15,189,098	15,189,098			
3 Other Stocks		4,081,056	4,081,056			
<b>4 Total</b>		<b>19,270,154</b>	<b>19,270,154</b>			

(\*) Represents the amounts reflected to equity according to the equity method.

d. Capital requirement as per equity shares:

Portfolio	Carrying Value	Total RWA	Minimum Capital Requirement
Private Equity Investments			
Share Traded on a Stock Exchange	19,420,364	19,420,364	1,553,629
Other Stocks	6,582,019	6,724,531	537,962
<b>Total</b>	<b>26,002,383</b>	<b>26,144,895</b>	<b>2,091,591</b>

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

Liquidity risk may occur as a result of funding long-term assets with short-term liabilities; The Bank's liquidity is managed by the Asset-Liability Management Committee in accordance with the business strategies, legal requirements, current market conditions and expectations regarding the economic and financial conjuncture.

The Bank's principal source of funding is deposits. Although the average maturity of deposits is shorter than that assets as a result of the market conditions, the Bank's wide network of branches and stable core deposit base are its most important safeguards of funding. Additionally, the Bank borrows medium and long-term funds from institutions abroad. Concentration limits are generally used in deposit and non-deposit borrowings in order to prevent adverse effects of concentrations in the liquidity risk profile of the Bank.

In order to meet the liquidity requirements that may arise from market fluctuations, considerable attention is paid to the need to preserve liquidity and efforts in this respect are supported by projections of Turkish Lira and Foreign Currency (FC) cash flows. The term structure of TL and FC deposits, their costs and amounts are monitored on a daily basis. During these studies historical events and future expectations are taken into account as well. Based upon cash flow projections, prices are differentiated for different maturities and measures are taken accordingly to meet liquidity requirements. Moreover, potential alternative sources of liquidity are determined to be used in case of extraordinary circumstances.

The liquidity risk exposure of the Bank has to be within the risk capacity limits which are prescribed by the legislation and the Bank's risk appetite defined in its business strategy. It is essential for the Bank to have an adequate level of unencumbered liquid asset stock which can be sold or pledged, in case a large amount of reduction in liquidity sources occurs. The level of liquid asset buffer is determined in accordance with the liquidity risk tolerance which is set by the Board of Directors. Asset-Liability Management Committee is responsible for monitoring the liquidity position, determining appropriate sources of funds and deciding the maturity structure in accordance with the limits which are set by the Board of Directors.

The Treasury Division is responsible for monitoring the liquidity risk, in accordance with the Asset and Liability Management Risk Policy limits, objectives set out in the business plan and the decisions taken at the meetings of Asset-Liability Management Committee. The Treasury Division is also responsible for making liquidity projections and taking necessary precautions to reduce liquidity risk, by using the results of stress testing and scenario analysis. Within this scope, Treasury Division is monitoring the Turkish Lira (TL) and foreign currency (FC) liquidity position instantly and prospectively based on the information provided from the branches, business units and IT infrastructure of the Bank. The assessment of long-term borrowing opportunities is carried out regularly in order to balance the cash inflows and outflows and to mitigate the liquidity risk. The Bank creates liquidity through repurchase agreements and secured borrowings based on the high-quality liquid asset portfolio, through securitization and other structured finance products which are created from the asset pools like credit card receivables and retail loans.

The Bank applies liquidity stress tests to measure liquidity risk. In this approach, in liquidity stress scenarios in which parameters are determined by the Board of Directors, the ability of the Bank's liquid assets' in covering cash outflows within a one-month horizon has been described. Liquidity adequacy limits for TL and FC are determined by Board of Directors, based on the liquidity requirements and risk tolerance of the Bank. The liquidity risk is measured by the Risk Management Division and results are reported to the related executive functions, senior management and Board of Directors. The reflections of conveniences provided for loan customers on repayments due to the COVID-19 outbreak and pressure in financial markets on the Bank's liquidity adequacy are analyzed under various scenarios.

It is essential for the Bank to monitor the liquidity position and funding strategy continuously. In case of a liquidity crisis that may arise from unfavorable market conditions, extraordinary macroeconomic situations and other reasons which are beyond the control of the Bank, "Emergency Action and Funding Plan" is expected to be commissioned. In that case, related committees have to report the precautions taken and their results to the Board of Directors through Audit Committee.

The Bank's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio averages for the last three months, the highest value and the lowest value occurred in this period are given below.

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
<b>The lowest value</b>	156.34	278.05	176.54	307.29
<b>Applicable week</b>	23.10.2020	16.10.2020	18.10.2019	25.10.2019
<b>The highest value</b>	175.72	509.90	209.00	412.66
<b>Applicable week</b>	01.01.2021	11.12.2020	29.11.2019	03.01.2020

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## Liquidity Coverage Ratio:

Current Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			130,597,014	79,075,224
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	277,386,679	181,076,534	25,425,186	18,107,653
Stable deposits	46,269,638		2,313,482	
Less stable deposits	231,117,041	181,076,534	23,111,704	18,107,653
Unsecured wholesale funding, of which;	105,988,053	60,698,942	51,951,497	29,970,499
Operational deposits	1,349,088	67,444	337,272	16,861
Non-operational deposits	86,784,021	54,115,267	39,686,643	23,622,939
Other unsecured funding	17,854,944	6,516,231	11,927,582	6,330,699
Secured funding			5,506	5,506
Other cash outflows, of which;	5,539,673	8,108,203	5,539,673	8,108,203
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	1,794,273	4,362,803	1,794,273	4,362,803
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,745,400	3,745,400	3,745,400	3,745,400
Other revocable off-balance sheet commitments and contractual obligations	7,028,663	6,284,510	351,433	314,226
Other irrevocable or conditionally revocable off-balance sheet obligations	196,973,518	92,425,535	21,527,379	11,455,358
<b>TOTAL CASH OUTFLOWS</b>			104,800,674	67,961,445
<b>CASH INFLOWS</b>				
Secured lending	1,484			
Unsecured lending	33,794,601	21,391,709	25,760,071	18,943,694
Other cash inflows	1,596,986	44,734,361	1,596,986	44,734,361
<b>TOTAL CASH INFLOWS</b>	35,393,071	66,126,070	27,357,057	63,678,055
			<b>Upper Limit Applied Value</b>	
<b>TOTAL HQLA STOCK</b>			130,597,014	79,075,224
<b>TOTAL NET CASH OUTFLOWS</b>			77,443,617	18,754,820
<b>LIQUIDITY COVERAGE RATIO (%)</b>			169.04	435.80

(\*) The simple arithmetic average calculated for the last three months of the weekly simple arithmetic average.



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Prior Period	Total Unweighted Value <sup>(*)</sup>		Total Weighted Value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			117,412,446	54,916,614
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers, of which;	201,855,265	114,216,455	18,082,670	11,421,646
Stable deposits	42,057,131		2,102,857	
Less stable deposits	159,798,134	114,216,455	15,979,813	11,421,646
Unsecured funding, of which;	78,465,947	38,624,455	42,055,130	20,163,163
Operational deposits	580,222	7,461	145,055	1,865
Non-operational deposits	63,272,420	36,483,263	32,858,221	18,095,008
Other unsecured funding	14,613,305	2,133,731	9,051,854	2,066,290
Secured funding				
Other cash outflows, of which;	44,678,641	19,922,908	44,678,641	19,922,908
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	41,418,723	16,662,990	41,418,723	16,662,990
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,259,918	3,259,918	3,259,918	3,259,918
Other revocable off-balance sheet commitments and contractual obligations	5,509,752	4,730,020	275,488	236,501
Other irrevocable or conditionally revocable off-balance sheet obligations	153,049,122	66,605,870	15,905,483	8,111,253
<b>TOTAL CASH OUTFLOWS</b>			120,997,412	59,855,471
<b>CASH INFLOWS</b>				
Secured lending	9,835			
Unsecured lending	26,890,371	16,339,545	20,193,796	14,457,952
Other cash inflows	40,235,432	35,879,375	40,235,432	35,879,375
<b>TOTAL CASH INFLOWS</b>	67,135,638	52,218,920	60,429,228	50,337,327
			<b>Upper Limit Applied Value</b>	
<b>TOTAL HQLA STOCK</b>			117,412,446	54,916,614
<b>TOTAL NET CASH OUTFLOWS</b>			60,568,184	15,313,743
<b>LIQUIDITY COVERAGE RATIO (%)</b>			194.49	361.35

<sup>(\*)</sup> The simple arithmetic average calculated for the last three months of the weekly simple arithmetic average.

Compared to the prior period, a decrease in the total liquidity coverage ratio and an increase in the foreign currency liquidity coverage ratio have been observed for the fourth quarter of 2020. While the foreign currency liquidity coverage ratio, increased due to the increase in the high-quality liquid asset stock, the total liquidity coverage ratio decreased due to the increase in net cash outflows. Total and Foreign Currency liquidity coverage ratios are continuing to hover far above the minimum level (respectively 100% and 80%) pursuant to legal legislations.

The Liquidity Coverage Ratio which has been introduced to ensure banks to preserve sufficient stock of high quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on "Measurement and Assessment of the Liquidity Coverage Ratio of Banks" published by BRSA. The ratio is directly affected by the level of unencumbered high-quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Bank's assets, liabilities and off-balance sheet transactions.

The Bank's high-quality liquid asset stock primarily consists of cash, the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.

The Bank's principal source of funding is deposits. In terms of non-deposit borrowing, funds received from repurchase agreements, marketable securities issued, and funds borrowed from financial institutions are among the most significant funding sources of the Bank.

In order to manage liquidity effectively, concentration of liquidity sources and usages should be avoided. Due to the strong and stable core deposit base of the Bank, deposits are received from a diversified customer portfolio. In addition, in order to provide diversification in liquidity sources and usages, liquidity concentration limits are used effectively. Total amount of funds borrowed from a single counterparty or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. In addition to these, the cumulative liquidity deficits that the Bank is exposed to in various maturity tranches are periodically monitored and reported to the senior management.

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

Liquidity risk of the Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with the group strategies. For the purposes of effectiveness and sustainability of liquidity management, funding sources of group companies and funding diversification opportunities in terms of markets, instruments and tenor are evaluated and liquidity position of the group companies are monitored continuously by the Bank.



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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	32,467,082	38,439,279						70,906,361
Banks	9,476,921	3,872,881	136,518	45,738				13,532,058
Financial Assets at Fair Value through Profit/Loss (**)	1,554,821	1,297,223	1,239,405	4,006,149	1,136,305	7,588		9,241,491
Money Market Placements								
Financial Assets at Fair Value Through Other Comprehensive Income	435,130	3,399,017	1,989,465	7,584,954	28,533,443	23,588,937		65,530,946
Loans (***)	13,781,055	36,589,566	34,372,784	95,914,182	131,528,306	32,964,237	20,371,472	365,521,602
Financial Assets Measured at Amortized Cost		3,556,347	2,512,555	6,647,357	20,631,038	8,312,140		41,659,437
Other Assets		8,042,533	53,047		188,399		19,226,558	27,510,537
<b>Total Assets</b>	<b>57,715,009</b>	<b>95,196,846</b>	<b>40,303,774</b>	<b>114,198,380</b>	<b>182,017,491</b>	<b>64,872,902</b>	<b>39,598,030</b>	<b>593,902,432</b>
<b>Liabilities</b>								
Bank Deposits	1,080,222	2,584,686	409,869	768				4,075,545
Other Deposits	152,918,224	160,014,185	37,602,176	13,734,084	532,277			364,800,946
Funds Provided from Other Financial Institutions		469,947	3,619,285	20,218,982	14,621,273	1,501,858		40,431,345
Money Market Funds		22,996,534	3					22,996,537
Marketable Securities Issued (****)		1,080,972	1,744,682	12,275,296	25,802,698	12,075,559		52,979,207
Miscellaneous Payables		14,344,211	209,899	510	397,699			14,952,319
Other Liabilities		6,061,635	4,764,473	1,954,376	1,545,307	362,075	78,978,667	93,666,533
<b>Total Liabilities</b>	<b>153,998,446</b>	<b>207,552,170</b>	<b>48,350,387</b>	<b>48,184,016</b>	<b>42,899,254</b>	<b>13,939,492</b>	<b>78,978,667</b>	<b>593,902,432</b>
<b>Liquidity Gap</b>	<b>(96,283,437)</b>	<b>(112,355,324)</b>	<b>(8,046,613)</b>	<b>66,014,364</b>	<b>139,118,237</b>	<b>50,933,410</b>	<b>(39,380,637)</b>	
<b>Net Off Balance Sheet Position</b>								
Derivative Financial Assets		60,975,648	44,234,852	23,095,200	26,504,775	44,842,885		199,653,360
Derivative Financial Liabilities		62,818,813	47,317,310	23,327,408	25,851,529	44,842,885		204,157,945
<b>Non-cash Loans</b>	<b>67,592,573</b>	<b>2,568,566</b>	<b>5,824,087</b>	<b>23,768,593</b>	<b>15,584,033</b>	<b>4,237,362</b>		<b>119,575,214</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>51,621,827</b>	<b>64,957,934</b>	<b>24,693,394</b>	<b>76,252,663</b>	<b>158,395,650</b>	<b>54,974,910</b>	<b>37,163,093</b>	<b>468,059,471</b>
<b>Total Liabilities</b>	<b>84,040,178</b>	<b>188,611,482</b>	<b>36,574,062</b>	<b>41,898,824</b>	<b>42,530,376</b>	<b>7,540,912</b>	<b>66,863,637</b>	<b>468,059,471</b>
<b>Liquidity Gap</b>	<b>(32,418,351)</b>	<b>(123,653,548)</b>	<b>(11,880,668)</b>	<b>34,353,839</b>	<b>115,865,274</b>	<b>47,433,998</b>	<b>(29,700,544)</b>	
<b>Net Off Balance Sheet Position</b>								
Derivative Financial Assets		35,899,277	19,227,240	20,613,990	24,526,750	39,496,074		139,763,331
Derivative Financial Liabilities		35,879,529	19,343,634	19,438,985	24,255,702	39,496,074		138,413,924
<b>Non-cash Loans</b>	<b>54,224,332</b>	<b>1,976,792</b>	<b>5,908,305</b>	<b>17,491,717</b>	<b>9,635,096</b>	<b>3,752,820</b>		<b>92,989,062</b>

(\*) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted into cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in the "Unallocated" column.

(\*\*) Includes Derivative financial assets.

(\*\*\*) Nonperforming loans are included in "Unallocated" column.

(\*\*\*\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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In compliance with the "IFRS 7", the following table indicates the maturities of the Bank's major financial assets and liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of collections and payments without discounting the liabilities. The interest to be collected from and paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related liabilities registered in balance sheet do not include these amounts.

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
<b>Liabilities</b>									
Deposits	153,998,446	163,018,733	38,316,955	13,925,240	555,303		369,814,677	938,186	368,876,491
Funds Provided from Other Financial Institutions		475,361	3,724,126	20,846,201	15,834,477	1,565,678	42,445,843	2,014,498	40,431,345
Money Market Funds		23,044,216	3				23,044,219	47,682	22,996,537
Marketable Securities Issued (*)		1,298,508	1,925,408	15,144,504	32,577,652	15,571,435	66,517,507	13,538,300	52,979,207
Leasing Liabilities		36,530	76,918	262,719	1,053,002	1,914,942	3,344,111	1,954,894	1,389,217

(\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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
<b>Liabilities</b>									
Deposits	84,040,178	169,185,882	30,476,901	11,696,599	1,361,972	4,860	296,766,392	844,390	295,922,002
Funds Provided from Other Financial Institutions		1,728,264	3,429,351	22,999,936	13,057,322	1,795,094	43,009,967	2,759,334	40,250,633
Money Market Funds		1,188,548					1,188,548	788	1,187,760
Marketable Securities Issued (*)		1,697,122	1,811,361	9,525,828	34,351,426	7,535,365	54,921,102	10,256,961	44,664,141
Leasing Liabilities		37,291	73,800	288,079	1,067,845	1,899,835	3,366,850	1,970,587	1,396,263

(\*) Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

The following table shows the remaining maturities of non-cash loans of the Bank.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	14,423,731	980,613	941,460	3,190,944	533		19,537,281
Letters of Guarantee	52,527,771	1,261,618	4,065,504	16,134,892	10,858,891	2,584,214	87,432,890
Acceptances	66,504	326,335	817,123	4,348,430	3,901,311		9,459,703
Other	574,567			94,327	823,298	1,653,148	3,145,340
<b>Total</b>	<b>67,592,573</b>	<b>2,568,566</b>	<b>5,824,087</b>	<b>23,768,593</b>	<b>15,584,033</b>	<b>4,237,362</b>	<b>119,575,214</b>

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	9,463,411	542,271	743,785	2,771,346	68,708		13,589,521
Letters of Guarantee	43,974,122	896,145	2,906,186	11,646,044	8,753,452	2,071,444	70,247,393
Acceptances	340,206	528,896	2,258,334	3,059,368	317,691		6,504,495
Other	446,593	9,480		14,959	495,245	1,681,376	2,647,653
<b>Total</b>	<b>54,224,332</b>	<b>1,976,792</b>	<b>5,908,305</b>	<b>17,491,717</b>	<b>9,635,096</b>	<b>3,752,820</b>	<b>92,989,062</b>

The following table shows the remaining maturities of derivative financial assets and liabilities of the Bank.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts-Buy	2,597,630	3,671,735	8,622,850	2,482,254		17,374,469
Forwards Contracts-Sell	2,567,063	3,615,646	8,451,373	2,475,647		17,109,729
Swaps Contracts-Buy	46,285,705	32,186,709	11,231,842	23,275,336	43,002,073	155,981,665
Swaps Contracts-Sell	57,206,194	42,385,680	11,539,355	22,628,697	43,002,073	176,761,999
Futures Transactions-Buy	272,674	720,385	956,603			1,949,662
Futures Transactions-Sell	297,024	765,850	1,056,468			2,119,342
Options-Call	2,691,230	495,343	2,033,885	747,185	1,840,812	7,808,455
Options-Put	2,654,710	492,814	2,030,192	747,185	1,840,812	7,765,713
Other	9,222,231	7,218,000	500,040			16,940,271
<b>Total</b>	<b>123,794,461</b>	<b>91,552,162</b>	<b>46,422,608</b>	<b>52,356,304</b>	<b>89,685,770</b>	<b>403,811,305</b>

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts- Buy	1,256,189	1,937,177	5,780,168	2,163,397		11,136,931
Forwards Contracts- Sell	1,253,231	1,934,854	5,691,025	2,194,627		11,073,737
Swaps Contracts-Buy	32,434,720	16,279,125	12,383,204	20,456,930	38,148,561	119,702,540
Swaps Contracts-Sell	32,506,930	16,415,096	11,402,337	20,154,652	38,148,561	118,627,576
Futures Transactions-Buy						
Futures Transactions-Sell						
Options-Call	2,088,676	760,419	1,728,495	1,827,200	1,347,513	7,752,303
Options-Put	1,999,675	743,165	1,623,500	1,827,200	1,347,513	7,541,053
Other	239,385	501,038	1,444,246	158,446		2,343,115
<b>Total</b>	<b>71,778,806</b>	<b>38,570,874</b>	<b>40,052,975</b>	<b>48,782,452</b>	<b>78,992,148</b>	<b>278,177,255</b>

## VII. Explanations on Leverage Ratio

### a. Explanations on Differences Between Current and Prior Years' Leverage Ratios

The Bank's unconsolidated leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". The Bank's consolidated Leverage ratio is 7.88% (December 31, 2019: 9.07%). According to Regulation the minimum leverage ratio is 3%. The changes in the leverage ratio are mostly due to the increase in total risk amounts.

### b. Explanations on leverage ratio:

	Current Period (*)	Prior Period (*)
<b>On-Balance sheet items</b>		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	607,154,346	451,942,052
Assets amounts deducted from Tier 1 capital	(1,185,021)	(876,726)
Total on balance sheet exposures	605,969,325	451,065,326
<b>Derivative exposures and credit derivatives</b>		
Replacement cost associated with derivative financial instruments and credit derivatives	8,811,454	3,694,184
The potential amount of credit risk with derivative financial instruments and credit derivatives	2,608,300	1,942,906
The total amount of risk on derivative financial instruments and credit derivatives	11,419,754	5,637,090
<b>Investment securities or commodity collateral financing transactions</b>		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	4,969,503	2,463,078
Risk amount of exchange brokerage operations		
Total risks related with securities or commodity financing transactions	4,969,503	2,463,078
<b>Off -Balance Sheet Items</b>		
Gross notional amount of off-balance sheet items	215,539,119	165,807,287
Adjustments for conversion to credit equivalent amounts	(6,838,414)	(4,557,870)
The total risk of off-balance sheet items	208,700,705	161,249,417
<b>Capital and Total Exposures</b>		
Tier 1 Capital	65,479,340	56,276,404
Total Exposures	831,059,287	620,414,911
<b>Leverage Ratio</b>		
Leverage Ratio	7.88	9.07

(\*) Three-month average of the amounts in Leverage Ratio table.

## VIII. Explanations on Other Price Risks

The Bank is exposed to stock price risk due to its investments in companies being traded on the Borsa İstanbul A.Ş. (BIST).

The Bank's sensitivity to stock price risk at the reporting date was measured with an analysis. In the analysis, with the assumption of all other variables were held constant and the data (stock prices) used in the valuation method are 10% higher or lower. According to this assumption, in shares traded in Borsa İstanbul and followed under Financial Assets at Fair Value through Profit or Loss account, expected to have an effect amounting to TL 14,726 increase/decrease.

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## IX. Explanations on Presentation of Assets and Liabilities at Fair Value

### 1. Information on fair values of financial assets and liabilities

	Book Value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>				
Money Market Placements				
Banks	13,532,058	12,954,309	13,531,298	12,951,453
Financial Assets at Fair Value through Other Comprehensive Income	65,530,946	51,872,345	65,530,946	51,872,345
Investments Financial Assets Measured Amortized Cost	41,659,437	30,888,355	41,641,633	31,039,054
Loans	345,150,130	270,360,084	328,268,442	271,214,596
<b>Financial Liabilities</b>				
Banks Deposits	4,075,545	4,714,738	4,068,196	4,695,910
Other Deposits	364,800,946	291,207,264	363,992,492	290,548,279
Funds Provided from Other Financial Institutions	40,431,345	40,250,633	39,928,073	39,661,083
Marketable Securities Issued <sup>(*)</sup>	52,979,207	44,664,141	53,708,214	44,957,049
Miscellaneous Payables	14,952,319	12,100,455	14,952,319	12,100,455

<sup>(\*)</sup> Includes subordinated bonds which are classified on the balance sheet as subordinated loans.

Strike prices, quotations, market prices determined by the CBRT and published in the Official Gazette and the values calculated by using alternative models, are taken as the basis in the fair value determination of Financial Assets at fair value through other comprehensive income.

When the prices of the financial assets measured at amortized cost cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions and marketable securities are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

### 2. Information on fair value measurements recognized in the financial statements

"IFRS 13 - Fair Value Measurement" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	167,674	468,938	103,229
Equity Securities	147,257	261,922	
Derivative Financial Assets at Fair Value through Profit and Loss		5,060,117	
Other		1,145,638	1,886,716
<b>Financial Assets at Fair Value Through Profit or Loss <sup>(*)</sup></b>			
Debt Securities	42,667,184	22,077,803	350,829
Equity Securities		320,025	
Other		89,168	
<b>Derivative Financial Liabilities</b>		7,934,485	

<sup>(\*)</sup> Since they are not traded in an active market, the equity securities TL 25,937 under the financial assets at fair value through other comprehensive income are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	258,360	3,844	11,514
Equity Securities	137,669		
Derivative Financial Assets Held for Trading		4,044,105	
Other		1,074,673	1,886,716
<b>Financial Assets Available-for-Sale <sup>(*)</sup></b>			
Debt Securities	35,822,080	15,189,405	350,829
Equity Securities		421,665	
Other		76,207	
<b>Derivative Financial Liabilities</b>		2,134,363	

<sup>(\*)</sup> Since they are not traded in an active market, the equity securities TL 12,159 under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

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The movement table of financial assets at level 3 is given below:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	2,249,059	2,229,407
Purchases	92,086	261,733
Redemption or Sales	(8,843)	(1,365)
Valuation Difference	8,472	221,111
Transfers		(461,827)
<b>Balance at the end of the Period</b>	<b>2,340,774</b>	<b>2,249,059</b>

Real estates which are presented in the financial statements at fair value are classified at level 3.

The loans measured at fair value through profit and loss under Level 3 consists of loan granted to the special purpose entity which is disclosed in the Section V footnote I-f.2 and footnote I.r. The mentioned loan's fair value is determined by the various valuation methods. The potential changes in the fundamental estimations and assumptions in the valuation work may affect the carrying fair value of the loan.

## X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Bank gives trading and custody services in the name and on the account of its customers. The Bank has no fiduciary transactions.

## XI. Explanations on Risk Management Objectives and Policies

Explanations according to "Communiqué on Public Disclosures about Risk Management" published on the Official Gazette No.29511 dated October 23, 2015 are included below. The Bank uses the standardized approach for calculation of capital charge for credit risk, therefore explanations about internal ratings-based approach are not included.

Reverse stress tests are regularly carried out by the Bank considering the increase in deteriorated loan portfolio and interest and exchange rate shocks which might cause the capital adequacy to fall within the legal limits.

### a. General Information on Risk Management Approach and Risk Weighted Amounts

#### a.1. The Bank's risk management approach

Bank is exposed to financial and non-financial risks which are required to be analyzed, monitored and reported within specific risk management principles of the Bank and with the perspective of risk management. The risk management process is organized within the framework of risk management and serves the creation of a common risk culture in corporate level; which brings "corporate governance" to forefront, the independence of the internal audit and monitoring units from the business units that undertake risks is established risk is defined in accordance with international regulations and in this context measurement, analysis, monitoring, reporting and control functions are carried.

Risk management process and the functions involved in the process is one of the primary responsibilities of the Board of Directors. The Risk Committee operates to prepare the Bank's risk management strategies and policies, submit them to the Board of Directors for approval and monitor the implementations. Evaluating the capital adequacy and observing the active use of results in Bank's planning and decision making processes, establishing and monitoring limits related to main risks, monitoring the activities of risk management (determining, defining, measuring, evaluating and managing risk) and monitoring results and methods in measuring risk are also under their authority and responsibility of the Committee. Committee reports activity results to the Board of Directors through Audit Committee.

The Risk Management Department, which operates under the Bank's Board of Directors, has been organized as Asset-Liability Management Risk Unit, Credit Risk Unit, Operational Risk and Subsidiary Risk Unit, Model Risk and Validation Unit, Internal Capital Assessment Process and Economic Capital Unit.

The Bank's risk management process is carried out within the framework of risk policies which are issued by the Board of the Directors by taking the recommendations of the Risk Management Department into account and which include the written standards that are implemented by the business units. These policies which are entered into force in line with the international practices are general standards which contain organization and scope of the risk management function, risk measurement policies, duties and responsibilities of the risk management group, procedures for determining risk limits, ways to eliminate limit violations, compulsory approvals and confirmations to be given in a variety of events and situations.

In the aforementioned risk policies, the Bank's risk appetite framework is defined as a set of approaches that determine the risk capacity, the risk appetite, the risk tolerance and that include the policies, procedures, controls and systems for reporting and monitoring of the limits set for the Bank's risk profile and the indicators in the framework. The Bank's risk appetite framework, which is formed in accordance with the above-mentioned factors and entered into force with the Board of Directors approval, includes indicators that are aligned with the business plan, the strategic programme, capital and remuneration planning and comparable on a business unit level to the extent possible. The compliance to the limits within the framework is periodically monitored and the realization of the risk appetite indicators are reported to the Risk Committee and the Boards on a monthly basis.

In order to build a strong corporate culture that has a risk management perspective, the Bank has policies, processes, systems and a control system that is integrated with the Bank's risk management system to effectively control the bank's risk management system is available. All employees of the Bank essentially perform their duties in a responsible manner that aims to develop controls to reduce or eliminate the probability of the Bank to incur losses related to the operational risks. In the process risk analysis studies, risks and the related controls are evaluated together with employees performing the relevant process in a holistic approach. Procedures to be followed in case of a risk threshold breach and risk definitions are given in the risk politics. Code of conducts, operation manuals, the sharing of duties between business units and risk units are announced to the Bank's staff.

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The risk reports that analyze the results reached by the Bank and the comprehensive risk assessment and comparison of these results with a risk management perspective are periodically submitted to the Risk Committee and to the Board through the Audit Committee. The content of the above-mentioned reports could be summarized as follows:

- Capital adequacy ratio, the progression of the components of this ratio and the issues that affect the aforementioned ratio,
- Monitoring the compliance status of the limits set by the Board of Directors as a part of the risk appetite framework and based on the components of the main risk types,
- In addition to the assessment of the loan portfolio on the basis of counterparties and loan types, monitoring of the portfolio as a whole according to parameters such as maturity, sector, geography, risk ratings, arrears, defaults,
- Measuring the assets and liabilities management risk, and reporting of measurement results,
- Monitoring of all risks assessed in the context of operational risk, loss events that occurred in the Bank and risk indicators,
- Testing the measurement results in terms of completeness and reliability,
- Analyzing the level of risk indicators under various stress scenarios,
- Examining various concentration indicators and the course followed by these indicators

As per the communique on "Bank's Internal Systems and Internal Capital Adequacy and Assessment Process" and "Guidelines for Stress Testing of Banks to Use in Capital and Liquidity Planning", stress tests are conducted for the entire risks that the Bank is exposed to and on the basis of significant risk categories. As a part of the holistic stress tests, risk appetite, capital planning, strategic plan and budget, action plans for emergencies and unexpected situations related to miscellaneous risks and other issues considered as significant are taken into consideration. In the holistic and individual stress test processes carried out by the Bank, the most advanced approaches used in risk measurement in the Bank are used as much as possible, together with the methods that are the basis of legal reporting (standard approaches for credit and market risk, basic indicator approach for operational risk).

In the stress tests, both the first pillar risks (credit risk, market risk, operational risk) in scope of the regulatory framework and all the other risks that the Bank is exposed to independent of the regulatory framework are taken into account in a holistic perspective. In determining the course of capital adequacy under various scenarios during the planning horizon, the actions that the Bank will take in case of stress conditions and the impact of the diversified growth strategies of business units on the capital adequacy and the balance sheet are considered.

The reflections of developments related to the COVID-19 outbreak on the Bank's risk profile and risk appetite framework are closely monitored. The negative effects of the COVID-19 outbreak are also taken into account in the calculation of expected credit loss. The levels at which the capital adequacy ratio of the Bank will reach are estimated and monitored with stress tests. In addition, reverse stress tests are carried out regularly, by determining the problematic loan growth rate and increase in exchange rates, which will cause the Bank's capital adequacy to fall within the legal limits.

The scope and content of the Bank's risk management system in terms of the main risk types are listed below. Bank's risk mitigation strategies and processes for the assessment of their effectiveness are given in Fourth Section II No. "Explanations on Credit Risk" under the Section IV, XI-f.1 notes. No. "The Public Disclosure of Qualitative Information Related to the Market Risk" mentioned in the section.

## Credit risk

Credit risk is defined as the risk of the failure to comply with the requirements or failing to fulfill its obligations partially or totally of the counter side of the transaction contract with the Bank. The methodology and responsibilities of the credit risk management, controlling and monitoring and the framework of credit risk limitations specified with the credit risk policy.

The Bank defines measures and manages credit risk of the all products and activities. Board of Directors review the Bank's credit risk policies and credit risk strategy on an annual basis as a minimum. Top Management is responsible for the implementation of credit risk policies which are approved by Board of Directors.

As a result of loans and credit risks analysis all findings are reported to Board of Directors and Top Management on a regular basis. In addition to transaction and company-based credit risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, security, geography, currency, credit type and credit rating.

In the Bank's credit risk management, along the limits as required by legal regulations, the Bank utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. These limits are determined such a way that prevents risk concentration on particular sectors. In case of exceeding the limits, the excess and its reasons are immediately reported to the Risk Committee and Board of Directors. The actions to be taken to remedy the excess and the time to eliminate the excess are concluded under the authority of the Board of Directors. The results of the controls regarding the excess of the risk limits and the evaluations of these limits are presented by Internal Audit and Risk Management Group to Top Management and Board of Directors.

The Bank uses credit decision support systems which are created for the purpose of credit risk management, lending decisions, controlling the credit process and credit provisioning. The consistency of the credit decision support systems with the structure of the Bank's activities, size and complexity is examined continuously by internal systems. Credit decision support systems contain the Risk Committee assessment and approval of Board of Directors.

## Asset and Liability Management Risk

Asset-liability management risk defined as the risk of Bank's incurring loss due to managing all financial risks that are inflicted from the Bank's assets, liabilities and off-balance sheet transactions, ineffectively. Trading book portfolio's market risk, structural interest rate risk and liquidity risk of the banking portfolio; are considered within the scope of the asset liability management.

Complying the established risk limits and being at the limits that stipulated by the legislation are the primary priority of Asset-liability management risk. Risk limits are determined by the Board of Directors by taking into consideration of the Group's liquidity, target income level and general expectations about changes in risk factors.

Board of Directors and the Audit Committee are responsible for following the Bank's capital is used optimally; for this purpose, checking the status against risk limits and providing the necessary actions are taken.

Asset and Liability Management Committee is responsible for managing the Asset and Liability risk within the framework of operating principles that are involved in the risk appetite and risk limits are set by the Board of Directors in accordance with the policy statement.

Asset and liability management processes and compliance with the provisions of the policy are controlled and audited by the internal audit system. The execution of the audit, reporting the audit results, action plans for the elimination of errors and gaps identified as a result of inspections regarding the fulfillment of the principles, are determined by the Board of Directors.

## Operational Risk

Operational risk is defined as "the probability of loss due to the inadequate or failed internal processes, people, systems, external factors or legal risks". All risks except financial risks are considered within the scope of operational risk. Studies consisted and are formed of occur by execution of identification, definition, measurement, analysis, monitoring of operational risk, providing and reporting the necessary control related to monitoring the progress of our country and the world, the development of techniques and methods, necessary legal reporting, notification and conduct of follow-up transactions. Studies on the subject are conducted by the Department of Risk Management.



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Operational risks that arise due to the activities are defined in "Bank Risk Catalogue" and classified in respect of species. Bank Risk Catalogue is kind of the fundamental document that used for identification and classification of all at the risk that may be encountered. It is updated in line with the changes in the nature of the processes and activities.

Qualitative and quantitative methods are used in a combination for measurement and evaluation of the operational risks. In this process, information uses that obtained from "Impact-Probability Analysis", "Missing Event Data Analysis", "Risk Indicators" methods. Methods prescribed by legal regulations are applied as minimum in determining the capital requirement level for the operating risk.

All risks are assessed in the context of operational risk, loss events and the risk indicators same as operational risks that occurred in the Bank, are monitored on a regular basis by the Department of Risk Management and reported periodically to the Risk Committee and the Board of Directors.

**Model Risk Management and Validation Operations**

Model risk is the risk of financial losses and/or loss of reputation that the Bank may be exposed to due to errors and/or malfunctions that occur during the creation, implementation or use of models used in its activities. In order to address the model risk in a holistic manner, the model definition, model life cycle and triple line of defense structure and the duties and responsibilities of all functions of the Bank in this structure are defined in the model risk management policy.

Model risk management and validation activities in the second line of defense of the triple line of defense structure; creating the model inventory, determining and approving the model class, validating the models, preparing periodic reports on the Bank's model risk and presenting those reports to the Risk Committee, Audit Committee and Board of Directors.

Risk measurement models are validated at least once a year according to international standards. Within the scope of validation, activities are carried out to test the performance and validity of models with statistical methods, to examine the quality of the data used in the model development phase and the conceptual soundness of the selected methods, and to evaluate the health of the processes created for the use of the models. The results of the validation activities are reported to the Risk Committee, Audit Committee and the Board of Directors.

**a.2 Overview of risk weighted amounts:**

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	400,826,455	343,738,969	32,066,116
Of which standardized approach (SA)	400,826,455	343,738,969	32,066,116
Of which internal rating-based (IRB) approach			
Counterparty credit risk	8,461,390	6,949,485	676,911
Of which standardized approach for counterparty credit risk (CCR)	8,461,390	6,949,485	676,911
Of which internal model method (IMM)			
Equity positions in banking book under basic risk weighting or internal rating-based approach			
Equity investments in funds - look-through approach	1,396,354	1,222,908	111,708
Equity investments in funds - mandate-based approach			
Equity investments in funds - 1250% weighted risk approach			
Settlement risk			
Securitization positions in banking accounts			
Of which IRB ratings-based approach (RBA)			
Of which IRB Supervisory formula approach (SFA)			
SA/simplified supervisory formula approach (SSFA)			
Market risk	8,532,063	5,765,938	682,565
Of which standardized approach (SA)	8,532,063	5,765,938	682,565
Of which internal model approaches (IMM)			
Operational Risk	32,655,169	29,109,592	2,612,414
Of which Basic Indicator Approach	32,655,169	29,109,592	2,612,414
Of which Standardized approach (SA)			
Of which Advanced measurement approach			
The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	605,435	551,920	48,435
Floor adjustment			
<b>Total</b>	<b>452,476,866</b>	<b>387,338,812</b>	<b>36,198,149</b>

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## b. Linkages between Financial Statements and Risk Amounts

### b.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	
<b>Assets</b>						
Cash and CBRT	70,906,361	70,906,361				
Banks and Money Market Placements	13,532,058	13,532,058				
Financial Assets at Fair Value Through Profit/Loss	4,181,374	3,294,280			887,094	
Financial Assets at Fair Value Through Other Comprehensive Income	65,530,946	65,530,946			684,680	
Derivative Financial Assets at Fair Value Through Profit/Loss	5,060,117	5,060,117	5,060,117		3,876,906	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income						
Financial Assets at Amortized Cost-Credit	365,521,602	365,521,602				
Financial Assets at Amortized Cost-Other Financial Assets	41,659,437	41,659,437				
Financial Assets at Amortized Cost-Expected Loss Provisions (-)	23,363,882	23,363,882				
Assets Held for Sale and Discontinued Operations	1,220,094	1,220,094				
Investment in Associates, Subsidiaries and Joint-Ventures	26,002,383	26,002,383				
Tangible Assets	6,610,279	6,561,621				48,658
Intangible Assets	1,330,841	1,330,841				1,207,338
Investment Properties						
Current Tax Asset						
Deferred Tax Asset	3,420,494	3,420,494				
Other Assets	12,290,328	12,290,328				
<b>Total Assets</b>	<b>593,902,432</b>	<b>592,966,680</b>	<b>5,060,117</b>		<b>5,448,680</b>	<b>1,255,996</b>
<b>Liabilities</b>						
Deposits	368,876,491					
Funds Borrowed	40,431,345		7,056,940			
Money Market Funds	22,996,537		22,996,537			
Marketable Securities Issued	30,840,648					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	7,934,485				7,934,485	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income						
Leasing Transaction Liabilities	1,389,217					
Provisions	10,224,590					
Current Tax Liability	2,420,107					
Deferred Tax Liability						
Subordinated Debts	22,138,559					
Other Liabilities	18,869,001					
Shareholders' Equity	67,781,452					
<b>Total Liabilities</b>	<b>593,902,432</b>		<b>30,053,477</b>		<b>7,934,485</b>	



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

Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	
<b>Assets</b>						
Cash and CBRT	53,233,241	53,233,241				
Banks and Money Market Placements	12,954,309	12,954,309				
Financial Assets at Fair Value Through Profit/Loss	3,372,776	1,074,673			2,298,103	
Financial Assets at Fair Value Through Other Comprehensive Income	51,872,345	51,872,345			484,050	
Derivative Financial Assets at Fair Value Through Profit/Loss	4,044,105	4,044,105	4,044,105		2,088,024	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income						
Financial Assets at Amortized Cost-Credit	289,243,558	289,243,558				
Financial Assets at Amortized Cost-Other Financial Assets	30,888,355	30,888,355				
Financial Assets at Amortized Cost-Expected Loss Provisions (-)	15,487,830	15,487,830				
Assets Held for Sale and Discontinued Operations	1,102,181	1,102,181				
Investment in Associates, Subsidiaries and Joint-Ventures	21,070,554	21,070,554				
Tangible Assets	6,462,567	6,402,349				60,218
Intangible Assets	913,509	913,509				842,016
Investment Properties						
Current Tax Asset						
Deferred Tax Asset	1,831,108	1,831,108				
Other Assets	6,558,693	6,558,693				
<b>Total Assets</b>	<b>468,059,471</b>	<b>465,701,150</b>	<b>4,044,105</b>		<b>4,870,177</b>	<b>902,234</b>
<b>Liabilities</b>						
Deposits	295,922,002					
Funds Borrowed	40,250,633		6,573,938			
Money Market Funds	1,187,760		1,187,760			
Marketable Securities Issued	31,117,210					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	2,134,363				2,134,363	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income						
Leasing Transaction Liabilities	1,396,263					
Provisions	7,042,357					
Current Tax Liability	1,222,785					
Deferred Tax Liability						
Subordinated Debts	13,546,931					
Other Liabilities	15,365,702					
Shareholders' Equity	58,873,465					
<b>Total Liabilities</b>	<b>468,059,471</b>		<b>7,761,698</b>		<b>2,134,363</b>	

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## b.2 The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Current Period	Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk
1	<b>Asset carrying value amount under scope of TAS</b>	593,902,432	592,966,680		5,060,117	5,448,680
2	Liabilities carrying value amount under scope of TAS				(30,053,476)	7,934,485
3	Total net amount scope of financial statement	593,902,432	592,966,680		35,113,593	2,485,805
4	Off-balance sheet amounts	408,834,224	85,236,037		7,523,188	
5	Repo style transactions (*)				4,717,151	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(21,923,476)			
10	Differences due to risk mitigation (**)		(5,657,406)			
<b>11</b>	<b>Risk Amounts</b>		<b>650,621,835</b>		<b>12,240,339</b>	<b>2,485,805</b>

(\*) According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

(\*\*) The source of the difference is collaterals of exposures to which credit risk mitigation is applied in the calculation of capital adequacy.

	Prior Period	Total	Credit Risk	Securitization Positions	Counterparty credit risk	Market risk
1	<b>Asset carrying value amount under scope of TAS</b>	468,059,471	465,701,150		4,044,105	4,870,177
2	Liabilities carrying value amount under scope of TAS				(7,761,698)	2,134,363
3	Total net amount scope of financial statement	468,059,471	465,701,150		11,805,803	2,735,814
4	Off-balance sheet amounts	303,513,971	65,421,762		6,016,352	
5	Repo style transactions (*)				2,324,809	
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters					
10	Differences due to risk mitigation (**)		(4,627,305)			
<b>11</b>	<b>Risk Amounts</b>		<b>526,495,608</b>		<b>8,341,161</b>	<b>2,735,814</b>

(\*) According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

(\*\*) The source of the difference is collaterals of exposures to which credit risk mitigation is applied in the calculation of capital adequacy.

The Bank intends to use fair value measurement methods in accordance with IFRS 13 using valuation methodologies based primarily on observable data. In this context, market prices, quoted prices, prices set by CBRT and published in official gazette and internal pricing models are also utilized in the fair value measurement of the financial assets in the form of securities. Valuation models that use market data such as interest rates, efficiency curves, currency, and volatility curves are used as the basis for derivative transactions while third party valuation services are also available.

The accuracy of the market prices, data and/or model inputs used in valuation under the independent price validation process is regularly checked and the suitability of the results provided by the third-party pricing service is tested at regular intervals.

## c. Explanation on Credit Risk

### c.1. General Information on Credit Risk

#### c.1.1. General qualitative information on credit risk

This information is included in footnotes under Section Four, Note II "Explanations on Credit Risk," and Section Four, Note XI-a.1.

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## c.1.2. Credit quality of assets:

Current Period	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans (*)	20,371,472	345,150,130	12,975,961	352,545,641
Debt Securities		107,252,064		107,252,064
Off-balance sheet exposures	909,307	202,730,928	694,245	202,945,990
<b>Total</b>	<b>21,280,779</b>	<b>655,133,122</b>	<b>13,670,206</b>	<b>662,743,695</b>

(\*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above tables.

Prior Period	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans (*)	18,883,474	270,360,084	10,326,031	278,917,527
Debt Securities		82,803,376		82,803,376
Off-balance sheet exposures	1,022,354	156,749,701	537,247	157,234,808
<b>Total</b>	<b>19,905,828</b>	<b>509,913,161</b>	<b>10,863,278</b>	<b>518,955,711</b>

(\*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

## c.1.3. Changes in stock of default loans and debt securities (\*):

	Current Period	Prior Period
<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>18,883,474</b>	<b>11,191,689</b>
Loans and debt securities that have defaulted since the last reporting period	5,120,175	12,782,901
Receivables back to non-defaulted status	(145,197)	(109,537)
Amounts written off	(37,283)	(1,569,431)
Other changes	(3,449,697)	(3,412,148)
<b>Defaulted loans and debt securities at end of the reporting period</b>	<b>20,371,472</b>	<b>18,883,474</b>

(\*) Indemnified non-cash loans or non-cash loans not converted into cash, of the firms which are followed under "Non-performing Loans" accounts are not included in the table.

## c.1.4. Additional Explanation About the Credit Quality of Assets

Bank's methods for determining provision amounts and classification of its loans are mentioned in the Section Three Note VIII.

The bank is restructuring its loans classified as first and second group as well as non-performing loans. Restructuring in performing loans are made by granting a new loan or extending the term date of credit given to customer by Bank. Restructuring of a contract is made on customer's demand or with the purpose of enhancing the solvency of customer. Restructuring in non-performing loans are generally made by establishing a new redemption plan within the context of a protocol aiming the collection of those receivables whose redemption plan are not valid because of delinquency previously.

The breakdown of receivables in terms of geographic regions, sectors and remaining maturities are represented in "Explanations on Credit Risk" in the Section Four Notes II.

On the basis of sector-based provisions for receivables are presented in the footnote numbered Section Four II-16. The amounts of the receivables that are set aside for the geographical regions are as follows. The amount of non-performing loans which are written off in 2020 is TL 37,283.

	Current Period		Prior Period	
	Non-Performing Loans	Specific Provision	Non-Performing Loans	Specific Provision
Domestic	20,176,357	12,802,981	18,733,589	10,188,442
EU Countries	39,197	26,484	16,348	11,977
OECD Countries (*)	1,275	1,067	1,016	803
Off-shore Banking Regions				
USA, Canada	8,560	6,329	8,309	5,453
Other Countries	146,083	139,100	124,212	119,356
<b>Total</b>	<b>20,371,472</b>	<b>12,975,961</b>	<b>18,883,474</b>	<b>10,326,031</b>

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

The aging analysis of past-due receivables is included in Section Four Note II-11

## c.2. Credit risk mitigation

### c.2.1. Qualitative Requirements to be Disclosed to The Public Regarding Credit Risk Mitigation Techniques

In the calculation of the Bank's Credit Risk Mitigation in accordance with the "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 on 6 September 2014, the financial collaterals are taken into consideration. The Bank takes local currency and foreign currency deposit pledges into consideration as financial collaterals in calculating regulatory capital adequacy.

Information on key characteristics of the policies and processes related to the assessment and management of collateral are included in footnotes under Section IV No. II, "Credit Risk Explanations".

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## c.2.2. Credit risk mitigation techniques:

Current Period	Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees (*)	Exposures Secured by Financial Guarantees, of which: Secured Amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (**)	336,672,229	4,761,729	3,987,435	11,111,682	9,097,809		
Debt securities	107,252,064						
<b>Total</b>	<b>443,924,293</b>	<b>4,761,729</b>	<b>3,987,435</b>	<b>11,111,682</b>	<b>9,097,809</b>		
Of which defaulted	7,395,512						

(\*) Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

(\*\*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

Prior Period	Exposures unsecured	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees (*)	Exposures Secured by Financial Guarantees, of which: Secured Amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (**)	259,397,971	6,026,643	4,919,095	13,492,913	11,316,763		
Debt securities	82,803,376						
<b>Total</b>	<b>342,201,347</b>	<b>6,026,643</b>	<b>4,919,095</b>	<b>13,492,913</b>	<b>11,316,763</b>		
Of which defaulted	8,557,443						

(\*) Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

(\*\*) The credit balance, which is measured at fair value through profit and loss, as detailed in section five 1-B-3, is not included in the above table.

## c.3. Credit risk if standard approach is used

## c.3.1. Qualitative disclosures about the ratings notes used by banks to calculate credit risk by standard approach

The mentioned disclosure is presented in Section Four Note XI-a.1.

## c.3.2. Standard approach - Exposure credit risk and credit risk mitigation effects

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk-weighted amount	Risk-weighted amount density
Exposures to sovereigns and their central banks	164,764,668	1,231	173,863,011	1,236,709	2,163,946	1.24%
Exposures to regional and local governments	454,543	490	454,435	230	227,333	50.00%
Exposures to administrative bodies and non-commercial entities	505,480	103,885	504,767	42,267	547,034	100.00%
Exposures to multilateral development banks	228,549	803	228,549	402		0.00%
Exposures to international organizations						
Exposures to banks and securities firms	18,683,494	16,676,675	18,683,494	13,440,199	10,446,986	32.52%
Exposures to corporates	193,661,164	123,382,253	185,880,826	68,115,280	249,859,909	98.37%
Retail exposures	110,514,185	51,613,908	105,736,196	3,337,336	81,805,149	75.00%
Exposures secured by residential property	10,323,829	312,988	10,306,924	143,168	3,657,532	35.00%
Exposures secured by commercial property	20,410,195	3,555,456	20,410,195	2,600,445	14,214,647	61.77%
Past-due loans	7,342,980		7,342,980		5,617,703	76.50%
Exposures in higher-risk categories by the Board	63,926	869,651	63,926	101,830	166,103	100.21%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment undertakings	1,516,841	65,000	1,516,841	65,000	1,396,354	88.27%
Equity investments	21,278,047	6,112,340	21,278,047	18,830	12,346,061	57.97%
Other exposures	26,315,903		26,315,903		26,679,164	101.38%
<b>Total</b>	<b>576,063,804</b>	<b>202,694,680</b>	<b>572,586,094</b>	<b>89,101,696</b>	<b>409,127,921</b>	<b>61.83%</b>

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Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet Amount	Off-balance sheet amount	Risk-weighted amount	Risk-weighted amount density
Exposures to sovereigns and their central banks	132,118,874	1,586	143,435,638	231,620	19,698,215	13.71%
Exposures to regional and local governments	144,716	463	144,717	205	72,465	50.00%
Exposures to administrative bodies and non-commercial entities	385,928	152,470	385,046	43,018	428,064	100.00%
Exposures to multilateral development banks		661		331		0.00%
Exposures to international organizations						
Exposures to banks and securities firms	15,474,134	11,811,605	15,474,133	10,595,499	9,544,392	36.61%
Exposures to corporates	159,701,299	97,508,077	149,738,440	54,494,781	202,302,519	99.05%
Retail exposures	79,402,662	44,388,441	73,854,373	3,386,389	57,930,572	75.00%
Exposures secured by residential property	14,121,463	373,541	14,098,417	160,815	4,990,731	35.00%
Exposures secured by commercial property	19,064,587	3,629,111	18,561,384	2,615,280	14,385,415	67.93%
Past-due loans	8,557,443		8,557,443		7,556,123	88.30%
Exposures in higher-risk categories by the Board	258,416	1,032,838	258,417	245,486	642,875	127.58%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment undertakings	1,188,213	85,000	1,188,213	85,000	1,222,908	96.05%
Equity investments	15,550,991	2,700,153	15,550,991	25,041	9,914,473	63.65%
Other exposures	21,504,378		21,504,378		21,835,530	101.54%
<b>Total</b>	<b>467,473,104</b>	<b>161,683,946</b>	<b>462,751,590</b>	<b>71,883,465</b>	<b>350,524,282</b>	<b>65.56%</b>

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## c.3.3. Standardized Approach-Exposures by Risk Classes and Risk Weights:

Current Period	Risk Weights										Total
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	
<b>Risk Groups</b>											
Exposures to sovereigns and their central banks	172,935,757				35		2,163,928				175,099,720
Exposures to regional and local governments					454,664		1				454,665
Exposures to administrative bodies and non-commercial entities							547,034				547,034
Exposures to multilateral development banks	228,951										228,951
Exposures to international organizations											
Exposures to banks and securities firms			19,714,488		11,826,138		567,163	15,904			32,123,693
Exposures to corporates			1,503,520		5,866,767		246,625,814	5			253,996,106
Retail exposures						109,073,532					109,073,532
Exposures secured by residential property				10,450,092							10,450,092
Exposures secured by commercial property					17,591,986		5,418,654				23,010,640
Past-due loans (*)					3,726,033		3,341,469	275,478			7,342,980
Exposures in higher-risk categories by the Board					75,865		13,332	76,559			165,756
Exposures in the form of bonds secured by mortgages											
Short term exposures to banks, brokerage houses and corporates											
Equity investments in the form of collective investment undertakings					370,975		1,210,866				1,581,841
Equity investments							26,073,729			242,174	26,315,903
Other exposures	8,950,816						12,346,061				21,296,877
<b>Total</b>	<b>182,115,524</b>		<b>21,218,008</b>	<b>10,450,092</b>	<b>39,912,463</b>	<b>109,073,532</b>	<b>298,308,051</b>	<b>367,946</b>		<b>242,174</b>	<b>661,687,790</b>

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Prior Period	Risk Weights											
	Bank											
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	Total	
<b>Risk Groups</b>												
Exposures to sovereigns and their central banks	123,969,034				19		19,698,205					143,667,258
Exposures to regional and local governments					144,915		7					144,922
Exposures to administrative bodies and non-commercial entities							428,064					428,064
Exposures to multilateral development banks	331											331
Exposures to international organizations												
Exposures to banks and securities firms			15,589,896		8,166,980		2,252,422	60,334				26,069,632
Exposures to corporates			539,200		2,998,688		200,695,329	4				204,233,221
Retail exposures						77,240,762						77,240,762
Exposures secured by residential property				14,259,232								14,259,232
Exposures secured by commercial property					13,582,498		7,594,166					21,176,664
Past-due loans					2,290,741		5,978,602	288,100				8,557,443
Exposures in higher-risk categories by the Board					84,645		56,669	362,589				503,903
Exposures in the form of bonds secured by mortgages												
Short term exposures to banks, brokerage houses and corporates												
Equity investments in the form of collective investment undertakings					100,610		1,172,603					1,273,213
Equity investments							21,283,610			220,768		21,504,378
Other exposures	5,661,559						9,914,473					15,576,032
<b>Total</b>	<b>129,630,924</b>		<b>16,129,096</b>	<b>14,259,232</b>	<b>27,369,096</b>	<b>77,240,762</b>	<b>269,074,150</b>	<b>711,027</b>		<b>220,768</b>		<b>534,635,055</b>

**d. Explanations on Counterparty credit risk****d.1. Qualitative Explanations on Counterparty credit risk**

The counterparty credit risk that the Bank is exposed to be managed within the framework of general limit allocation and credit risk mitigation that are outlined in the credit risk policy. In setting general credit limits, the counterparty credit risks of customers as well as their cash and noncash risks are taken into account with a holistic view. Moreover, the total position of the transactions which create counterparty credit risk is also monitored under a separate risk limit.

The counterparty credit risk, which stems from derivatives and repo style transactions including transactions with qualified central counterparties that result in liabilities for both sides, is measured according to the Appendix-2 and Appendix-4 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". Counterparty credit risk valuation method based on the calculation of fair values of the derivative transactions is implemented. In calculating the potential credit risk, the amount of the contract is multiplied by the rates given in the regulation. The replacement costs of derivative instruments are calculated based on the valuation of the related contracts according to the fair value method.

Most of the credit risk related to the derivative transactions with other banks is subject to daily collateral clearing agreements mutually signed with related parties and the counterparty credit risk is hence reduced. On the other hand, the risk-reducing effect of such agreements is not considered in the calculation of the counterparty credit risk under the capital adequacy legislation. There are no guarantees received or sold by credit derivatives by the Bank in the context of trading or banking accounts.



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

**d.2. Counterparty credit risk (CCR) approach analysis:**

Current Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (for derivatives) (*)	4,675,225	1,871,467	6,546,692	4,640,300
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			4,510,615	1,650,727
<b>Total</b>	<b>4,675,225</b>	<b>1,871,467</b>	<b>11,057,307</b>	<b>6,291,027</b>

(\*) Transactions with central counterparties are not included.

Prior Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (for derivatives) (*)	4,044,105	1,771,142	5,815,247	4,075,727
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			2,320,084	930,636
<b>Total</b>	<b>4,044,105</b>	<b>1,771,142</b>	<b>8,135,331</b>	<b>5,006,363</b>

(\*) Transactions with central counterparties are not included.

**d.3. Capital obligation for credit valuation adjustment (CVA):**

	Current Period		Prior Period	
	Risk Amounts	Risk Weighted Amounts	Risk Amounts	Risk Weighted Amounts
Total portfolio value with standardized approach CVA capital charge	6,546,692	2,160,332	5,815,247	1,938,968
Total subject to the CVA capital charge	6,546,692	2,160,332	5,815,247	1,938,968

**d.4. CCR exposures by risk class and risk weights:**

Current Period	Risk Weights							Total Credit Exposure
	0%	10%	20%	50%	75%	100%	150%	
<b>Risk Groups</b>								
Conditional and unconditional exposures to sovereigns and their central banks	1,066,957							1,066,957
Conditional and unconditional exposures to regional and local governments								
Conditional and unconditional exposures to administrative bodies and non-commercial entities						146		146
Conditional and unconditional exposures to multilateral development banks								
Conditional and unconditional exposures to international organizations								
Conditional and unconditional exposures to banks and securities firms			2,201,826	3,867,157		3		6,068,986
Exposures to corporates			976			3,906,228		3,907,204
Retail exposures					14,014			14,014
Exposures secured by residential property								
Exposures secured by commercial property								
Exposures in high-risk categories								
Exposures in the form of bonds secured by mortgages								
Short term exposures to banks, brokerage houses and corporates								
Equity investments in the form of collective investment undertakings								
Equity investments								
Other Exposures								
Other Assets								
<b>Total</b>	<b>1,066,957</b>		<b>2,202,802</b>	<b>3,867,157</b>	<b>14,014</b>	<b>3,906,377</b>		<b>11,057,307</b>



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Prior Period Risk Groups	Risk Weights							Total Credit Exposure
	0%	10%	20%	50%	75%	100%	150%	
Conditional and unconditional exposures to sovereigns and their central banks						23,920		23,920
Conditional and unconditional exposures to regional and local governments								
Conditional and unconditional exposures to administrative bodies and non-commercial entities						1,201		1,201
Conditional and unconditional exposures to multilateral development banks								
Conditional and unconditional exposures to international organizations								
Conditional and unconditional exposures to banks and securities firms			2,005,754	3,028,424		44,003		5,078,181
Exposures to corporates						2,991,436		2,991,436
Retail exposures					40,593			40,593
Exposures secured by residential property								
Exposures secured by commercial property								
Exposures in high-risk categories								
Exposures in the form of bonds secured by mortgages								
Short term exposures to banks, brokerage houses and corporates								
Equity investments in the form of collective investment undertakings								
Equity investments								
Other Exposures								
Other Assets								
<b>Total</b>			<b>2,005,754</b>	<b>3,028,424</b>	<b>40,593</b>	<b>3,060,560</b>		<b>8,135,331</b>

#### d.5. Collateral for CCR:

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash- Domestic Currency					19,280,623	
Cash- Other Currencies					10,055,863	
<b>Total</b>					<b>29,336,486</b>	

Prior Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash- Domestic Currency					1,974,562	
Cash- Other Currencies					5,783,834	
<b>Total</b>					<b>7,758,396</b>	

#### d.6. Credit derivatives exposures:

None.

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## d.7. Exposures to central counterparties (CCP):

	Current Period		Prior Period	
	Post CRM risk exposure	RWA	Post CRM risk exposure	RWA
<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>478,874</b>	<b>10,031</b>	<b>228,686</b>	<b>4,150</b>
Exposures for trades at WCCPs (excluding initial margin and default fund contributions); of which	432,350	8,647	205,830	4,117
(i) OTC Derivatives	428,010	8,560	201,105	4,022
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing	4,340	87	4,725	95
(iv) Netting sets where cross-product has been approved				
Segregated initial margin			21,854	
Non-segregated initial margin				
Paid guarantee fund amount	46,524	1,384	1,002	33
Unpaid guarantee fund commitment				
<b>Exposures to non-QCCPs (total)</b>				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC Derivatives				
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing				
(iv) Netting sets where cross-product has been approved				
Segregated initial margin				
Non-segregated initial margin				
Pre-funded default fund contributions				
Unfunded default fund contributions				

## e. Explanations on securitizations:

None.

## f. Market Risk Explanations

### f.1. Qualitative information to be disclosed to the public regarding market risk

Market risk is defined as the risk that may reduce the market value of the trading portfolio due to the changes in the risk factors named interest rate, exchange rates, equities and the price of commodities and options.

The procedures for the management of market risk are discussed in the Bank's "Asset and Liability Management Risk Policy" and those procedures are in line with the risk/return expectations of the Bank and with the limits that are defined in the risk appetite framework. Limits related to market risk; are established by the Board and are revised periodically in order to reflect market conditions and best practices in the industry. Compliance to those limits is closely monitored by the Risk Management Department, Asset and Liability Management Committee and by the executive departments. Additionally, compliance with the provisions relating to the procedures and policies of market risk management is audited by the internal audit system.

Trading activities of the securities that are included in the calculation of market risk is carried out by taking the Asset-Liability Committee decisions, risk policies and established limits into consideration and risks arising due to these activities are hedged using derivatives transactions where necessary.

Measurement of market risk, reporting of results, and monitoring compliance with the risk limits are among the key responsibilities of the Risk Management Department. Analyses related to market risk are reported to the Risk Committee and to the Board via the Audit Committee by the Risk Management Department.

The trading book of the Bank included in market risk calculations consists of on balance-sheet financial assets that are held for trading intent, derivatives that provide hedge to those instruments and foreign currency positions. The market risk carried by the Bank is measured and monitored using two methods known respectively as the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall in accordance with the local regulations which are established in compliance with the international legislations. In this context, the exchange rate risk emerges as the most important component of the market risk.

The market risk calculations using the Standard Method are performed at the end of each month and the measurement results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model and Expected Shortfall are another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, currency risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are practiced, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio are determined and the results are reported to the Bank's top management.

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## f.2. Standardized Approach:

Current Period	Current Period	Prior Period
	RWA	RWA
Outright Products	8,428,564	5,535,576
Interest rate risk (general and specific)	3,109,788	1,876,275
Equity risk (general and specific)	521,550	386,538
Foreign exchange risk	4,714,538	2,923,650
Commodity risk	82,688	349,113
Options	103,499	230,362
Simplified approach		
Delta-plus method	103,499	230,362
Scenario approach		
Securitizations		
<b>Total</b>	<b>8,532,063</b>	<b>5,765,938</b>

## g. Explanations on Operational Risk

The operational risk capital requirement is calculated according to Regulation on Measurement and Evaluation of Capital Adequacy of Banks' article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations. As of December 31, 2020, the operational risk amount is TL 32,655,169 (December 31, 2019: TL 29,109,592) and information about the calculation is given below.

Current Period	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	15,503,039	17,545,195	19,200,037	3	15	2,612,414
Value at operational risk (Total*12.5)						32,655,169
Prior Period	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	13,527,113	15,503,039	17,545,195	3	15	2,328,767
Value at operational risk (Total*12.5)						29,109,592

## h. The interest rate risk of the banking book items:

Interest rate risk arising from the banking accounts is defined as negative effect risk on capital of the changes in market interest rates due to differences in interest settlement and re-pricing on, differences in interest-earning assets taking part in the banking book; interest-bearing liabilities; interest-bearing derivative transactions inclusive of the policies established by the Board of Directors, is managed within the framework of the strategies set by the Bank Asset-Liability Committee. Compliance with internal risk limits for banking portfolio is closely and continuously monitored by the Risk Management Department and Asset-Liability Committee and the measurement results are reported to the Board of Directors on a monthly basis.

Duration and sensitivity analysis are conducted on a monthly basis by the Bank in the scope of monitoring of interest rate risk arising from the banking books about Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method which is published in the Official Gazette No. 28034 dated 23 August 2011. In the duration analysis, the maturity gap between assets and liabilities of the balance sheet are determined by the calculation of the weighted average maturities based on the asset that sensitive to interest rate and liabilities and off-balance sheet transactions re-pricing period. In the interest rate risk sensitivity analysis, the influence of the various interest rate change scenarios to the economic value of the Bank's capital is examined.

In the calculations made within the framework of the said regulation, behavioral maturity modeling is performed for demand deposits with low sensitivity to interest changes and whose original maturity is longer than the contractual maturity. In these studies, which are defined as core deposit analysis, based on historical data, calculations are made for what amount of demand deposits will remain within the bank for what maturity, and these analyzes are used as an input in quantifying the interest rate risk arising from banking accounts in a way that does not contradict legal provisions.

Currency	Applied Shock (+/- x basis point)	Revenue/Loss	Revenue/Shareholders' Equity - Loss/Shareholders' Equity
TL	(+) 500	(7,912,722)	(9.36)%
TL	(-) 400	7,425,467	8.77%
EUR	(+) 200	(391,131)	(0.46)%
EUR	(-) 200	379,998	0.45%
USD	(+) 200	521,609	0.62%
USD	(-) 200	(198,532)	(0.23)%
<b>Total (for Negative Shocks)</b>		<b>7,606,933</b>	<b>8.99%</b>
<b>Total (for Positive Shocks)</b>		<b>(7,782,244)</b>	<b>(9.20)%</b>

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## j. Remuneration policy

The Remuneration Committee, which is established to carry out the duties and activities related to the monitoring and supervision of the Bank's remuneration applications on behalf of the Board of Directors, consists of two members. The Remuneration Committee meets at least twice a year, not exceeding six months, and reports to the Board of Directors on the results of the activities carried out and important matters considered to have an impact on the Bank's position. As of the end of 2020, the Remuneration Committee met 6 times and made a total of 9 decisions.

Regarding compliance with the Corporate Governance Principles, the Remuneration Committee monitors and supervises the practices related to wage management on behalf of the Board of Directors; the fees are in line with the Bank's ethical values, internal balances and strategic objectives; the evaluation of the remuneration policy and its practices in the context of risk management; it is responsible for the presentation of the proposals determined in line with the requirements of the salary policy and the other responsibilities determined by the provisions of the applicable legislation and the fulfillment of the duties given by the Board of Directors in this framework.

As of the end of 2020, the number of qualified employees working at the Bank is 27.

The monetary and social rights of employees are determined in accordance with the Chartering Policy in the framework of the legislation related to the Collective Labor Agreement. The Bank carries out its practices regarding remuneration policies within the framework of relevant banking and capital market legislation. This policy includes all managers and employees.

Premium payments are made once a year to managers and managers who work in branches and headquarters units. It is considered that managerial premium payments are in line with the Bank's long-term strategy and the risks assumed, as well as the performance of its employees. There are no variable fees for qualified employees in the Bank.

The compliance of the wage levels in the bank with the sector wage levels is monitored by participating in independent and anonymous wage surveys, which are held twice a year.

Within the scope of the remuneration policy, the Bank's pricing practices are planned and executed on the basis of effective risk management, prevention of excessive risk taking, compliance with relevant legislation and scope and structure of the bank's activities, strategies, long-term objectives and risk management structures.

The fees to be paid to the managers and employees of the Bank at every stage; It is essential that the Bank is in line with its ethical values, internal balances and strategic objectives, and that it is not only associated with its short-term performance.

Payments made to employees are determined in a manner that will positively impact the Bank's corporate values and on the basis of objective conditions.

Payments to be made to the managers of the units within the internal systems and to their staff are determined by taking into account the performance of the relevant personnel in relation to their functions, as they are in the audit or oversight, or are independent of the performance of the activity unit they control.

## XII. Explanations on Segment Reporting

The Bank's operations are classified as corporate, commercial, retail and private banking, and treasury/investment banking.

Services to the large corporations, SMEs and other trading companies are provided through various financial instruments within the scope of the corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantees, letter of credits, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided for the aforementioned customer segments.

Retail banking services are comprised of individuals needs such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and by other banking services. All kinds of financing and cash management services provided to individuals in the high-income level are recognized as Private Banking activities.

Treasury transactions are comprised of medium- and long-term funding tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations. The details about the aforementioned investments are stated in Note I.h-ii of Section Five.

Statement of information related to business segmentation is given below. Below mentioned information has been prepared with the data obtained from the Bank's management reporting system.

Current Period	Corporate/ Commercial Banking	Individual/Private Banking	Treasury Transaction/ Investment Activities	Unallocated	Total
Interest Income	23,136,025	8,577,446	10,495,611	307,250	42,516,332
Interest Expense	3,665,548	5,362,953	6,916,464	1,329,328	17,274,293
Fees and Commissions Income	4,521,230	2,251,040		18,148	6,790,418
Fees and Commissions Expense				1,172,805	1,172,805
Dividend Income			21,487		21,487
Trading Income/Loss (Net)			(3,341,357)		(3,341,357)
Other Income	1,525,979	245,951	122	664,153	2,436,205
Expected Credit Loss and Other Provision Expenses	7,515,789	534,157	20,047	4,659,927	12,729,920
Other Operating Expense	2,087,678	4,914,808		4,794,500	11,796,986
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			3,406,471		3,406,471
Income Before Tax					8,855,552
Tax Provision					2,044,635
Net Period Profit					6,810,917
<b>Total Assets</b>	<b>270,351,279</b>	<b>78,230,289</b>	<b>154,079,599</b>	<b>91,241,265</b>	<b>593,902,432</b>
<b>Total Liabilities</b>	<b>139,082,382</b>	<b>216,936,068</b>	<b>124,341,574</b>	<b>113,542,408</b>	<b>593,902,432</b>

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Prior Period	Corporate/ Commercial Banking	Individual/Private Banking	Treasury Transaction/ Investment Activities	Unallocated	Total
Interest Income	25,229,979	7,778,533	9,931,158	102,680	43,042,350
Interest Expense	5,998,452	9,255,152	6,168,145	1,761,473	23,183,222
Commission Income	4,932,444	1,887,775		128,375	6,948,594
Commission Expense				1,379,466	1,379,466
Dividend Income			9,098		9,098
Trading Income/Loss (Net)			(6,397,400)		(6,397,400)
Other Income	847,577	245,000	14,316	2,039,858	3,146,751
Provision Expense	5,982,645	560,736	1,485	1,781,040	8,325,906
Other Expense	1,828,096	3,920,797		4,043,651	9,792,544
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			2,806,196		2,806,196
Income Before Tax					6,874,451
Tax Provision					806,864
Net Period Profit					6,067,587
<b>Total Assets</b>	<b>215,915,460</b>	<b>56,901,472</b>	<b>122,315,728</b>	<b>72,926,811</b>	<b>468,059,471</b>
<b>Total Liabilities</b>	<b>118,664,564</b>	<b>163,906,235</b>	<b>88,236,897</b>	<b>97,251,775</b>	<b>468,059,471</b>

## SECTION FIVE: DISCLOSURES AND FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

### I. DISCLOSURES AND FOOTNOTES ON ASSETS

#### a. Cash and Central Bank of Turkey:

##### a.1. Cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2,486,601	6,615,956	2,091,507	3,397,846
Central Bank of Turkey	3,077,078	58,365,617	3,171,023	44,400,659
Other		361,109		172,206
<b>Total</b>	<b>5,563,679</b>	<b>65,342,682</b>	<b>5,262,530</b>	<b>47,970,711</b>

##### a.2. Information on balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3,077,078	19,977,563	3,171,023	20,785,146
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (*)		38,388,054		23,615,513
<b>Total</b>	<b>3,077,078</b>	<b>58,365,617</b>	<b>3,171,023</b>	<b>44,400,659</b>

(\*) The amount of reserve deposits held at the Central Bank of Turkey.

##### a.3. Information on reserve requirements:

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 1% - 6% for TL deposits and other liabilities, between 13% - 22% for FC deposits and between 5% - 21% for other FC liabilities. Reserves are calculated and set aside every two weeks on Friday for 14-day periods. Interest is paid for required reserves which are in TL in accordance with the procedures and principles determined by the CBRT.

#### b. Information on Financial Assets at Fair Value through Profit and Loss:

##### b.1. Financial Assets at fair value through profit and loss, which are given as collateral or blocked:

As of December 31, 2020, and December 31, 2019 there are no financial assets at fair value through profit and loss, which are given as collateral or blocked.

##### b.2. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as at December 31, 2020 are amounting to TL 44,192 (December 31, 2019: TL 91,705).

b.3. All creditors including the Bank reached an agreement on restructuring the loans granted to the company. As previously stated, loans of the company had been planning to be restructured based on required permits and necessary approvals within a new special purpose entity which was already incorporated or will be incorporated in the Republic of Turkey and owned by the creditors either directly or indirectly through takeover of the shares, that have been pledged by the company as a guarantee for the credit risk. Above mentioned process was completed in 2018 and, in this context the Bank owns 11.5972% of the newly formed special purpose entity.

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At the Ordinary Meeting of General Assembly of 2018 held in the prior period, it has been decided to increase the share capital of the mentioned company by TL 3,982,230, all to be covered by common receivables. Whereas the Bank's ownership ratio in the company has not changed, the nominal value of the shares owned increased from TL 6 to TL 461,833. Amount in question is recognized under Assets Held for Sale and Discontinued Operations account.

The remaining loan amount after the capital increase amounting to TL 1,886,716 (31.12.2019: TL 1,886,716), is accounted under financial assets at fair value through profit or loss. The amount of impairment recognized for the total asset converted into loan and capital is TL 997,428 and is classified under the specified item.

Assets, which are converted into loan and capital, amounted TL 2,348,549 are measured at fair value under TFRS 9 "Financial Instruments" standard and TFRS 5 "Assets Held for Sale and Discontinued Operations" Standard. Balance of related asset is followed in financial statements as Stage 3 within the scope of "TFRS 13 - Fair Value Measurement" standard.

The Bank re-evaluated the fair value of the relevant financial asset as of the end of the period and did not make any change in the current value monitored during the current period. If the growth rate and risk-free return rate on investment used in the discounted cash flow method used in valuation are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 55 million (full TL amount) or will decrease by TL 49 million (full TL amount).

**b.4.** TL 1,113,993 of other financial assets consists of the mutual funds; Quasar İstanbul Konut Gayrimenkul and Quasar İstanbul Ticari Gayrimenkul which were founded by İş Portföy Yönetimi A.Ş.

### c. Positive differences on derivative financial assets held for trading:

Derivative Financial Assets at Fair Value Through Profit or Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	150,545	369,782	82,015	284,468
Swap Transactions	41,156	4,323,287	136,748	3,496,361
Futures				
Options	3,779	81,008	678	43,835
Other		90,560		
<b>Total</b>	<b>195,480</b>	<b>4,864,637</b>	<b>219,441</b>	<b>3,824,664</b>

### d. Information on Banks:

#### d.1. Information on Banks:

Banks	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	230,204	318,280	462,385	1,281,044
Foreign Banks	197,109	12,786,465	220,975	10,989,905
Foreign Head Office and Branches				
<b>Total</b>	<b>427,313</b>	<b>13,104,745</b>	<b>683,360</b>	<b>12,270,949</b>

#### d.2. Information on foreign banks:

	Restricted Amount		Unrestricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	5,672,853	5,061,814		
USA, Canada	3,185,966	4,125,760		
OECD Countries (*)	2,007,029	53,765		
Off-shore Banking Regions				
Other	1,593,433	1,277,301	524,293	692,240
<b>Total</b>	<b>12,459,281</b>	<b>10,518,640</b>	<b>524,293</b>	<b>692,240</b>

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

#### Expected credit loss for cash and cash equivalents:

	Current Period		Prior Period	
	Stage 1	Stage 2	Stage 1	Stage 2
Beginning of period provisions	27,806			17,651
Additional provisions within the period	33,144			27,076
Transfers within the period	(27,234)			(16,999)
Write-offs from Assets				
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Currency Exchange Difference	(7,337)			78
<b>Current Period Ending Provisions</b>	<b>26,379</b>			<b>27,806</b>

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## e. Information on Financial Assets at Fair Value through Other Comprehensive Income:

### e.1. Information on financial assets at Fair Value through Other Comprehensive Income, which are given as collateral or blocked:

Financial assets at fair value through other comprehensive income, which are given as collateral or blocked, amount to TL 17,730,908 as at December 31, 2020 (December 31, 2019: TL 6,258,965).

### e.2. Information on financial assets at Fair Value Through Other Comprehensive Income, which are subject to repurchase agreements:

Financial assets at fair value through other comprehensive income, which are subject to repurchase agreements amount to TL 18,376,335 as at December 31, 2020 (December 31, 2019: TL 1,228,583).

### e.3. Information on financial assets at Fair Value through Other Comprehensive Income:

	Current Period	Prior Period
Debt Securities	65,691,796	52,115,479
Quoted on a Stock Exchange	42,827,077	35,881,877
Not-Quoted (*)	22,864,719	16,233,602
Share Certificates	345,962	433,824
Quoted on a Stock Exchange		
Not-Quoted	345,962	433,824
Impairment Losses (-)	643,691	777,157
Other	136,879	100,199
<b>Total</b>	<b>65,530,946</b>	<b>51,872,345</b>

(\*) Refers to the debt securities, which are not quoted on the Stock Exchange or which are not traded, although quoted, on the Stock Exchange at the end of the related period.

## f. Information related to loans:

### f.1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans and Other Receivables to Employees	297,475	864	264,231	203
<b>Total</b>	<b>297,475</b>	<b>864</b>	<b>264,231</b>	<b>203</b>

### f.2. Information about the Standard loans and loans under close monitoring and loans under close monitoring that have been restructured:

	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
Cash Loans		Loans with Revised Contract Terms	Refinance	
Non-specialized loans	302,317,045	15,117,345	12,149,377	15,566,363
Corporation Loans	139,070,530	9,792,393	8,145,061	8,996,866
Export Loans	24,108,527	726,038	40,982	353,138
Import Loans				
Loans Extended to Financial Sector	8,802,582	2,332		
Consumer Loans	64,335,832	2,360,060		1,497,092
Credit Cards	23,797,483	670,120	397,342	
Other	42,202,091	1,566,402	3,565,992	4,719,267
Specialized Loans				
Other Receivables				
<b>Total</b>	<b>302,317,045</b>	<b>15,117,345</b>	<b>12,149,377</b>	<b>15,566,363</b>

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses (Stage I)	2,566,751		1,457,857	
Significant Increase in Credit Risk (Stage II)		7,809,169		3,696,174

Changes observed in the expected credit loss for the Stage 1 and Stage 2 loans calculated in accordance with TFRS 9, is mainly due to fluctuation of probability of credit defaults, and also increase in provisions allocated to loans classified as Stage 2 due to effects of COVID-19 has a role in aforementioned increase.



Türkiye İş Bankası A.Ş.

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(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## f.3. Information on Maturity analysis of cash loans

Cash Loans	Standard Loans	Loans under close monitoring	
		Loans Not Subject to Restructuring	Restructured Loans
Short-term Loans and Other Receivables	83,651,615	2,478,582	1,195,017
Medium and Long-term Loans and Other Receivables	218,665,430	12,638,763	26,520,723

## f.4. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
<b>Consumer Loans - TL</b>	1,402,573	64,145,234	731,137	66,278,944
Real Estate Loans	10,577	20,926,235	192,279	21,129,091
Vehicle Loans	18,613	1,207,802	10,151	1,236,566
General Purpose Consumer Loans	1,373,383	42,011,197	528,707	43,913,287
Other				
<b>Consumer Loans - FC Indexed</b>		3,557	17,585	21,142
Real Estate Loans		3,557	17,585	21,142
Vehicle Loans				
General Purpose Consumer Loans				
Other				
<b>Consumer Loans - FC</b>				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
<b>Retail Credit Cards - TL</b>	16,836,506	954,375	82,191	17,873,072
With Installments	6,703,007	954,375		7,657,382
Without Installments	10,133,499		82,191	10,215,690
<b>Retail Credit Cards - FC</b>	11,280			11,280
With Installments				
Without Installments	11,280			11,280
<b>Personnel Loans-TL</b>	19,886	139,027	1,379	160,292
Real Estate Loans		1,220	5	1,225
Vehicle Loans	57	535	5	597
General Purpose Consumer Loans	19,829	137,272	1,369	158,470
Other				
<b>Personnel Loans- FC Indexed</b>				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
<b>Personnel Loans - FC</b>				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
<b>Personnel Credit Cards - TL</b>	119,309	4,084	228	123,621
With Installments	46,399	4,084		50,483
Without Installments	72,910		228	73,138
<b>Personnel Credit Cards-FC</b>	185			185
With Installments				
Without Installments	185			185
<b>Overdraft Accounts - TL (real persons)</b>	1,711,383		21,223	1,732,606
<b>Overdraft Accounts - FC (real persons)</b>				
<b>Total</b>	<b>20,101,122</b>	<b>65,246,277</b>	<b>853,743</b>	<b>86,201,142</b>



Türkiye İş Bankası A.Ş.

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

## f.5. Information on commercial installments loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans with Installments-TL	7,228,878	47,943,237	846,424	56,018,539
Real Estate Loans	1,085	1,369,284	10,356	1,380,725
Vehicle Loans	170,712	5,008,855	37,829	5,217,396
General Purpose Commercial Loans	7,057,081	41,565,098	798,239	49,420,418
Other				
Commercial Loans with Installments-FC Indexed		347,994	402,860	750,854
Real Estate Loans		8,859	9,584	18,443
Vehicle Loans		20,333	19,939	40,272
General Purpose Commercial Loans		318,802	373,337	692,139
Other				
Commercial Loans with Installments-FC	84,462	3,856,490	112,651	4,053,603
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	84,462	3,856,490	112,651	4,053,603
Other				
Corporate Credit Cards-TL	6,648,846	187,429	19,505	6,855,780
With Installments	2,921,807	187,429		3,109,236
Without Installments	3,727,039		19,505	3,746,544
Corporate Credit Cards-FC	1,007			1,007
With Installments				
Without Installments	1,007			1,007
Overdraft Accounts - TL (corporate)	1,270,469		28,681	1,299,150
Overdraft Accounts - FC (corporate)				
<b>Total</b>	<b>15,233,662</b>	<b>52,335,150</b>	<b>1,410,121</b>	<b>68,978,933</b>

## f.6. Allocation of loan by borrowers:

	Current Period	Prior Period
Public	4,665,025	3,801,944
Private	340,485,105	266,558,140
<b>Total</b>	<b>345,150,130</b>	<b>270,360,084</b>

## f.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	334,033,334	262,054,760
Foreign Loans	11,116,796	8,305,324
<b>Total</b>	<b>345,150,130</b>	<b>270,360,084</b>

## f.8. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	5,368,800	1,735,386
Indirect Loans Granted to Subsidiaries and Associates		
<b>Total</b>	<b>5,368,800</b>	<b>1,735,386</b>

## f.9. Information on impairment provisions of Loans (Stage 3):

	Current Period	Prior Period
Loans with Limited Collectability	12,659	571,870
Loans with Doubtful Collectability	1,325,036	2,930,004
Uncollectible Loans	11,638,266	6,824,157
<b>Total</b>	<b>12,975,961</b>	<b>10,326,031</b>

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## f.10. Information on non-performing loans (Net):

### f.10.1. Information on non-performing loans, which are restructured or rescheduled:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>			
(Gross amounts before the provisions)	323	109,749	1,641,053
Restructured Loans	323	109,749	1,641,053
<b>Prior Period</b>			
(Gross amounts before the provisions)	65,922	445,066	832,989
Restructured Loans	65,922	445,066	832,989

### f.10.2. Information on the movement of total non-performing loans

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Prior Period Ending Balance</b>	<b>1,304,883</b>	<b>6,454,399</b>	<b>11,124,192</b>
Corporate and Commercial Loans	1,020,648	5,947,251	9,700,621
Retail Loans	176,889	308,516	721,251
Credit Cards	107,346	198,632	587,738
Other			114,582
<b>Additions (+)</b>	<b>2,850,285</b>	<b>1,651,852</b>	<b>618,038</b>
Corporate and Commercial Loans	2,307,818	1,452,671	592,694
Retail Loans	437,232	62,691	5,240
Credit Cards	105,235	136,490	3,707
Other			16,397
<b>Transfers from Other NPL Categories (+)</b>		<b>3,970,014</b>	<b>8,320,949</b>
Corporate and Commercial Loans		3,232,625	7,413,625
Retail Loans		552,081	556,666
Credit Cards		185,308	350,658
Other			
<b>Transfers to Other NPL Categories (-)</b>	<b>3,970,014</b>	<b>8,320,949</b>	
Corporate and Commercial Loans	3,232,625	7,413,625	
Retail Loans	552,081	556,666	
Credit Cards	185,308	350,658	
Other			
<b>Collections (-)</b>	<b>171,770</b>	<b>838,261</b>	<b>2,584,863</b>
Corporate and Commercial Loans	83,525	602,085	2,176,395
Retail Loans	61,031	160,231	280,654
Credit Cards	27,214	75,945	125,488
Other			2,326
<b>Write-Offs (-)</b>	<b>725</b>	<b>543</b>	<b>36,015</b>
Corporate and Commercial Loans	715	275	34,666
Retail Loans	6	186	545
Credit Cards	4	82	620
Other			184
<b>Debt Sale (-)</b>			
Corporate and Commercial Loans			
Retail Loans			
Credit Cards			
Other			
<b>Current Period Ending Balance</b>	<b>12,659</b>	<b>2,916,512</b>	<b>17,442,301</b>
Corporate and Commercial Loans	11,601	2,616,562	15,495,879
Retail Loans	1,003	206,205	1,001,958
Credit Cards	55	93,745	815,995
Other			128,469
<b>Provisions (-)</b>	<b>12,659</b>	<b>1,325,036</b>	<b>11,638,266</b>
Corporate and Commercial Loans	11,601	1,160,300	9,959,730
Retail Loans	1,003	109,624	839,594
Credit Cards	55	55,112	727,220
Other			111,722
<b>Net Balance on Balance Sheet</b>		<b>1,591,476</b>	<b>5,804,035</b>

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

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## f.10.3. Information on foreign currency non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>			
Balance at the End of the Period	11,050	1,652,612	9,050,836
Provisions (-)	11,050	665,110	5,001,086
Net Balance on Balance Sheet (*)		<b>987,502</b>	<b>4,049,750</b>
<b>Prior Period</b>			
Balance at the End of the Period	81,910	3,916,536	5,187,955
Provisions (-)	36,242	1,628,380	2,167,497
Net Balance on Balance Sheet (*)	<b>45,668</b>	<b>2,288,156</b>	<b>3,020,458</b>

(\*) In addition to the loans extended in foreign currency, loans which are monitored in Turkish Lira are included.

## f.10.4. Information on gross and net non-performing loans as per customer categories:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net)</b>		<b>1,591,476</b>	<b>5,804,035</b>
Loans to Individuals and Corporate (Gross)	12,659	2,916,512	17,313,832
Provisions (-)	12,659	1,325,036	11,526,544
Loans to Individuals and Corporate (Net)		1,591,476	5,787,288
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			128,469
Provisions (-)			111,722
Other Loans (Net)			16,747
<b>Prior Period (Net)</b>	<b>733,013</b>	<b>3,524,395</b>	<b>4,300,035</b>
Loans to Individuals and Corporate (Gross)	1,304,883	6,454,399	11,009,610
Provisions (-)	571,870	2,930,004	6,724,309
Loans to Individuals and Corporate (Net)	733,013	3,524,395	4,285,301
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			114,582
Provisions (-)			99,848
Other Loans (Net)			14,734

## f.10.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net)</b>		<b>147,364</b>	<b>522,279</b>
Interest accruals and valuation differences		297,299	1,511,827
Provisions (-)		149,935	989,548
<b>Prior Period (Net)</b>	<b>64,957</b>	<b>341,007</b>	<b>317,525</b>
Interest accruals and valuation differences	113,840	603,791	730,071
Provisions (-)	48,883	262,784	412,546

## f.10.6. Outline of the liquidation policy for uncollectible loans and other receivables

In order to ensure the liquidation of non-performing loans, all possibilities evaluated to ensure maximum collection according to the legislation. Primarily, administrative initiatives are taken to deal with the borrower. Collection through legal proceedings is applied if there is no possibility of collection, liquidation or structuring for receivables through negotiations.

## Türkiye İş Bankası A.Ş.

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(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)**f.10.7. Information on write-off policy**

Receivables classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no result is obtained, legal proceedings are applied. In case of deletion of NPLs from assets, one of the methods of destruction, receivable sale and write-off can be applied.

In the Bank's write-off policy within the framework following the amendment made in Article 53 of the Banking Law with the Law on Income Tax and amending Certain Laws No. 19.07.2019/7186, along with the "Classification of Loans and the Procedures and Principles for the Reserves to be Allocated" published in the Official Gazette No. 27.11.2019/30961, the following statements are issued:

- The portion of the receivables, which are monitored under the Fifth Group-Uncollectible Loans and allocated for lifetime expected credit loss due to the default of the debtor, can be write-off to the extent of the maximum provision amount,
- write-off is an accounting practice and does not result in the remission of the receivable,
- the receivables to be write-off must be monitored as non-performing loans for at least 1 year.

There are no receivables that have been write-off in the current period. Receivables that are proven to be uncollectible in legal follow-up process can be write-off within the instructions of Tax Procedure Law.

**Expected Credit Loss**

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	1,457,857	3,696,174	10,326,031	1,862,573	2,884,789	6,565,598
Additional provisions within the period	1,765,113	5,463,265	3,500,177	346,840	2,635,882	4,761,655
Transfers within the period	(737,231)	(1,010,378)	(1,235,396)	(694,090)	(1,110,536)	(365,276)
Write-offs from Assets			(28,363)			(1,451,475)
Transfer to Stage 1	79,332	(71,309)	(8,023)	119,363	(112,993)	(6,370)
Transfer to Stage 2	(69,133)	73,848	(4,715)	(154,979)	159,542	(4,563)
Transfer to Stage 3	(4,384)	(415,661)	420,045	(43,168)	(780,387)	823,555
Currency Exchange Difference	75,197	73,230	6,205	21,318	19,877	2,907
<b>Provisions at the end of the period</b>	<b>2,566,751</b>	<b>7,809,169</b>	<b>12,975,961</b>	<b>1,457,857</b>	<b>3,696,174</b>	<b>10,326,031</b>

**g. Financial Assets Measured at Amortized Cost:****g.1. Financial Assets Measured at Amortized Cost given as collateral or blocked:**

Financial assets measured at amortized cost given as collateral or blocked amount to TL 8,880,626 as at December 31, 2020 (December 31, 2019: TL 1,816,815).

**g.2. Financial Assets Measured at Amortized Cost subject to repurchase agreements:**

Financial assets measured at amortized cost, which are subject to repurchase agreements amount to TL 6,421,414 as at December 31, 2020 (December 31, 2019: TL 33,869).

**g.3. Information on government securities measured at amortized cost:**

	Current Period	Prior Period
Government Bonds	40,425,089	30,113,588
Treasury Bills		
Other Public Debt Securities		
<b>Total</b>	<b>40,425,089</b>	<b>30,113,588</b>

**g.4. Information on financial assets measured at amortized cost:**

	Current Period	Prior Period
Debt Securities	41,659,437	30,888,355
Quoted on a Stock Exchange	40,626,988	30,111,594
Not Quoted (*)	1,032,449	776,761
Impairment Losses (-)		
<b>Total</b>	<b>41,659,437</b>	<b>30,888,355</b>

(\*) Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods while they are listed

**g.5. Movement of financial assets measured at amortized cost within the year:**

	Current Period	Prior Period
Beginning Balance	30,888,355	26,727,963
Foreign Exchange Differences Arising on Monetary Assets	1,247,679	305,374
Purchases During the Year	15,274,452	11,142,522
Disposals through Sales and Redemption	(6,752,597)	(8,299,544)
Impairment Losses (-)		
Valuation effect	1,001,548	1,012,040
<b>Balance at the End of the Period</b>	<b>41,659,437</b>	<b>30,888,355</b>

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## Expected credit loss for financial assets measured at amortized cost

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Beginning Term Provision	7,768			6,468		
Additional Provisions During the Period	10,031			5,421		
Disposal During the Period	(5,869)			(4,227)		
Write-off						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Exchange Rate Differences	71			106		
<b>Period-end Provisions</b>	<b>12,001</b>			<b>7,768</b>		

## h. Information on associates (Net):

### h.1. General information on associates:

No.	Title	Address (City/Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.58	20.58
2-	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	9.09	9.09

### h.2. Information on financial statements of associates in the above order<sup>(\*)</sup>:

No.	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income <sup>(**)</sup>	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1-	5,861,336	1,176,982	158,816	292,839	33	100,781	164,509	
2-	411,660	265,464	249,099	5,882		48,549	26,579	

<sup>(\*)</sup> Shows September 30, 2020 amounts for Kredi Kayıt Bürosu A.Ş. and December 31, 2020 amounts for Arap Türk Bankası A.Ş.

<sup>(\*\*)</sup> Includes interest income on securities.

### h.3. Movement of investments in associates:

	Current Period	Prior Period
Beginning Balance	250,459	206,775
Movements During the Period		
Purchases		
Bonus Shares Acquired		
Dividends Received from Current Year Profit		
Sales		
Revaluation Increase <sup>(*)</sup>	25,199	43,684
Impairment		
Other <sup>(**)</sup>	(9,353)	
<b>Balance at the end of the period</b>	<b>266,305</b>	<b>250,459</b>
Capital commitments		
Contribution in equity at the end of the period (%)		

<sup>(\*)</sup> The differences arising from accounting by equity method is included.

<sup>(\*\*)</sup> Due to the change in the ownership structure of Bankalararası Kart Merkezi A.Ş. and the loss of significant influence within the scope of "TAS 28-Investments in Subsidiaries and Joint Ventures", the company is classified to Financial Assets at Fair Value through Other Comprehensive Income.

### h.4. Sectoral information on financial associates and the related carrying amounts:

Associates	Current Period	Prior Period
Banks	242,174	220,768
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
<b>Total</b>	<b>242,174</b>	<b>220,768</b>

h.5. Associates quoted on a stock exchange: None.

h.6. Associates disposed of in the current period: None.

h.7. Associates acquired in the current period: None.

## Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements  
For the Year Ended December 31, 2020(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## i. Information on subsidiaries (Net):

## i.1. Information on the equity of major subsidiaries:

	Türkiye Sınai Kalkınma Bankası A.Ş.	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Insurance/ Reinsurance Companies	İş Finansal Kiralama A.Ş.	İş Yatırım Menkul Değerler A.Ş.
<b>COMMON EQUITY TIER I CAPITAL</b>					
Common Equity Tier I Capital Before Deductions	6,179,047	4,131,257	4,254,655	1,614,122	1,915,503
Deductions from Common Equity Tier I Capital (-)	78,986	1,243	93,645	5,688	77,088
<b>Total Common Equity Tier I Capital</b>	<b>6,100,061</b>	<b>4,130,014</b>	<b>4,161,010</b>	<b>1,608,434</b>	<b>1,838,415</b>
<b>ADDITIONAL TIER I CAPITAL</b>					
Additional Tier I Capital before Deductions					
Deductions from Additional Tier I Capital (-)					
<b>Total Tier I Capital</b>	<b>6,100,061</b>	<b>4,130,014</b>	<b>4,161,010</b>	<b>1,608,434</b>	<b>1,838,415</b>
<b>TIER II CAPITAL</b>					
Tier II Capital Before Deductions	2,717,143				
Deduction from Tier II Capital (-)					
<b>Total Tier II Capital</b>	<b>2,717,143</b>				
<b>Total Tier I Capital and Tier II Capital</b>	<b>8,817,204</b>	<b>4,130,014</b>	<b>4,161,010</b>	<b>1,608,434</b>	<b>1,838,415</b>
Deductions from Total Tier I Capital and Tier II Capital (-)					
<b>EQUITY</b>	<b>8,817,204</b>	<b>4,130,014</b>	<b>4,161,010</b>	<b>1,608,434</b>	<b>1,838,415</b>

## i.2. General information on subsidiaries (\*):

No	Title	Address (City/Country)	Bank's Share Percentage-if Different, Voting Rights (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	62.00	83.00
2-	Joint Stock Company İşbank	Moscow/RUSSIA	100.00	100.00
3-	Join Stock Company İşbank Georgia	Tbilisi/GEORGIA	100.00	100.00
4-	İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	27.79	58.24
5-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	50.51	63.89
6-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/TURKEY	86.33	100.00
7-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul TURKEY	100.00	100.00
8-	İş Yatırım Menkul Değerler A.Ş.	İstanbul TURKEY	65.65	70.69
9-	İşbank AG	Frankfurt-Main/GERMANY	100.00	100.00
10-	Kültür Yayınları İş Türk A.Ş.	İstanbul/TURKEY	99.17	100.00
11-	Milli Reasürans T.A.Ş.	İstanbul/TURKEY	87.60	87.60
12-	Trakya Yatırım Holding A.Ş.	İstanbul/TURKEY	100.00	100.00
13-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	47.23	50.92
14-	Türkiye Şişe ve Cam Fabrikaları A.Ş.	İstanbul/TURKEY	50.93	57.02

(\*) The purchased free float shares of listed subsidiaries in Borsa İstanbul (BIST) namely; Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş., and İş Yatırım Menkul Değerler A.Ş., which are booked under "Financial Assets at Fair Value Through Profit or Loss" account are not included.(Board of Directors Decision dated December, 25, 2015)

Türkiye İş Bankası A.Ş.

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(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## i. Information on subsidiaries (Net):

### i.3. Financial statement information related to subsidiaries in the above order <sup>(\*)</sup>:

No	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Additional Shareholders' Equity Required
1-	36,087,753	1,601,893	283,990	326,451	56,441	526,939	360,692	3,697,570	
2-	1,162,816	424,924	40,219	86,512	11,400	2,647	16,796		
3-	761,827	212,555	10,780	42,569		20,760	11,640		
4-	12,760,612	1,717,698	24,902	873,785	6,943	197,586	84,292	2,710,290	
5-	5,225,405	4,130,954	4,303,529	7,940	7,669	266,502	297,390	2,346,061	
6-	114,346	54,271	8,213	2,926	27	8,971	10,782		
7-	129,415	74,594	34,283	6,693	3	16,203	(847)		
8-	8,775,444	2,184,415	132,850	276,611	799,894	977,305	420,975	6,265,040	
9-	16,619,872	1,940,155	205,860	373,213	5,989	59,514	77,784		
10-	81,777	54,961	2,623	640	338	18,061	9,982		
11-	5,506,298	2,638,634	673,646	185,985	128,523	348,599	312,511		
12-	1,031,711	721,214	370,270	12,241	8,153	40,598	3,953		
13-	52,430,920	6,130,769	729,654	3,336,674	19,968	709,473	736,141	4,989,600	
14-	44,228,036	22,491,233	18,039,813	584,340	879,643	2,824,571	2,700,319	22,468,675	

<sup>(\*)</sup> Trakya Yatırım Holding A.Ş., İş Merkezleri Yönetim ve İşletim A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. and Kültür Yayınları İş Türk A.Ş. as of December 31, 2019, and others are December 31, 2020.

### i.4. Movement of investments in subsidiaries:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	20,820,095	17,431,945
Movements in the Period		
Purchases <sup>(*)</sup>	831,528	8,500
Bonus Shares Acquired		
Dividends Received from Current Year Profit		
Sales		
Revaluation Surplus/Deficit <sup>(**)</sup>	4,084,455	3,379,650
Impairment		
<b>Balance at the End of the Period</b>	<b>25,736,078</b>	<b>20,820,095</b>
Capital Commitments		
Contribution in equity at the end of the period (%)		

<sup>(\*)</sup> The amount in the current period is due to the purchasing shares of Türkiye Sınai Kalkınma Bankası A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., Milli Reasürans T.A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. by cash, Türkiye Şişe ve Cam Fabrikaları A.Ş. and İş Gayrimenkul Yatırım Ortaklığı A.Ş.'s shares followed in the Financial Assets at Fair Value Through Profit or Loss account is classified under subsidiaries and due to the capital increase of Trakya Yatırım Holding A.Ş.

<sup>(\*\*)</sup> Includes the differences between the equity method and the accounting method.

### i.5. Sectoral information on financial subsidiaries and the related carrying amounts:

Related Companies	Current Period	Prior Period
Banks	5,580,606	4,183,845
Insurance Companies	3,659,077	2,836,609
Factoring Companies		
Leasing Companies	442,361	331,262
Finance Companies		
Other Financial Subsidiaries	3,322,877	2,563,986
<b>Total</b>	<b>13,004,921</b>	<b>9,915,702</b>

### i.6. Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Traded on domestic stock exchanges	19,420,364	15,941,409
Traded on foreign stock exchanges		
<b>Total</b>	<b>19,420,364</b>	<b>15,941,409</b>

i.7. Subsidiaries disposed of in the current period: None.

i.8. Subsidiaries acquired in the current period: None.

### j. Information on jointly controlled entities:

There are no jointly controlled entities of the Bank.



Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## k. Information regarding finance lease receivables of the Bank (Net):

The Bank has no finance lease receivables.

## l. Explanations on derivative financial assets held for risk management:

The Bank has no derivative financial assets held for risk management.

## m. Information on tangible assets (net):

	Real Estates	Leased Tangible Assets	Buildings Under Construction	Vehicles	Other Tangible Assets	Total
<b>Prior Period</b>						
Cost	4,490,249	1,934,382	17,028	22,069	2,558,752	9,022,480
Accumulated Depreciation	(27,918)	(582,757)		(15,599)	(1,933,639)	(2,559,913)
<b>Net Book Value</b>	<b>4,462,331</b>	<b>1,351,625</b>	<b>17,028</b>	<b>6,470</b>	<b>625,113</b>	<b>6,462,567</b>
<b>Current Period End:</b>						
Net Book Value at the Beginning of the Period	4,462,331	1,351,625	17,028	6,470	625,113	6,462,567
Change During the Period (Net) <sup>(1)</sup>	(78,833)	255,099	23,880	5,662	545,609	751,417
Depreciation	(17,922)	(323,575)		(3,340)	(262,828)	(607,665)
Impairment	2,420					2,420
Net Currency Translation Differences <sup>(1)</sup>				534	1,006	1,540
Cost at the Period End	4,413,556	2,227,147	40,908	26,403	3,060,702	9,768,716
Accumulated Depreciation at the Period End	(45,560)	(943,998)		(17,077)	(2,151,802)	(3,158,437)
<b>Closing Net Book Value</b>	<b>4,367,996</b>	<b>1,283,149</b>	<b>40,908</b>	<b>9,326</b>	<b>908,900</b>	<b>6,610,279</b>

<sup>(1)</sup> The balance includes the movements in cost and accumulated depreciation items.

## n. Information on Intangible Assets:

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	913,509	623,294
Change During the Period (Net) <sup>(1)</sup>	650,812	578,024
Depreciation	(233,969)	(287,855)
Impairment		
Net Currency Translation Differences <sup>(1)</sup>	489	46
Cost at the Period End	3,428,397	2,776,848
Accumulated Depreciation at Period End	(2,097,556)	(1,863,339)
<b>Closing Net Book Value</b>	<b>1,330,841</b>	<b>913,509</b>

<sup>(1)</sup> The balance includes the movements in cost and accumulated depreciation items.

## o. Explanations on investment property:

The Bank has no investment property.

## p. Information on deferred tax asset:

As of December 31, 2020, the Bank has deferred tax asset amounting to TL 3,420,494. Such deferred tax asset is calculated based on the temporary differences between the book value of the Bank's assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising, the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items.

	Current Period	Prior Period
Deferred Tax (Asset)/Liability:		
Tangible and Intangible Assets	482,628	421,527
Provisions <sup>(1)</sup>	(3,187,481)	(2,318,125)
Valuation of Financial Assets	(670,706)	90,479
Other	(44,935)	(24,989)
<b>Net Deferred Tax (Asset)/Liability:</b>	<b>(3,420,494)</b>	<b>(1,831,108)</b>

<sup>(1)</sup> Comprised of employee termination benefits, actual and technical deficits of the pension fund, the provisions for credit card bonus points, expected credit loss for Stage 1 and Stage 2 loans and other provisions.

## q. The deferred tax assets is as follows:

	Current Period	Prior Period
Opening Balance	1,831,108	1,492,906
Deferred Tax Income/(Expense) (Net)	1,779,152	885,740
Deferred Taxes Recognized Under Shareholders' Equity	(175,980)	(547,538)
Deferred Taxes Recognized Under Previous Years' Profits and Losses	(13,786)	
Exchange Rate Differences		
<b>Deferred Tax Asset</b>	<b>3,420,494</b>	<b>1,831,108</b>



Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## r. Information on assets held for sale and discontinued operations:

	Current Period	Prior Period
Balance at the Beginning of the Period	1,102,181	243,350
Transfers (Net)	117,920	858,950
Depreciation (Net)	(7)	(119)
Impairment Losses (-)		
<b>Balance at the End of the Period</b>	<b>1,220,094</b>	<b>1,102,181</b>

Investment in a special purpose company whose details be given in section five footnote I.b.3 is classified within the scope of "IFRS-5 Assets Held for Sale and Discontinued Operations". As stated in the same footnote, share of the Bank in the company's capital nominal values increase from TL 6 to TL 461,833 and this amount is disclosed under the line of Transfers (Net). On the other hands an international investment bank is authorized as a sales advisor in the prior period for the sale of the relevant company or the shares owned by the company and in this context, necessary works related to the sale and negotiations with potential investors has been initiated.

The other assets classified as "Assets Held for Sale" consist of securities and real estates. Those real estates subject to sale are announced on the Bank's web site. Announcements about the real estates subject to sale are also made by means of newspaper advertisements and similar media.

The Bank has no discontinued operations.

## s. Information on Other Assets:

The "other assets" item of the balance sheet does not exceed 10% of total assets.

## II. DISCLOSURES AND FOOTNOTES ON LIABILITIES

### a. Information on Deposits:

#### a.1. The maturity structure of deposits (current period):

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	21,210,302		6,277,095	59,511,073	2,134,712	449,790	751,497	8,557	90,343,026
Foreign Currency Deposits	85,173,313		13,672,849	82,906,004	4,267,728	1,600,498	8,243,988	1,263	195,865,643
Residents in Turkey	76,779,624		12,445,636	71,922,330	3,136,509	932,741	3,170,672	878	168,388,390
Residents Abroad	8,393,689		1,227,213	10,983,674	1,131,219	667,757	5,073,316	385	27,477,253
Public Sector Deposits	941,849		1,272	70,444	7,829	329	195		1,021,918
Commercial Deposits	12,898,520		7,822,448	14,259,436	191,959	1,924,058	9,691		37,106,112
Other Institutions Deposits	541,979		565,554	2,396,713	123,706	2,265	26,155		3,656,372
Precious Metals Deposits	32,152,261			390,882	87,716	4,013,730	163,286		36,807,875
Interbank Deposits	1,080,222		1,671,325	1,002,743	65,260	255,227	768		4,075,545
The Central Bank of the Republic of Turkey	510								510
Domestic Banks	113,549		754,461	192,488		180,729			1,241,227
Foreign Banks	957,065		916,864	810,255	65,260	74,498	768		2,824,710
Participations Banks	9,098								9,098
Other									
<b>Total</b>	<b>153,998,446</b>		<b>30,010,543</b>	<b>160,537,295</b>	<b>6,878,910</b>	<b>8,245,897</b>	<b>9,195,580</b>	<b>9,820</b>	<b>368,876,491</b>

#### a.2. The maturity structure of deposits (prior period):

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	17,391,671		5,038,638	54,412,656	2,914,178	918,450	876,065	10,875	81,562,533
Foreign Currency Deposits	44,491,065		17,789,600	74,516,605	4,948,612	1,931,954	8,143,121	1,488	151,822,445
Residents in Turkey	39,390,827		16,709,626	64,598,841	3,758,012	1,161,085	3,600,705	1,072	129,220,168
Residents Abroad	5,100,238		1,079,974	9,917,764	1,190,600	770,869	4,542,416	416	22,602,277
Public Sector Deposits	947,893		2,499	48,966	422	1	192		999,973
Commercial Deposits	11,813,802		9,339,963	16,620,754	543,561	1,589,085	72,812		39,979,977
Other Institutions Deposits	459,012		572,741	4,072,570	1,096,957	160,474	48,199		6,409,953
Precious Metals Deposits	8,435,010			184,611	37,813	1,689,738	85,211		10,432,383
Interbank Deposits	501,725		1,666,281	1,782,719	42,627	253,115	468,271		4,714,738
The Central Bank of the Republic of Turkey	485								485
Domestic Banks	4,980		858,050	42,937		244,518			1,150,485
Foreign Banks	496,084		808,231	1,739,782	42,627	8,597	468,271		3,563,592
Participations Banks	176								176
Other									
<b>Total</b>	<b>84,040,178</b>		<b>34,409,722</b>	<b>151,638,881</b>	<b>9,584,170</b>	<b>6,542,817</b>	<b>9,693,871</b>	<b>12,363</b>	<b>295,922,002</b>

Türkiye İş Bankası A.Ş.

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(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

### a.3. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund exceeding the insurance limit:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Savings Deposits	47,354,070	44,102,037	41,824,890	36,391,606
Foreign Currency Savings Deposits	42,668,430	34,185,261	88,281,588	66,511,898
Other Deposits in the Form of Savings Deposits	17,580,279	5,898,896	17,357,298	4,305,318
Foreign Branches' Deposits Under Foreign Authorities' Insurance	4,157,656	3,216,011	1,683,372	1,170,490
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance				

### a.4. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Saving Deposits and Other Accounts	1,683,372	1,170,490
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairperson and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	28,274	22,831
Deposits and Other Accounts Covered by Assets Generated Through the Offenses Mentioned in Article 282 of the Turkish Criminal Code No.5237 and Dated 26 September 2004		
Deposits in the Banks to be Engaged Exclusively in Off-shore Banking in Turkey		

### b. Information on Derivative Financial Liabilities Held for Trading:

Derivative Financial Liabilities at Fair Value Through Profit or Loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	150,410	234,473	133,432	180,380
Swap Transactions	1,185,745	5,879,693	215,508	1,557,988
Futures				
Options		33,164	291	46,764
Other		451,000		
<b>Total</b>	<b>1,336,155</b>	<b>6,598,330</b>	<b>349,231</b>	<b>1,785,132</b>

### c. Banks and other financial institutions:

#### c.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the Central Bank of Turkey		12,010		925,967
Domestic banks and Institutions	613,999	3,573,917	618,412	3,065,795
Foreign banks, institutions and funds	1,499,128	34,732,291	1,237,853	34,402,606
<b>Total</b>	<b>2,113,127</b>	<b>38,318,218</b>	<b>1,856,265</b>	<b>38,394,368</b>

#### c.2. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	613,482	1,259,942	618,412	2,674,532
Medium and Long-term	1,499,645	37,058,276	1,237,853	35,719,836
<b>Total</b>	<b>2,113,127</b>	<b>38,318,218</b>	<b>1,856,265</b>	<b>38,394,368</b>

#### c.3. Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.

##### Syndication loans:

Date of Use	Funds Borrowed	Maturity
May, 2020	USD 207,500,000 + EUR 539,000,000	1 year
November, 2020	USD 238,000,000 + EUR 448,000,000	1 year

##### Securitization deals:

The Bank obtained funds by way of putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through TIB Diversified Payment Rights Finance Company.

Türkiye İş Bankası A.Ş.

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Information on funds received through securitization is given below.

Date	Structured Entity	Amount	Final Maturity	Remaining Debt Amount as at December 31, 2020
June 2012	TIB Diversified Payment Rights Finance Company	EUR 125,000,000	12 years	EUR 46.875.000
December 2013	TIB Diversified Payment Rights Finance Company	EUR 50,000,000	12 years	EUR 25.000.000
December 2014	TIB Diversified Payment Rights Finance Company	USD 220,000,000	14 years	USD 160.000.000
March 2015	TIB Diversified Payment Rights Finance Company	USD 75,000,000	7-15 years	USD 30.000.000
October 2015	TIB Diversified Payment Rights Finance Company	USD 221,200,000	10 years	USD 131.337.500
October 2016	TIB Diversified Payment Rights Finance Company	USD 240,000,000	5-12 years	USD 99.849.913
December 2016	TIB Diversified Payment Rights Finance Company	USD 158,800,000	10-13 years	USD 135.780.000
December 2017	TIB Diversified Payment Rights Finance Company	USD 265,000,000	5-7 years	USD 184.000.000
December 2017	TIB Diversified Payment Rights Finance Company	EUR 125,000,000	5 years	EUR 83.333.333
December 2017	TIB Diversified Payment Rights Finance Company	USD 125,000,000	9 years	USD 125.000.000

Other Transactions:

As of August 2014, in connection with the future cash flows securitization program amounting to USD 500 million on 10 years maturity, the bank has increased the total amount of the financial instrument USD 600 million by obtaining the same structured USD 100 million in September 2017.

#### d. Information on Debt Securities Issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	3,960,641		5,231,941	
Bonds	1,476,191	25,403,816	1,191,604	24,693,665
<b>Total</b>	<b>5,436,832</b>	<b>25,403,816</b>	<b>6,423,545</b>	<b>24,693,665</b>

#### e. Concentration on the Bank's liabilities:

62% of the Bank's liabilities consists of deposits, 7% of loans borrowed, 9% of securities issued and Tier II subordinated loans. Deposits have spread to a wide customer base with different characteristics. Borrowings are composed of funds obtained from various financial institutions through syndication, securitization, post-financing and money markets.

#### f. Information on Other Liabilities:

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

#### g. Information on Lease Payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	20,892	19,984	4,809	4,711
Between 1-4 Years	79,957	72,306	189,857	167,748
More than 4 Years	3,243,262	1,296,927	3,172,184	1,223,804
<b>Total</b>	<b>3,344,111</b>	<b>1,389,217</b>	<b>3,366,850</b>	<b>1,396,263</b>

#### h. Explanations on Hedging Derivative Financial Liabilities:

The bank has no financial liabilities held for hedging derivatives.

#### i. Information on Provisions:

##### i.1. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 7,117.17 (exact TL amount as at December 31, 2020), which is one-month salary for each service year and cannot exceed the base wage ceiling for employee termination benefits. A provision for severance pays to allocate that employees need to be paid upon retirement is calculated by estimating the present value of probable amount. The liability of the Bank arising from severance payment is determined in accordance with the actuarial report prepared by an independent valuation company. As of December 31, 2020, provision amounting to TL 1,393,897 is reflected in the financial statements (December 31, 2019: TL 1,168,051).

Main actuarial assumptions used in calculation of severance pay liability are as follows:

- In the calculation, the discount rate is 12.40%, the inflation rate is 8%, and the real wage increase rate is 2%.
- In the calculation, the ceiling of 7,117.17 TL (full TL amount) valid as of 31.12.2020 was taken as basis.
- Retirement age is taken into account as the earliest age at which individuals can retire.
- CSO 1980 mortality table is used for probability of death for women and men.

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The movements related to provision for employee termination benefits are given below:

	Current Period	Prior Period
Present value of defined benefit obligation at the beginning of the period	1,168,051	945,548
Service Cost	81,633	71,226
Interest Cost	133,694	147,187
Benefits paid	(67,817)	(70,581)
Loss/(Gain) due to Settlements/Reductions/Terminations	6,045	802
Past Service Cost	3	5
Actuarial loss/(gain)	72,288	73,864
<b>Defined benefit obligation at the end of the period</b>	<b>1,393,897</b>	<b>1,168,051</b>

In addition to the employee termination benefits the Bank allocates provisions for the unused vacation pay liability. As of December 31, 2020, provision for unused vacation pay is amounting to TL 88,000 (December 31, 2019: TL 69,944).

**i.2.** Provisions for exchange losses in the principal amount of foreign currency indexed loans: Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of December 31, 2020, and December 31, 2019, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is not available.

**i.3.** As of December 31, 2020, the Bank's specific provisions for indemnified non-cash loans balance is TL 694,245 (December 31, 2019: TL 537,247) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts.

**i.4.** Information on other provisions:

**i.4.1.** Liabilities arising from retirement benefits:

Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in Section Three Note XVII, in the actuarial report which was prepared as of December 31, 2020 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund) by a licensed actuary, of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act No. 506, the amount of actuarial and technical deficit stands at TL 4,236,111 (December 31, 2019: TL 3,494,026). As of the same date, a provision was reserved for this amount in the financial statements.

The above mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of December 31, 2020, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

- 9.8% technical deficit interest rate is used.
- 34.5% total premium rate is used.
- CSO 1980 woman/man mortality tables are used.

Below table shows the cash values of premium and salary payments of the Bank as of December 31, 2020, taking the health expenses within the Social Security Institution limits into account.

	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(12,863,517)	(11,295,446)
Net Present Value of Long-Term Insurance Line Premiums	5,185,068	4,695,781
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>(7,678,449)</b>	<b>(6,599,665)</b>
Net Present Value of Health Liabilities	(1,564,560)	(1,347,791)
Net Present Value of Health Premiums	3,759,175	3,404,441
<b>Net Present Value of Health Liabilities</b>	<b>2,194,615</b>	<b>2,056,650</b>
<b>Pension Fund Assets</b>	<b>1,247,723</b>	<b>1,048,989</b>
<b>Amount of Actuarial and Technical Deficit</b>	<b>(4,236,111)</b>	<b>(3,494,026)</b>

The assets of the pension fund are as follows.

	Current Period	Prior Period
Cash and Cash Equivalents	752,948	301,165
Securities Portfolio	439,787	696,788
Other	54,988	51,036
<b>Total</b>	<b>1,247,723</b>	<b>1,048,989</b>

Health benefits that are still being paid will be determined within the framework of the Social Security Institution legislation and related regulations with the transfer.

**i.4.2.** Provision of credit cards and promotion of banking services applications: As of December 31, 2020, the Bank has recognized provisions amounting to TL 72,709 for the amount which is recognized within the framework of credit card expenses of credit card customers or promotions for banking services. (December 31, 2019: TL 89,062).

**i.4.3.** As mentioned public disclosures of the Bank on December 31, 2012 and December 19, 2013; an inspection has been made by the inspectors of Tax Inspection Board to "Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı" ("İşbank Supplementary Pension Fund"), which was founded as per the provisions of the Turkish Commercial and Civil Codes, regarding the payments that fulfill İşbank's liabilities within the framework of the Articles of Foundation of the Pension Fund and the relevant legislation. As a result of this investigation, tax audit reports were prepared for the years 2007, 2008, 2009, 2010, 2011 claiming that the aforementioned liabilities should be taxed in terms of wage base, thus, they should be subject to withholding tax and stamp duty. According to this report, the total amount of tax and penalties notified to Bank was TL 74,353 for 2007 and 2008; and as of reporting date TL 151,899 for 2009, 2010 and 2011 and it was stated that the Bank applied to tax courts to cancel these tax notifications and some of the court decisions were determined in favor of the Bank and some others were determined against the Bank.

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In this context, for the finalized decisions of Regional Administrative Courts related to the years 2007 and 2008 against the Bank, the Bank applied to the Constitutional Court. According to decisions made by Constitutional Court up to reporting date, there is no predictability in legal conformity for taxing the Bank's contributions to the Pension Fund in terms of wage base and for this reason it was accepted that property right of the Bank has been violated according to the 35th article of Constitution. The Court decided that the amount of tax, penalties and default interest which was paid by the Bank should be paid back to the Bank as for compensation with its legal interest.

According to the decision of the Constitutional Court, it is expected that the cases related to the periods 2007, 2008, 2009, 2010 and 2011 will conclude in favor of the Bank. In this context, the provisions amounting to TL 207,402 which had been allocated for the mentioned periods, reversed at 2015.

In the last decision of the constitutional court numbered 2016/2400 regarding the legal proceedings initiated upon the conclusion of the lawsuits amounting to TL 61,060 for the 20 periods in 2012 and 2013 against the bank; it was accepted that the predictability criterion was realized after the 2012 tax review, and it was concluded that the Bank's ownership rights were not violated for December 2012 and beyond periods. However, since the aforementioned periods were filed by making a reservation and paying taxes, the mentioned decision had no additional effect on the financial statements. In addition, at a case file, which was one of the lawsuits regarding the repayment of income tax stoppage and stamp tax which has been paid by reservation statement beginning from December 2013, of which its court decision was rendered in favor of the Bank, has been reversed by the majority of the votes of the Assembly after it was submitted to the General Assembly of Tax Courts. Regarding the mentioned issue, the legal process is ongoing.

Within the scope of these developments, the Bank recognized provisions amounting to TL 128,837 (December 31, 2019: TL 73,665).

**i.4.4.** In 1993, Dışbank A.Ş. shares which were owned by the Bank were sold to Lapis Holding A.Ş. In 2008, it was claimed that USD 52.6 million of the amount, which was paid upfront within the context of the sale agreement, had been provided from the funds of the insolvent TYT Bank A.Ş. by the buyer and payment of the mentioned amount as well as the interest to be calculated to the Savings Deposit Insurance Fund (SDIF) was demanded.

The administrative actions initiated by the SDIF in 2008 were revoked by Council of State Administrative Law Chambers 13th upon the application of the Bank. The decisions which were in favor of the Bank were reversed by Plenary Session of the Law Chamber upon the appeal of the SDIF. Council of State Administrative Law Chambers 13th decided to reject the applications of the Bank in January 2016 due to their obligation to obey the decisions of reversal.

After the aforementioned court decisions, although the legal process was still in progress, the collection procedures were carried out within the context of Law No. 6183 and TL 298,466 including the default interest, was collected from the Bank by the SDIF at prior periods and made provision for the whole amount.

As a part of the legal process, individual application to the Constitutional Court of Republic of Turkey has been made by the Bank was not concluded positively. On the other hand, the legal process is still ongoing within the framework of the ongoing lawsuits and other available legal options.

**i.4.5.** Except the other provisions indicated above, the Bank Management allocated free provision within conservatism principle, for negative circumstances which may arise from the possible changes that may arise in the economy and market conditions, amounting to TL 2,875,000 of which TL 1,125,000 provided in prior years and TL 1,750,000 was provided in the current period.

**j. Information on Tax Liability:****j.1. Information on current tax liability:****j.1.1. Information on tax provision:**

Explanations in relation to taxation and tax calculations were stated in section three notes XVIII. As of 31.12.2020, the remaining corporate tax debt as a result of net off of temporary taxes paid with corporate tax liability is TL 1,938,446.

**j.1.2. Information on taxes payable:**

	Current Period	Prior Period
Corporate Tax Payable	1,938,446	719,916
Tax on Securities Income	198,896	228,254
Tax on Real Estate Income	2,174	4,699
Banking Insurance Transaction Tax	191,585	181,938
Foreign Exchange Transaction Tax	18,192	7,439
Value Added Tax Payable	9,624	7,779
Other	54,557	66,860
<b>Total</b>	<b>2,413,474</b>	<b>1,216,885</b>

**j.1.3. Information on premiums:**

	Current Period	Prior Period
Social Security Premiums - Employees	218	189
Social Security Premiums - Employer	262	227
Bank Pension Fund Premiums - Employees		
Bank Pension Fund Premiums - Employer		
Pension Fund Membership Fees and Provisions - Employees		
Pension Fund Membership Fees and Provisions - Employer		
Unemployment Insurance - Employees	2,049	1,827
Unemployment Insurance - Employer	4,100	3,654
Others	4	3
<b>Total</b>	<b>6,633</b>	<b>5,900</b>

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j.2. Information on deferred tax liabilities: None.

**k. Information on Payables for Assets Held for Sale and Discontinued Operations**

The Bank does not have any payables for assets held for sale and discontinued operations.

**l. Information on subordinated loans**

Bank has issued subordinated debt securities, to be included in the contribution capital calculation, with the following nominal values;

- 10 year-term in the amount of USD 1,000,000 with interest rate of 6% on October 24, 2012, 10 year-term in the amount of USD 400,000,000 with interest rate of 7.85% on December 10, 2013, 11 year-term having a call option on 6<sup>th</sup> year in the amount of USD 500,000,000 with interest rate of 7% on June 29, 2017 and 10 year-term having a call option on 5<sup>th</sup> year in the amount of USD 750,000,000 with interest rate of 7.75% on January 22, 2020 for the purpose of making available to the individuals and legal persons who are resident abroad,
- TL 1,100,000,000 on August 8, 2017, TL 800,000,000 June 19, 2019 and TL 350,000,000 September 26, 2019 (Full TL amount) each with a 10-year maturity and floating interest rates for qualified investors without being offered to the public in Turkey.

The total of the aforementioned debt securities is TL 22,138,559 as of December 31, 2020 (December 31, 2019: TL 13,546,931).

	Current Period		Prior Period	
	TP	FC	TP	FC
Debt Instruments to Be Included in Additional Capital Calculation				
Subordinated Loans				
Subordinated Debt Instrument				
Debt Instruments to Be Included in Contribution Capital Calculation	2,286,510	19,852,049	2,281,084	11,265,847
Subordinated Loans				
Subordinated Debt Instrument	2,286,510	19,852,049	2,281,084	11,265,847
<b>Total</b>	<b>2,286,510</b>	<b>19,852,049</b>	<b>2,281,084</b>	<b>11,265,847</b>

**m. Information on shareholders' equity:**

m.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	4,499,970	4,499,970
Preferred shares	30	30
<b>Total</b>	<b>4,500,000</b>	<b>4,500,000</b>

m.2. Explanation as to whether the registered share capital system ceiling is applicable at the Bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	4,500,000	10,000,000

m.3. The capital increase made in current period: None.

m.4. Information on capital increase through transfer from capital reserves during the current period: None.

m.5. Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There is no capital commitment.

m.6. Information regarding the shares of the company acquired: The Bank has repurchased shares amounting to TL 530,307 in accordance with the Board of Directors Decision dated August 17, 2018.

m.7. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Bank's equity: The Bank's balance sheet is managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level.

m.8. Privileges Granted to Shares:

Turkish Commercial Law and related registration are kept conditionally;

Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- Receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- Exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation), and

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

m.9. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>1,309,647</b>	<b>(176,091)</b>	<b>793,334</b>	<b>(397,850)</b>
Valuation Difference	1,631,517	(219,884)	1,010,653	(529,233)
Deferred Tax Effect	(321,870)	43,793	(217,319)	131,383
Foreign Exchange Differences				
<b>Total</b>	<b>1,309,647</b>	<b>(176,091)</b>	<b>793,334</b>	<b>(397,850)</b>



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## III. DISCLOSURES AND FOOTNOTES ON OFF BALANCE SHEET ITEMS

## a. Explanations to Liabilities Related to Off-Balance Sheet Items:

## a.1. Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 37,915,127 and commitment to pay for cheque leaves amounts to TL 2,641,068. The amount of commitment for the forward purchase of assets is TL 3,214,051 and for the forward sale of assets is TL 3,225,084.

## a.2. The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

As of December 31, 2020, the Bank's provisions for indemnified non-cash loans balance is TL 694,245 (December 31, 2019: TL 537,247) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts. Commitments are shown in the table of "off-balance sheet items".

## a.3. Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	9,459,703	6,504,495
Letters of Credit	19,537,281	13,589,521
Other Guarantees	3,145,340	2,647,653
<b>Total</b>	<b>32,142,324</b>	<b>22,741,669</b>

## a.4. Certain guarantees, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of Tentative Guarantees	1,546,664	914,451
Letters of Certain Guarantees	48,468,139	41,417,828
Letters of Advance Guarantees	7,724,665	7,642,728
Letters of guarantee given to customs offices	6,556,617	3,236,625
Other Letters of Guarantee	23,136,805	17,035,761
<b>Total</b>	<b>87,432,890</b>	<b>70,247,393</b>

## a.5. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	23,136,802	17,035,758
With Original Maturity of 1 Year or Less	3,374,827	4,595,363
With Original Maturity More Than 1 Year	19,761,975	12,440,395
Other Non-cash Loans	96,438,412	75,953,304
<b>Total</b>	<b>119,575,214</b>	<b>92,989,062</b>

## a.6. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	189,630	0.48	331,934	0.42	165,814	0.52	78,134	0.13
Farming and Livestock	155,107	0.39	68,163	0.09	141,388	0.44	16,894	0.03
Forestry	27,935	0.07	9	0.00	17,966	0.06	17	0.00
Fishery	6,588	0.02	263,762	0.33	6,460	0.02	61,223	0.10
Industry	11,217,718	28.22	46,398,363	58.12	9,601,074	30.09	33,199,239	54.35
Mining and Quarrying	182,761	0.46	638,665	0.80	222,368	0.70	482,456	0.79
Manufacturing Industry	7,049,096	17.73	40,451,308	50.67	5,332,908	16.71	28,961,551	47.41
Electricity, Gas, Water	3,985,861	10.03	5,308,390	6.65	4,045,798	12.68	3,755,232	6.15
Construction	4,443,454	11.18	11,402,539	14.28	3,933,370	12.33	10,416,477	17.05
Services	23,704,537	59.64	21,231,780	26.60	18,021,204	56.49	16,723,951	27.38
Wholesale and Retail Trade	15,091,119	37.97	10,445,618	13.09	10,630,858	33.32	8,236,983	13.49
Hotel and Restaurant Services	329,800	0.83	814,125	1.02	352,326	1.10	643,191	1.05
Transport and Communications	2,388,311	6.01	4,323,220	5.42	2,034,415	6.38	4,124,105	6.75
Financial Institutions	3,984,452	10.02	3,569,322	4.47	3,427,704	10.74	2,070,817	3.39
Real Estate and Rental Services	1,286,263	3.24	1,538,899	1.93	1,003,259	3.15	936,777	1.53
Self-Employment Services	383,396	0.96	89,705	0.11	311,050	0.98	243,666	0.40
Education Services	57,331	0.15	1,426	0.00	64,814	0.20	3,030	0.01
Health and Social Services	183,865	0.46	449,465	0.56	196,778	0.62	465,382	0.76
Other	191,389	0.48	463,870	0.58	181,779	0.57	668,020	1.09
<b>Total</b>	<b>39,746,728</b>	<b>100</b>	<b>79,828,486</b>	<b>100</b>	<b>31,903,241</b>	<b>100</b>	<b>61,085,821</b>	<b>100</b>

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## a.7. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash Loans</b>	<b>38,157,272</b>	<b>77,394,179</b>	<b>1,589,456</b>	<b>2,434,307</b>
Letters of Guarantee	37,617,527	45,897,245	1,589,456	2,328,662
Bank Acceptances	84,800	9,356,000		18,903
Letters of Credit	454,945	18,995,594		86,742
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties		3,145,340		

## b. Explanation on Derivative Financial Instruments:

Majority of the Bank's derivative transactions comprise foreign currency and interest rate swaps, forward foreign exchange trading, and currency and interest rate options. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "fair value through profit or loss" within the framework of IFRS 9 "Financial Instruments".

## c. Explanations Related to Contingencies and Commitments:

Balance of the "Other Irrevocable Commitments" account, which comprised the letters of guarantees, guarantees and commitments submitted by the Bank pursuant to its own internal affairs, and guarantees given to third parties by other institutions in favor of the Bank and the commitments due to housing loans extended within the scope of unfinished house projects followed amounts to TL 11,166,819.

The cheques given to customers is presented under off balance sheet commitments, as per the related regulations is amounting to TL 2,641,068. In case the cheques presented for payment to beneficiaries are not covered, the Bank will be obliged to pay the uncovered amount up to TL 1,345 (in exact TL amount) for the cheques that are subject to the Law numbered 3167 on "the Regulation of Payments by Cheque and Protection of Cheque Holders", and up to TL 2,225 (in exact TL amount) for the cheques that are subject to the "Cheque Law" numbered 5941. The uncollected amount will be followed under "Indemnified Non-Cash Loans".

## d. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Section Four.

## IV. DISCLOSURES AND FOOTNOTES ON STATEMENT OF INCOME

### a. Interest Income

#### a.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans <sup>(1)</sup>				
Short-term Loans	5,386,490	782,646	7,133,477	924,290
Medium and Long-term Loans	17,841,576	7,310,803	17,094,464	6,987,982
Interest on Non-performing Loans	611,055	55,016	878,903	40,437
Premiums Received from State Resource Utilization Support Fund				
<b>Total</b>	<b>23,839,121</b>	<b>8,148,465</b>	<b>25,106,844</b>	<b>7,952,709</b>

<sup>(1)</sup> Includes fee and commission income on cash loans.

#### a.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey		3,006		
Domestic Banks	55,354	2,277	48,009	18,594
Foreign Banks	10,886	62,510	65,311	135,462
Foreign Head Offices and Branches				
<b>Total</b>	<b>66,240</b>	<b>67,793</b>	<b>113,320</b>	<b>154,056</b>

#### a.3. Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	23,168	4,321	49,415	360
Financial Assets at Fair Value Through Other Comprehensive Income	5,244,238	917,014	4,675,076	718,729
Financial Assets Measured at Amortized Cost	3,962,685	124,598	3,742,737	91,487
<b>Total</b>	<b>9,230,091</b>	<b>1,045,933</b>	<b>8,467,228</b>	<b>810,576</b>



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## a.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	439,591	122,737

## b. Interest Expense

## b.1. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	211,590	950,388	248,471	1,156,746
Central Bank of Turkey		1,667		2,738
Domestic Banks	59,876	79,944	63,067	81,534
Foreign Banks	151,714	868,777	185,404	1,072,474
Foreign Head Offices and Branches				
Other Institutions		286,023		395,750
<b>Total (*)</b>	<b>211,590</b>	<b>1,236,411</b>	<b>248,471</b>	<b>1,552,496</b>

(\*) Includes fee and commission expenses from cash loans

## b.2. Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	325,684	453,842

## b.3. Information on interest paid on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued	1,110,714	2,861,369	1,352,930	2,113,484

## b.4. Information on Interest Expense on Deposits According to Maturity Structure:

Current Period	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
<b>TL</b>								
Bank Deposits	74	114,908	67,871	4,170	772			187,795
Savings Deposits	1	516,129	5,217,171	212,256	50,900	95,003	817	6,092,277
Public Sector Deposits		571	4,704	363	9	11		5,658
Commercial Deposits	24	887,694	1,340,325	45,680	145,999	6,125		2,425,847
Other Institutions Deposits	1	33,334	239,748	31,626	7,996	385		313,090
Deposits with 7 Days' Notice								
<b>Total</b>	<b>100</b>	<b>1,552,636</b>	<b>6,869,819</b>	<b>294,095</b>	<b>205,676</b>	<b>101,524</b>	<b>817</b>	<b>9,024,667</b>
<b>FC</b>								
Foreign Currency Deposits	95	34,528	302,570	17,640	11,750	105,814	12	472,409
Bank Deposits	63	1,537	1,764	987	1,468	1,561		7,380
Deposits with 7 Days Notice								
Precious Metals Deposits			2,332	453	12,719	1,105		16,609
<b>Total</b>	<b>158</b>	<b>36,065</b>	<b>306,666</b>	<b>19,080</b>	<b>25,937</b>	<b>108,480</b>	<b>12</b>	<b>496,398</b>
<b>Grand Total</b>	<b>258</b>	<b>1,588,701</b>	<b>7,176,485</b>	<b>313,175</b>	<b>231,613</b>	<b>210,004</b>	<b>829</b>	<b>9,521,065</b>

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

Prior Period	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
<b>TL</b>								
Bank Deposits		178,275	123,118	81	1,449	910		303,833
Savings Deposits		313,781	8,356,242	849,297	118,412	125,482	1,330	9,764,544
Public Sector Deposits		450	8,621	35		12		9,118
Commercial Deposits	17	977,803	2,278,516	259,360	96,724	164,089		3,776,509
Other Institutions Deposits		71,575	589,640	448,182	9,440	248		1,119,085
Deposits with 7 Days' Notice								
<b>Total</b>	<b>17</b>	<b>1,541,884</b>	<b>11,356,137</b>	<b>1,556,955</b>	<b>226,025</b>	<b>290,741</b>	<b>1,330</b>	<b>14,973,089</b>
<b>FC</b>								
Foreign Currency Deposits	83	159,812	1,225,275	94,416	49,605	169,101	22	1,698,314
Bank Deposits	59	3,973	8,485	1,243	2,375	2,893		19,028
Deposits with 7 Days' Notice								
Precious Metals Deposits		858	1,865	98	10,728	789		14,338
<b>Total</b>	<b>142</b>	<b>164,643</b>	<b>1,235,625</b>	<b>95,757</b>	<b>62,708</b>	<b>172,783</b>	<b>22</b>	<b>1,731,680</b>
<b>Grand Total</b>	<b>159</b>	<b>1,706,527</b>	<b>12,591,762</b>	<b>1,652,712</b>	<b>288,733</b>	<b>463,524</b>	<b>1,352</b>	<b>16,704,769</b>

#### c. Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	6,670	3,882
Financial Assets at Fair Value Through Other Comprehensive Income	14,817	5,216
Other		
<b>Total</b>	<b>21,487</b>	<b>9,098</b>

#### d. Information on trading income/losses (Net):

	Current Period	Prior Period
<b>Income</b>		
Securities Trading Gains	344,909	172,170
Gains on Derivative Financial Instruments (*)	10,221,141	21,905,319
Foreign Exchange Gains	608,874,079	462,227,080
<b>Losses (-)</b>		
Securities Trading Losses	8,971	22,936
Losses on Derivative Financial Instruments (*)	20,611,578	27,775,889
Foreign Exchange Losses	602,160,937	462,903,144
<b>Trading Income/Losses (Net)</b>	<b>(3,341,357)</b>	<b>(6,397,400)</b>

(\*) Income arising from foreign currency changes related to derivative transactions amounts to TL 5,574,364 and the losses amount to TL 15,102,319 and the amount of net losses TL (9,527,955) (December 31, 2019 profit: TL 19,215,917, loss: TL 24,768,014).

#### e. Information on other operating income:

Other operating income mainly consists of expected credit loss reversals or collections from Stage 3 loans, and income from fees received from customers in return for various banking services and sales of fixed assets.

#### f. Information on expected credit loss and other provision expense:

	Current Period	Prior Period
<b>Expected Credit Loss</b>		
12 Month Expected Credit Loss (Stage I)	1,323,697	498,467
Significant Increase in Credit Risk (Stage II)	4,307,187	968,664
Non-performing Loans (Stage III)	4,582,952	6,311,559
<b>Impairment Losses on Marketable Securities</b>	<b>20,047</b>	<b>1,485</b>
Financial Assets at Fair Value Through Profit or Loss	2,129	1,485
Financial Assets at Fair Value Through Other Comprehensive Income	17,918	
<b>Impairment Losses on Associates, Subsidiaries and Joint-Ventures</b>		
Associates		
Subsidiaries		
Jointly Controlled Entities		
<b>Other (*)</b>	<b>2,496,037</b>	<b>545,731</b>
<b>Total</b>	<b>12,729,920</b>	<b>8,325,906</b>

(\*) The amount of current period consists of provision for impairment loss for financial assets at fair value through profit or loss and the free provision expense of TL 1,750,000.

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## g. Other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits	153,557	148,639
Bank Pension Fund Deficit Provisions	742,085	618,721
Impairment Losses on Tangible Assets		
Depreciation Expenses of Tangible Assets	607,672	574,237
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	233,969	287,855
Impairment Losses on Equity Accounted Investments		
Impairment Losses on Assets to be Disposed	5,320	
Depreciation Expenses of Assets to be Disposed		
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations		
Other Operating Expenses	3,219,275	2,520,785
Leasing Expenses Related to Exceptions to TFRS 16	99,885	85,844
Repair and Maintenance Expenses	194,017	198,005
Advertisement Expenses (*)	207,975	191,774
Other Expenses (**)	2,717,398	2,045,162
Loss on Sale of Assets	1,836	2,321
Other (**)	1,641,283	1,356,242
<b>Total</b>	<b>6,604,997</b>	<b>5,508,800</b>

(\*) The amount of expenditure made by the Bank within the scope of donation, aid and social responsibility projects in the current period is TL 101,099 (December 31, 2019: TL 61,443).

(\*\*) In the current period the part of the related item amounting to TL 413,540 is comprised of expenses of fees, taxes, pictures and funds.

## i. Information on provision for taxes from continuing and discontinued operations

The Bank's profit before tax arises from continuing activities. As of 31 December 2020, TL 25,242,039 of the profit before tax consists of net interest income, TL 5,617,613 of net fee and commission income, and the total of personnel expenses and other operating expenses is TL 11,796,986.

## j. Information on provision for taxes from continuing and discontinued operations

As of December 31, 2020, the amount of the Bank's tax provision is TL 2,044,635 and the amount consists of current tax expense that is amounting to TL 3,823,786 and consists of deferred tax expense amounting TL 1,779,151.

## k. Information on Net Operating Profit/Loss after Net Profit/Loss from Continuing and Discontinued Operations:

The Bank's net profit made from its continuing operations as of December 31, 2020 amounts to TL 6,810,917.

## l. Information on net period profit/loss:

**l.1.** Income and expenses resulting from ordinary banking activities: There is no specific issue required to be disclosed for the Bank's performance for the nine-month period between January 1, 2020 - December 31, 2020.

**l.2.** Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

**l.3.** "The other" item which is located at the bottom of "Fees and Commissions Received" in the income statement consist of various fees and commissions received from transactions such as credit card transactions, capital market transactions.

## m. Explanation on other items on the income statement:

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

## v. DISCLOSURES AND FOOTNOTES ON STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The paid-in capital is TL 4,500,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 4,673,489 and the balance of extraordinary reserves is TL 35,405,762.

Detail of the securities increase fund is explained in Section Five Note II-m.9 and TL (278,077) of this amount is the deferred tax effect on financial assets at fair value through other comprehensive income (31 December 2019: TL (85,936)).

Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## VI. DISCLOSURES AND FOOTNOTES ON STATEMENT OF CASH FLOWS

The operating profit to TL 28,104,080 before the changes in operating assets and liabilities mostly comprised of TL 38,484,202 of interest received from loans and securities, and TL 16,404,956 of interest paid on deposits and marketable securities borrowed by the Bank. The account "Other" classified under operating profit other than fees and commissions paid, cash payments to personnel and service suppliers and taxes paid consists of other operating expenses, exchange and derivative gains/losses accounts is TL 8,449,586 (December 31, 2019: TL (5,818,608)).

Net Increase (Decrease) in Other Liabilities account classified in changes of assets and liabilities resulting from the changes in Funds Provided Under Repurchase Agreements, miscellaneous payables, other liabilities and taxes, duties, charges, and premiums is TL 24,090,297 (December 31, 2019: TL 7,466,973 decrease).

Net Cash Provided from Other Investing Activities account includes net cash flows from sale of intangible assets and declined by TL 650,792 (December 31, 2019: TL 578,012 decrease).

The effect of changes in foreign exchange rates on cash and cash equivalents is TL (1,105,433) as of December 31, 2020 (December 31, 2019: TL 787,421). Due to the high rate of turnover of related foreign currency assets, the difference between the last 30 days' arithmetic average of currency exchange rates and the year-end currency exchange rate is used to calculate the effect of change in foreign exchange rate.

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, precious metals, money market operations as well as demand and timed up to 3 months are defined as cash and cash equivalents.

### Cash and cash equivalents at beginning of the period:

	Current Period December 31, 2019	Prior Period December 31, 2018
<b>Cash</b>	<b>29,616,634</b>	<b>23,011,833</b>
Cash in TL and Foreign Currency	5,489,353	4,814,268
Central Bank of Turkey and Other	24,127,281	18,197,565
<b>Cash Equivalents</b>	<b>12,260,667</b>	<b>7,548,020</b>
Banks' Demand Deposits and Time Deposits Up to 3 Months	12,260,667	7,548,020
Money Market Receivables		
<b>Total Cash and Cash Equivalents</b>	<b>41,877,301</b>	<b>30,559,853</b>

The total amount resulting from the transactions made in the previous period shows the total cash and cash equivalents as of the beginning of the current period.

### Cash and cash equivalents at end of the period:

	Current Period December 31, 2020	Prior Period December 31, 2019
<b>Cash</b>	<b>32,467,082</b>	<b>29,616,634</b>
Cash in TL and Foreign Currency	9,102,557	5,489,353
Central Bank of Turkey and Other	23,364,525	24,127,281
<b>Cash Equivalents</b>	<b>12,894,826</b>	<b>12,260,667</b>
Banks' Demand Deposits and Time Deposits Up to 3 Months	12,894,826	12,260,667
Money Market Receivables		
<b>Total Cash and Cash Equivalents</b>	<b>45,361,908</b>	<b>41,877,301</b>

## Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements  
For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## VII. DISCLOSURES AND FOOTNOTES ON THE BANK'S RISK GROUP

## a. Information on the volume of transactions relating to the Bank's risk group, incomplete loan and deposit transactions and period's profit and loss:

## a.1. Information on loans held by the Bank's risk Group

## Current Period:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	1,735,386	5,971,958			3,855,442	658,330
Balance at the end of the period	5,368,800	9,877,227			2,585,068	494,875
Interest and commission income received	438,338	4,916			157,039	7,028

## Prior Period:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	958,569	5,830,957			859,156	529,797
Balance at the end of the period	1,735,386	5,971,958			3,855,442	658,330
Interest and commission income received	119,080	2,220			241,149	6,010

## a.2. Information on deposits held by the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Individuals and Corporates in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	4,354,282	5,140,191	8,896	178,624	7,768,540	3,435,929
Balance at the end of the period	8,875,726	4,354,282	157,226	8,896	1,409,177	7,768,540
Interest expense on deposits	160,986	321,033	4,833	10,004	89,244	241,924

## a.3. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Individuals and Corporates in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit and Loss						
Beginning of the period	1,192,862	2,206,327			399,392	2,323,674
End of the period	1,574,671	1,192,862				399,392
Total Profit/Loss	(70,139)	(224,924)			(12,541)	(239,520)
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/Loss						

## Türkiye İş Bankası A.Ş.

# Notes to the Unconsolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

### b. Disclosures for Bank's risk group:

In accordance with the relevant decision of the Banking Regulation and Supervision Agency, the special purpose entity and the mentioned company's subsidiary Türk Telekom A.Ş, are not included in the Bank's risk group, where details are disclosed in Section V, footnote I.b.3 and I.r.

#### b.1. The relation of the Bank with corporations in its risk group and under its control regardless of whether there are any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

#### b.2. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The transactions carried out are mainly loan and deposit transactions. The ratio of loans extended to the risk group to the overall cash loans is 2.30%, while the ratio (excluding NPL) to the overall assets is 1.34%; the ratio of deposits of the risk group corporations to the overall deposits is 2.83%, while the ratio to overall liabilities is 1.76%, the comparable pricing method is used for the transactions.

#### b.3. Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

Security purchases are made by İş Finansal Kiralama A.Ş., a subsidiary of the Bank, through leasing activities when required. The Parent Bank's branches act as agents of Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches, the Bank mediates the order transmission for İş Yatırım Menkul Değerler A.Ş. and carries out agency activities of İş Portföy Yönetimi A.Ş.

If requested, cash and non-cash loan requirements of corporations within the risk group are met in accordance with the limits imposed by the Banking Law and the prevailing market conditions.

#### b.4. As of December 31, 2020, total worth of the shares, which the Bank purchased from its subsidiaries that are traded on Istanbul Stock Exchange, and accounted under the Financial Assets at Fair Value Through Profit or Loss in accordance with the Board of Directors decision dated December 25, 2015 and relevant following decisions is TL 147,183 (December 31, 2019: TL 137,603).

### c. Total salaries and similar benefits paid to the (executive members and senior executives)

In the current period, the net payment provided to the key management amounts is TL 36,814 (December 31, 2019: TL 30,375).

## VIII. DISCLOSURES ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR ASSOCIATES AND FOREIGN REPRESENTATIVE OFFICES

	Number	Employees	Country of Incorporation		Total Assets	Legal Capital
Domestic Branches <sup>(1)</sup>	1,205	23,193				
Foreign Representative Offices	1	2		China		
	1	2		Egypt		
Foreign Branches	2	44		England	20,577,621	1,009
	15	204		T.R.N.C.	8,776,308	80,000
	2	37		Iraq	2,159,548	332,077
	2	30		Kosovo	1,270,258	90,298
	1	6		Bahrain	3,483,661	
Off-Shore Branches						

<sup>(1)</sup> The Branches located in Free Trade Zones in Turkey are included among domestic branches.

## IX. SUBSEQUENT EVENTS

The Head Office was authorized by the Board of Directors of the Bank on July 27, 2020 to purchase 100% share of Moka Ödeme Kuruluşu A.Ş. for USD 3.8 million and to carry out all transactions related to the process. The process regarding the issue was completed and the 100% share of MOKA Ödeme Kuruluşu A.Ş. was transferred to the Bank in January 2021.

Within the scope of the decision of the Board of Directors regarding the issue of debt instrument on September 8, 2020, the Bank issued a commercial paper with a nominal value of TL 336,533 after December 31, 2020.

## Türkiye İş Bankası A.Ş.

Notes to the Unconsolidated Financial Statements  
For the Year Ended December 31, 2020

(Convenience Translation of Unconsolidated Audit Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

**SECTION SIX: OTHER EXPLANATIONS****I. EXPLANATIONS ON THE BANK'S CREDIT RATINGS:**

	Rating	Outlook <sup>(*)</sup>
<b>MOODY'S</b>		
Long-term Foreign Currency Deposit	B3	Negative
Long-term Local Currency Deposit	B3	Negative
Long-term Foreign Currency Senior Debt	B3	Negative
Short-term Foreign Currency Deposit	NP	-
Short-term Local Currency Deposit	NP	-
<b>FITCH RATINGS</b>		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Stable
Viability Rating	b+	-
Support Rating	5	-
<b>STANDARD &amp; POOR'S</b>		
Long-term Counterparty Credit Rating	B+	Negative
Short-term Counterparty Credit Rating	B	-
Long-term National Scale Rating	trA+	-
Long-term Local Currency Issuer Default Rating	trA-1	-
Short-term Foreign Currency Issuer Default Rating	trA-1	-
Short-term Local Currency Issuer Default Rating	trA-1	-
National Long-term Rating	trA-1	-

**The dates below given are on which the Bank's credit ratings/outlook was last updated:**

Moody's: 10.12.2020, Fitch Ratings: 01.09.2020, Standard & Poor's: 17.08.2018

**(\*) Outlook:**

"Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded and "negative" indicates that the current rating is very likely to be downgraded.

**SECTION SEVEN: EXPLANATIONS ON THE AUDITORS' INDEPENDENT AUDIT REPORT****I. EXPLANATIONS ON THE AUDITORS' INDEPENDENT AUDIT REPORT:**

The unconsolidated financial statements and disclosures for the period ended December 31, 2020 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) and the independent auditors' report dated February 8, 2020 is presented preceding the unconsolidated financial statements.

**II. EXPLANATIONS AND FOOTNOTES OF THE INDEPENDENT AUDITORS REPORT**

There are no significant issues or necessary disclosures or notes in relation to the Bank's operations other than those mentioned above.

Türkiye İş Bankası Anonim Şirketi

Türkiye İş Bankası A.Ş.

# Consolidated Financial Statements As at and For the Year Ended December 31, 2020 With Independent Auditor's Report Thereon

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



# Independent Auditor's Report



Güney Bağımsız Denetim ve  
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## To the Shareholders of Türkiye İş Bankası Anonim Şirketi:

### Audit of Consolidated Financial Statements

#### Qualified Opinion

We have audited the accompanying consolidated financial statements of Türkiye İş Bankası A.Ş. (the Bank) and its subsidiaries (collectively referred as "The Group"), which comprise the consolidated statement of balance sheet as at December 31, 2020, and the consolidated statement of income, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, and a summary of significant accounting policies and other explanatory information.

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

#### Basis for Qualified Opinion

As explained in Section Five Part II-i.4.6 and IVe, the accompanying consolidated financial statements as at December 31, 2020 include a free provision at an amount of TL 2,875,000 thousands of which TL 1,125,000 thousands was provided in prior years and TL 1,750,000 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of "Turkish Accounting Standard" (TAS) 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

# Independent Auditor's Report

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><b>IFRS 9 "Financial Instruments" Standard and recognition of impairment on financial assets and related significant disclosures</b></p> <p>As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with IFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> <li>- Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.</li> <li>- There are complex and comprehensive requirements of IFRS 9.</li> <li>- The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with IFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.</li> <li>- The Group determines fair value of its financial assets, reflected at fair value in accordance with the relevant business model category, according to Level 3 if there are financial inputs that are not observable in the fair value measurement and that contain significant estimates and assumptions.</li> <li>- Policies implemented by the Group management include compliance risk to the regulations and other practices.</li> <li>- Processes of IFRS 9 are advanced and complex.</li> <li>- Judgements and estimates used in expected credit loss, complex and comprehensive.</li> <li>- Disclosure requirements of IFRS 9 are comprehensive and complex.</li> </ul>	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of accounting policies as to the requirements of IFRS 9, Group's past experience, local and global practices.</li> <li>- Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists.</li> <li>- Evaluating the reasonableness and appropriateness of management's key estimates and judgements in expected credit loss calculations including the responses to COVID-19, through selection of methods, models, assumptions and data sources.</li> <li>- Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group's Business model.</li> <li>- Reviewing the Group's classification and measurement models of the financial instruments (financial instruments determined as Level 3 according to fair value hierarchy) and comparing with IFRS 9 requirements</li> <li>- Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group's past performance, regulations, and other processes that has forward looking estimations.</li> <li>- Evaluating the impact of the COVID-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses together with forward-looking estimates and significant assumptions.</li> <li>- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.</li> <li>- Testing the mathematical accuracy of expected credit loss calculation on sample basis.</li> <li>- Evaluating the judgments and estimates used for the individually assessed financial assets.</li> <li>- Evaluating the accuracy and the necessity of post-model adjustments.</li> <li>- Auditing of IFRS 9 disclosures.</li> </ul>

**Pension Fund Obligations**

Employees of the Group are members of "Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı", ("the Fund"), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the "Section Three Note XX.2" to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the "Council of Ministers" on the determination of the mentioned transfer date is changed as "President" in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. According to the technical balance sheet report as at December 31, 2020 prepared considering the related articles of the Law regarding the transferrable benefit obligations for the non- transferrable social benefits and payments which are included in the articles of association, the Fund has an actuarial and technical deficit which is fully provisioned for.

The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Group Management uses Fund actuaries to assist in assessing these assumptions.

Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.

It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefit plans during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.

We further focused on the accuracy and adequacy of the Bank's provision provided for the deficit and also disclosures on key assumptions related to pension fund deficit.

**Derivative Financial Instruments**

Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in "Section Five Note I.c." and "Section Five Note II.b".

Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.

Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Group management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.

# Independent Auditor's Report

## Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

## Additional paragraph for convenience translation to English

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

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



February 8, 2021  
Istanbul, Turkey

Türkiye İş Bankası A.Ş.

# The Consolidated Financial Report

## As at and for the Year Ended December 31, 2020

Headquarters Address: İş Kuleleri, 34330, Levent/İstanbul  
 Telephone: 0212 316 00 00  
 Fax: 0212 316 09 00  
 Web Site: www.isbank.com.tr  
 E-mail: musteri.iliskileri@isbank.com.tr

The consolidated financial report as at and for the year ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections:

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

Associates, subsidiaries and structured entities whose financial statements have been consolidated in the consolidated financial report are as follows:

Subsidiaries	Associates
ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ	ARAP-TÜRK BANKASI A.Ş.
ANADOLU HAYAT EMEKLİLİK A.Ş.	
EFES VARLIK YÖNETİM A.Ş.	
İŞ FAKTÖRİNG A.Ş.	
İŞ FİNANSAL KİRALAMA A.Ş.	
İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.	
İŞ PORTFÖY YÖNETİMİ A.Ş.	
İŞ YATIRIM MENKUL DEĞERLER A.Ş.	
İŞ YATIRIM ORTAKLIĞI A.Ş.	
İŞBANK AG	
JOINT STOCK COMPANY İŞBANK (İSC İŞBANK)	
JOINT STOCK COMPANY İŞBANK GEORGIA (İSC İŞBANK GEORGIA)	
MAXİS GİRİŞİM SERMAYESİ PORTFÖY YÖNETİMİ A.Ş.	
MAXIS INVESTMENTS LTD.	
MİLLİ REASÜRANS T.A.Ş.	
TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.	
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.	
YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş.	
YATIRIM VARLIK KİRALAMA A.Ş.	
<b>Structured Entities</b>	
TİB DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY	

The consolidated year ended financial statements and related disclosures and footnotes in this report are prepared, in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks. Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated the accompanying consolidated financial report is presented in thousands of Turkish Lira (TL) and has been subjected to independent audit and presented as the attached.



**Ersin Önder Çiftçioğlu**  
Member of the Board and  
the Audit Committee



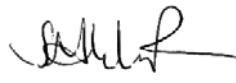
**Yusuf Ziya Toprak**  
Deputy Chairperson of the Board of Directors and Chairperson  
of the Audit Committee



**Füsün Tümsavaş**  
Chairperson of the Board of Directors



**Ali Tolga Ünal**  
Head of Financial Management Division



**Senar Akkus**  
Deputy Chief Executive  
In Charge of Financial Reporting



**Adnan Bali**  
Chief Executive Officer

The authorized contact person for questions on this consolidated financial report:

Name - Surname/Title: Neşe Gülden Sözdinler/Head of Investor Relations and Continuity Division  
 Phone No: +90 212 316 16 02  
 Fax No: +90 212 316 08 40  
 E-mail: Nese.Sozdinler@isbank.com.tr  
 investorrelations@isbank.com.tr

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Türkiye İş Bankası A.Ş.

# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## SECTION ONE: GENERAL INFORMATION ABOUT THE PARENT BANK

### I. Explanations on the Establishment Date and Initial Status of the Parent Bank, and History Including the Changes in the Former Status

TÜRKİYE İŞ BANKASI A.Ş. ("the Bank" or "the Parent Bank") was established on August 26, 1924 to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank's status since its establishment.

### II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Parent Bank, any Changes in the Period, and Information on the Parent Bank's Risk Group

As of December 31, 2020, 37.08% of the Bank's shares are owned by T. İş Bankası A.Ş. Supplementary Pension Fund (Fund), 28.09% are owned by the Republican People's Party- CHP (Atatürk's shares) and 34.83% are on free float (December 31, 2019: Fund 39.10%, CHP 28.09%, Free float 32.81%).

### III. Explanations on the Chairperson's, Directors', Auditors', Chief Executive Officer's and Deputy Chief Executives' Shares, if any, and the Areas of their Responsibility at the Bank

#### Chairperson and Members of the Board of Directors:

Name and Surname	Areas of Responsibility
Fusun Tümsavaş	Chairperson of the Board of Directors, Chairperson of Remuneration Committee and Risk Committee, Member of the Corporate Governance Committee and Credit Committee
Yusuf Ziya Toprak	Deputy Chairperson of the Board of Directors, Chairperson of the Audit Committee, TRNC Internal Systems Committee and Operational Risk Committee, Member of the Risk Committee and Substitute Member of the Credit Committee
Adnan Bali	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee, Information Systems Strategy Committee and Continuity Committee, Natural Member of the Risk Committee, Member of the Operational Risk Committee, Chairperson of the Executive Committee
Feray Demir	Director, Member of the Credit Committee, Remuneration Committee, Continuity Committee and Corporate Social Responsibility Committee
Ersin Önder Çiftçioğlu	Director, Chairperson of the Corporate Governance Committee, Member of the Audit Committee, TRNC Internal Systems Committee and Continuity Committee
Fazlı Bulut	Director, Member of Corporate Social Responsibility Committee and Substitute Member of the Credit Committee
Durmuş Öztekin	Director, Member of Corporate Social Responsibility Committee
Recep Hakan Özyıldız	Director
Mustafa Rıdvan Selçuk	Director
Ahmet Gökhan Sungur	Director
Sadrettin Yurtsever	Director, Member of Corporate Governance Committee and Corporate Social Responsibility Committee

#### Chief Executive Officer and Deputy Chief Executives:

Name and Surname	Areas of Responsibility
Adnan Bali	Chief Executive Officer and Board Member, Chairperson of the Credit Committee, Human Resources Committee, Information Systems Strategy Committee and Continuity Committee, Natural Member of the Risk Committee, Member of the Operational Risk Committee, Chairperson of the Executive Committee
Hakan Aran	Information Technologies, Digital Banking Operations, Data Management, Member of the Information Systems Strategy Committee and Operational Risk Committee
Yalçın Sezen	Retail Banking Marketing, Sales and Products, Retail Loans, Digital Banking, Member of the Corporate Social Responsibility Committee and Continuity Committee
Senar Akkuş	Financial Management, Strategy and Corporate Performance Management, Managerial Reporting and Internal Accounting, Subsidiaries, Member of the Corporate Social Responsibility Committee, Risk Committee, Information Systems Strategy Committee and Continuity Committee
Murat Bilgiç	Corporate Loans, Commercial Loans and Retail Loans Allocation, Project Finance, Member of the Risk Committee and Continuity Committee
Nevzat Burak Seyrek	Corporate Architecture, Human Resources and Talent Management, Agile Management, Consumer Relations Coordination Officer, Member of the Information Systems Strategy Committee and Operational Risk Committee
Şahisimail Şimşek	SME and Enterprise Banking Marketing and Sales, Agricultural Banking Marketing, Commercial Banking Product and Member of the Continuity Committee
Ebru Özsuca	Treasury, Economic Research, Member of the Risk Committee
Gamze Yalçın	International Financial Institutions, Investor Relations and Continuity, Member of Corporate Management Committee and Continuity Committee
H. Cahit Çınar	Legal Affairs and Legal Proceedings, Legal Consultancy, Commercial and Corporate Loans and Retail Loans Proceedings, Loans Monitoring, Credits Portfolio Management
Ozan Gürsoy	Corporate and Commercial Banking Marketing, Commercial Banking Sales, Free Zone Branches, Transboundary Banking, Member of Continuity Committee
Sezgin Yılmaz	Banking Base Operations, Support Services, External Operations and Commercial Loan Operations, Internal Operations, Construction and Real Estate Management, Acquisition, Member of the Operational Risk Committee and Continuity Committee
Serkan Uğraş Kaygalak	Retail Loan and Card Operations, Payment Systems, Private Banking Marketing and Sales, Capital Markets

At the meeting of the Bank's Board of Directors on 01.28.2021, it was decided for Sabri Gökmenler, Information Technologies Department Manager, and Sezgin Lüle, Corporate Architecture Department Manager to be appointed as Deputy General Manager after making the necessary notifications to the Banking Regulation and Supervision Agency and obtaining permissions.

The Parent Bank's shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.



## Türkiye İş Bankası A.Ş.

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2020

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## IV. Information on the Parent Bank's Qualified Shareholders

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
T, İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı ("İşbank Members' Supplementary Pension Fund")	1,668,613	37.08%	1,668,613	
Cumhuriyet Halk Partisi - Republican People's Party (Atatürk's Shares)	1,264,142	28.09%	1,264,142	

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

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank's activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

## VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Explanation about the Institutions Subject to Full Consolidation Method or Proportional Consolidation and Institutions which are deducted from Equity or not included in these Three Methods

Banks are obligated to prepare consolidated financial statements for credit institutions and financial subsidiaries for creating legal restrictions on a consolidated basis based on the "Communiqué on Preparation of Consolidated Financial Statements of Banks" by applying Turkish Accounting Standards. There is not any difference between the related Communiqué and the consolidation operations that is based on Turkish Accounting Standards and Turkish Financial Reporting Standards.

The consolidated financial statements in this report includes the subsidiaries of the Bank, which are credit or financial institutions, in accordance with the BRSA regulations. As of current period, there is no credit or financial institution subsidiaries which are excluded in the scope of the consolidation.

The Parent Bank and its subsidiaries;

- ANADOLU ANONİM TÜRK SİGORTA ŞİRKETİ
- ANADOLU HAYAT EMEKLİLİK A.Ş.
- EFES VARLIK YÖNETİM A.Ş.
- İŞ FAKTORING A.Ş.
- İŞ FİNANSAL KİRALAMA A.Ş.
- İŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.
- İŞ PORTFÖY YÖNETİMİ A.Ş.
- İŞ YATIRIM MENKUL DEĞERLER A.Ş.
- İŞ YATIRIM ORTAKLIĞI A.Ş.
- İŞBANK AG
- JSC İŞBANK
- JSC İŞBANK GEORGIA
- MAXİS GİRİŞİM SERMAYESİ PORTFÖY YÖNETİMİ A.Ş.
- MAXİS INVESTMENTS LTD.
- MİLLİ REASÜRANS T.A.Ş.
- TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
- YATIRIM FİNANSMAN MENKUL DEĞERLER A.Ş.
- YATIRIM VARLIK KİRALAMA A.Ş.

and Structured Entity;

- TIB Diversified Payment Rights Finance Company

is included in the consolidated financial statements with "full consolidation method".

The Parent Bank's associate acting as a credit institution;

- ARAP-TÜRK BANKASI A.Ş.

is accounted under equity accounting method in the consolidated financial statements.

## Türkiye İş Bankası A.Ş.

# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

Consolidated companies are active in the areas of banking, insurance and reinsurance, private pensions, finance leasing, factoring, real estate investment, venture capital investment, brokerage, investment consulting, portfolio and asset management. Those companies are explained below.

### Anadolu Anonim Türk Sigorta Şirketi

The Company was established in 1925 and operates in almost all non-life insurance service. The Company's shares are traded in the Borsa İstanbul A.Ş.

### Anadolu Hayat Emeklilik A.Ş.

The Company was founded in 1990 and its' headquarter is located in Istanbul. The company's main activities are private, or group pension and life/death insurance and all kinds of insurance services related to these branches. There are 34 private pension funds offered by the company to the subscribers. The company's shares are traded in the Borsa İstanbul A.Ş.

### Efes Varlık Yönetim A.Ş.

The field of activity of the company, which was founded in February 2011, is to purchase and sell the receivables with other assets of deposit banks, participation banks and other financial institutions.

### İş Faktoring A.Ş.

The field of operation of the Company, which operates in the factoring sector since 1993, is domestic and foreign factoring operations.

### İş Finansal Kiralama A.Ş.

The Company, whose field of activity is financial leasing within the country and abroad started its business in 1988. The Company's shares are traded in the Borsa İstanbul A.Ş.

### İş Gayrimenkul Yatırım Ortaklığı A.Ş.

The Company, whose main field of activity is investing in real estate, capital market instruments backed by real estate, real estate projects and capital market instruments, is conducting its business in the sector as a real estate investment trust since 1999. The Company's shares are traded in the Borsa İstanbul A.Ş. since its establishment.

### İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.

The Company, which started its venture capital business in the year 2000, aims to make long term investments in venture capital firms which established or to be founded in Turkey, have potential development and need resources. The Company's shares are traded in the Borsa İstanbul A.Ş. since the year 2004.

### İş Portföy Yönetimi A.Ş.

The purpose of the Company, which was founded in 2000, is to engage in capital market operations stated in its articles of association. Among the capital market operations, the company offers portfolio management and investment consulting services only to corporate investors.

### İş Yatırım Menkul Değerler A.Ş.

The Company's main field of activity is composed of intermediary, corporate finance, investment consulting and private portfolio management services. The Company's shares are traded in the Borsa İstanbul A.Ş. since May 2007.

### İş Yatırım Ortaklığı A.Ş.

The aim of the Company, which was founded in İstanbul in the year 1995, is to operate in capital market activities which is stated in the principal agreement, and Company's main field of activities is portfolio management. The Company's shares are traded in the Borsa İstanbul A.Ş. since April 1996.

### İşbank AG

İşbank AG was founded to carry out the banking transactions in Europe. İşbank AG has 10 branches in total, 9 branches in Germany and 1 branch in Netherlands.

### JSC İşbank

The Moscow-based Bank, which was acquired in 2011, carries out banking activities in the fields of corporate banking, project finance and foreign trade finance with its branches in Moscow and Saint Petersburg and representation in Kazan.

### JSC İşbank Georgia

The Bank which was established in Georgia in the third quarter of 2015, is operating banking services mainly deposit, loan and exchange transactions. As part of the organizational structure of Parent Bank in abroad, Batumi and Tbilisi branches which were established in 2012 and 2014 respectively proceed its operations as JSC İşbank Georgia.

### Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.

The purpose of the Company, which was founded in November 2017, is to establish and manage capital investment funds in accordance with the Capital Markets Law and related legislations.

### Maxis Investments Ltd.

The purpose of the Company, which was founded in England in the year 2005, is to operate in activities in foreign capital markets.

### Milli Reasürans T.A.Ş.

The Company, which was founded in 1929, aims to provide reinsurance and retrocession services in foreign and domestic branches. It has 1 branch in Singapore.

Türkiye İş Bankası A.Ş.

# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

## TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.

The core business activity of the Company, which was founded in 2006, is to create and develop an investment property portfolio and to invest in capital market instruments that are based on investment properties. The Company's shares are traded in the Borsa İstanbul A.Ş. since April 2010.

## Türkiye Sınai Kalkınma Bankası A.Ş.

Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) which is an industrial development and an investment bank is founded specially to support private sector investments in industry and to provide domestic and foreign capital to Turkish companies. The Bank's shares are traded in the Borsa İstanbul A.Ş.

## Yatırım Finansman Menkul Değerler A.Ş.

The Company was founded in 1976. The purpose of the Company is to engage in capital market operations stated in its articles of association.

## Yatırım Varlık Kiralama A.Ş.

The purpose of the Company, which is founded in September 20, 2019, is to issue lease certificates exclusively within the framework of the Capital Market Law and related legislation provisions.

## **VII. Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholders' Equity between the Parent Bank and its Subsidiaries or the Reimbursement of Liabilities**

None.

## **VIII. Written Policies on Assessment of Ensuring Compliance on Market Discipline, Disclosure Obligations, Frequency and Accuracy of the Related Disclosures**

The Parent Bank has written policies on assessment of ensuring compliance on market discipline, disclosure obligations, frequency and accuracy of related disclosures. The mentioned policies which are agreed by Board of Directors can be obtained from the Parent Bank's website.

## Türkiye İş Bankası A.Ş.

## Consolidated Balance Sheet (Statement of Financial Position)

## SECTION TWO: CONSOLIDATED FINANCIAL STATEMENTS

ASSETS		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
			TP	YP	Toplam	TP	YP	Toplam
<b>I.</b>	<b>FINANCIAL ASSETS (NET)</b>		<b>62,727,896</b>	<b>122,443,294</b>	<b>185,171,190</b>	<b>52,312,184</b>	<b>94,371,995</b>	<b>146,684,179</b>
1.1	Cash and Cash Equivalents		10,540,314	83,293,471	93,833,785	8,301,164	67,456,533	75,757,697
1.1.1	Cash and Balances with Central Bank	V-I-a	5,566,057	66,404,333	71,970,390	5,263,162	48,812,966	54,076,128
1.1.2	Banks	V-I-d	2,815,653	16,896,691	19,712,344	1,988,674	18,565,357	20,554,031
1.1.3	Money Market Placements		2,174,268	27,259	2,201,527	1,058,871	120,577	1,179,448
1.1.4	Expected Credit Loss (-)		15,664	34,812	50,476	9,543	42,367	51,910
1.2	Financial Assets at Fair Value Through Profit or Loss	V-I-b	3,745,650	3,054,356	6,800,006	2,481,683	2,319,812	4,801,495
1.2.1	Government Debt Securities		168,133	573,788	741,921	271,813	10,939	282,752
1.2.2	Equity Securities		1,345,669	261,922	1,607,591	154,554	1,498	156,052
1.2.3	Other Financial Assets		2,231,848	2,218,646	4,450,494	2,055,316	2,307,375	4,362,691
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	V-I-e	48,079,020	29,748,250	77,827,270	41,263,642	19,750,078	61,013,720
1.3.1	Government Debt Securities		46,408,231	25,355,465	71,763,696	39,332,002	17,666,968	56,998,970
1.3.2	Equity Securities		203,583	346,271	549,854	158,784	423,727	582,511
1.3.3	Other Financial Assets		1,467,206	4,046,514	5,513,720	1,772,856	1,659,383	3,432,239
1.4	Derivative Financial Assets	V-I-c-l	362,912	6,347,217	6,710,129	265,695	4,845,572	5,111,267
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		362,912	6,347,217	6,710,129	265,695	4,845,572	5,111,267
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II.</b>	<b>Financial Assets Measured at Amortised Cost (Net)</b>		<b>263,081,358</b>	<b>183,553,540</b>	<b>446,634,898</b>	<b>200,552,565</b>	<b>153,100,675</b>	<b>353,653,240</b>
2.1	Loans	V-I-f	236,661,521	178,069,783	414,731,304	179,157,891	149,081,976	328,239,867
2.2	Lease Receivables	V-I-f-k	2,710,419	4,993,807	7,704,226	1,605,008	3,899,070	5,504,078
2.3	Factoring Receivables	V-I-f	3,485,758	1,158,428	4,644,186	2,772,806	614,484	3,387,290
2.4	Other Financial Assets Measured at Amortised Cost (Net)	V-I-g	38,170,955	7,433,648	45,604,603	30,339,422	3,299,879	33,639,301
2.4.1	Government Debt Securities		38,115,604	5,738,600	43,854,204	30,050,721	2,685,879	32,736,600
2.4.2	Other Financial Assets		55,351	1,695,048	1,750,399	288,701	614,000	902,701
2.5	Expected Credit Loss (-)		17,947,295	8,102,126	26,049,421	13,322,562	3,794,734	17,117,296
<b>III.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	V-I-o	<b>1,287,465</b>	<b>15,143</b>	<b>1,302,608</b>	<b>1,178,529</b>	<b>11,691</b>	<b>1,190,220</b>
3.1	Held for Sale		1,287,465	15,143	1,302,608	1,178,529	11,691	1,190,220
3.2	Discontinued Operations		-	-	-	-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</b>		<b>13,052,096</b>	<b>-</b>	<b>13,052,096</b>	<b>11,190,991</b>	<b>-</b>	<b>11,190,991</b>
4.1	Investments in Associates (Net)	V-I-h	271,231	-	271,231	255,838	-	255,838
4.1.1	Associates Accounted by using Equity Method		242,174	-	242,174	220,768	-	220,768
4.1.2	Unconsolidated Associates		29,057	-	29,057	35,070	-	35,070
4.2	Subsidiaries (Net)	V-I-i	12,775,982	-	12,775,982	10,929,898	-	10,929,898
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		12,775,982	-	12,775,982	10,929,898	-	10,929,898
4.3	Joint Ventures (Net)	V-I-j	4,883	-	4,883	5,255	-	5,255
4.3.1	Joint Ventures Accounted by using Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		4,883	-	4,883	5,255	-	5,255
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>		<b>7,928,442</b>	<b>171,512</b>	<b>8,099,954</b>	<b>7,842,385</b>	<b>152,380</b>	<b>7,994,765</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>1,540,236</b>	<b>113,752</b>	<b>1,653,988</b>	<b>1,104,073</b>	<b>92,651</b>	<b>1,196,724</b>
6.1	Goodwill		35,974	-	35,974	35,974	-	35,974
6.2	Other		1,504,262	113,752	1,618,014	1,068,099	92,651	1,160,750
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>	V-I-n	<b>3,649,631</b>	<b>-</b>	<b>3,649,631</b>	<b>3,444,979</b>	<b>-</b>	<b>3,444,979</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>46,085</b>	<b>2,838</b>	<b>48,923</b>	<b>21,145</b>	<b>2,501</b>	<b>23,646</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	V-I-o	<b>2,324,870</b>	<b>1,347,866</b>	<b>3,672,736</b>	<b>1,141,900</b>	<b>809,097</b>	<b>1,950,997</b>
<b>X.</b>	<b>OTHER ASSETS</b>	V-I-r	<b>43,766,791</b>	<b>11,099,448</b>	<b>54,866,239</b>	<b>31,560,267</b>	<b>6,161,830</b>	<b>37,722,097</b>
	<b>TOTAL ASSETS</b>		<b>399,404,870</b>	<b>318,747,393</b>	<b>718,152,263</b>	<b>310,349,018</b>	<b>254,702,820</b>	<b>565,051,838</b>

## Türkiye İş Bankası A.Ş.

## Consolidated Balance Sheet (Statement of Financial Position)

LIABILITIES		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	V-II-a	133,332,439	248,360,954	381,693,393	128,979,347	173,811,857	302,791,204
<b>II.</b>	<b>FUNDS BORROWED</b>	V-II-c	4,434,966	73,167,922	77,602,888	4,742,038	67,564,942	72,306,980
<b>III.</b>	<b>MONEY MARKETS</b>		19,985,947	5,998,700	25,984,647	1,286,893	1,743,442	3,030,335
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	V-II-d	7,134,909	32,364,397	39,499,306	9,114,208	30,177,570	39,291,778
4.1	Bills		5,095,133	-	5,095,133	7,506,622	-	7,506,622
4.2	Asset Backed Securities		377,032	-	377,032	138,244	-	138,244
4.3	Bonds		1,662,744	32,364,397	34,027,141	1,469,342	30,177,570	31,646,912
<b>V.</b>	<b>FUNDS</b>		6,275	115,830	122,105	2,494	56,456	58,950
5.1	Borrower Funds		6,275	115,830	122,105	2,494	56,456	58,950
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	V-II-b-h	1,514,236	7,340,198	8,854,434	681,191	2,050,633	2,731,824
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		1,514,236	7,340,198	8,854,434	681,191	2,050,633	2,731,824
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	V-II-g	756,372	162,368	918,740	822,574	134,310	956,884
<b>X.</b>	<b>PROVISIONS</b>	V-II-i	20,036,922	3,990,144	24,027,066	15,281,940	2,578,645	17,860,585
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,618,739	2,192	1,620,931	1,353,611	2,420	1,356,031
10.3	Insurance Technical Provisions (Net)		9,987,925	3,382,651	13,370,576	8,209,952	2,264,775	10,474,727
10.4	Other Provisions		8,430,258	605,301	9,035,559	5,718,377	311,450	6,029,827
<b>XI.</b>	<b>CURRENT TAX LIABILITY</b>	V-II-j	2,836,995	14,987	2,851,982	1,549,792	36,760	1,586,552
<b>XII.</b>	<b>DEFERRED TAX LIABILITY</b>	V-II-j	138,027	6,404	144,431	75,379	913	76,292
<b>XIII.</b>	<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>		2,286,510	22,139,611	24,426,121	2,281,084	13,095,892	15,376,976
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		2,286,510	22,139,611	24,426,121	2,281,084	13,095,892	15,376,976
<b>XV.</b>	<b>OTHER LIABILITIES</b>	V-II-f	50,970,159	6,195,271	57,165,430	39,770,069	3,511,942	43,282,011
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	V-II-m	74,597,926	263,794	74,861,720	65,945,911	(244,444)	65,701,467
16.1	Paid-in capital		4,500,000	-	4,500,000	4,500,000	-	4,500,000
16.2	Capital Reserves		1,216,307	-	1,216,307	1,126,870	-	1,126,870
16.2.1	Share Premium		124,549	-	124,549	39,250	-	39,250
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1,091,758	-	1,091,758	1,087,620	-	1,087,620
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		4,649,809	100	4,649,909	4,790,255	100	4,790,355
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		4,698,746	(60,675)	4,638,071	3,349,172	(388,660)	2,960,512
16.5	Profit Reserves		44,060,209	4,619	44,064,828	36,840,268	4,619	36,844,887
16.5.1	Legal Reserves		5,335,033	1,930	5,336,963	4,896,373	1,930	4,898,303
16.5.2	Status Reserves		178,599	-	178,599	135,606	-	135,606
16.5.3	Extraordinary Reserves		38,546,577	2,689	38,549,266	31,808,289	2,689	31,810,978
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or Loss		8,153,556	225,331	8,378,887	8,275,984	137,270	8,413,254
16.6.1	Prior Periods' Profit or Loss		1,586,175	137,270	1,723,445	2,372,239	31,210	2,403,449
16.6.2	Current Period Profit or Loss		6,567,381	88,061	6,655,442	5,903,745	106,060	6,009,805
16.7	Minority Shares	V-II-n	7,319,299	94,419	7,413,718	7,063,362	2,227	7,065,589
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>318,031,683</b>	<b>400,120,580</b>	<b>718,152,263</b>	<b>270,532,920</b>	<b>294,518,918</b>	<b>565,051,838</b>

## Türkiye İş Bankası A.Ş.

## Consolidated Statement of Off-Balance Sheet Items

OFF-BALANCE SHEET ITEMS	Footnotes	THOUSAND TL					
		CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET CONTINGENCIES and COMMITMENTS (I+II+III)</b>		<b>229,466,822</b>	<b>482,447,565</b>	<b>711,914,387</b>	<b>166,281,278</b>	<b>360,245,368</b>	<b>526,526,646</b>
<b>I. GUARANTEES AND SURETYSHIPS</b>	V-III	<b>40,128,375</b>	<b>82,758,032</b>	<b>122,886,407</b>	<b>32,395,132</b>	<b>64,198,200</b>	<b>96,593,332</b>
1.1 Letters of Guarantee		39,563,027	48,508,183	88,071,210	32,246,614	39,300,725	71,547,339
1.1.1 Guarantees Subject to State Tender Law		687,709	535,767	1,223,476	576,475	976,230	1,552,705
1.1.2 Guarantees Given for Foreign Trade Operations		4,416,349	24,324,692	28,741,041	1,935,615	15,083,874	17,019,489
1.1.3 Other Letters of Guarantee		34,458,969	23,647,724	58,106,693	29,734,524	23,240,621	52,975,145
1.2 Bank Acceptances		84,800	8,965,543	9,050,343	-	6,040,332	6,040,332
1.2.1 Import Letter of Acceptance		-	387,585	387,585	-	302,090	302,090
1.2.2 Other Bank Acceptances		84,800	8,577,958	8,662,758	-	5,738,242	5,738,242
1.3 Letters of Credit		454,945	22,138,966	22,593,911	107,344	16,209,490	16,316,834
1.3.1 Documentary Letters of Credit		435,024	16,428,961	16,863,985	95,025	12,420,423	12,515,448
1.3.2 Other Letters of Credit		19,921	5,710,005	5,729,926	12,319	3,789,067	3,801,386
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		9,355	-	9,355	12,703	-	12,703
1.8 Other Guarantees		16,248	3,145,340	3,161,588	28,471	2,647,653	2,676,124
1.9 Other Suretyships		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>72,767,824</b>	<b>26,364,767</b>	<b>99,132,591</b>	<b>58,369,590</b>	<b>15,860,570</b>	<b>74,230,160</b>
2.1 Irrevocable Commitments		71,400,021	14,882,602	86,282,623	57,351,837	8,909,626	66,261,463
2.1.1 Forward Asset Purchase Commitments		2,250,035	4,322,672	6,572,707	930,528	2,059,373	2,989,901
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Capital Commitments to Associates and Subsidiaries		-	127,172	127,172	3,588	96,782	100,370
2.1.4 Loan Granting Commitments		24,688,380	1,009,173	25,697,553	18,930,150	691,607	19,621,757
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2,641,068	-	2,641,068	2,673,042	-	2,673,042
2.1.8 Tax and Fund Liabilities from Export Commitments		26,068	-	26,068	23,261	-	23,261
2.1.9 Commitments for Credit Card Expenditure Limits		37,915,127	-	37,915,127	31,090,963	-	31,090,963
2.1.10 Commitments for Credit Cards and Banking Services Promotions		179,370	-	179,370	113,842	-	113,842
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		3,699,973	9,423,585	13,123,558	3,586,463	6,061,864	9,648,327
2.2 Revocable Commitments		1,367,803	11,482,165	12,849,968	1,017,753	6,950,944	7,968,697
2.2.1 Revocable Loan Granting Commitments		1,302,803	11,482,165	12,784,968	932,753	6,950,944	7,883,697
2.2.2 Other Revocable Commitments		65,000	-	65,000	85,000	-	85,000
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>116,570,623</b>	<b>373,324,766</b>	<b>489,895,389</b>	<b>75,516,556</b>	<b>280,186,598</b>	<b>355,703,154</b>
3.1 Derivative Financial Instruments Held for Risk Management		-	19,840,766	19,840,766	-	16,520,430	16,520,430
3.1.1 Fair Value Hedges		-	19,840,766	19,840,766	-	16,520,430	16,520,430
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Net Foreign Investment Hedges		-	-	-	-	-	-
3.2 Derivative Financial Instruments Held for Trading		116,570,623	353,484,000	470,054,623	75,516,556	263,666,168	339,182,724
3.2.1 Forward Foreign Currency Buy/Sell Transactions		8,922,687	41,994,015	50,916,702	8,689,923	21,432,032	30,121,955
3.2.1.1 Forward Foreign Currency Buy Transactions		6,936,738	18,551,563	25,488,301	4,494,247	10,543,785	15,038,032
3.2.1.2 Forward Foreign Currency Sell Transactions		1,985,949	23,442,452	25,428,401	4,195,676	10,888,247	15,083,923
3.2.2 Currency and Interest Rate Swaps		101,415,909	273,410,206	374,826,115	61,852,105	225,412,722	287,264,827
3.2.2.1 Currency Swap Buy Transactions		6,088,408	96,398,304	102,486,712	11,474,743	70,219,278	81,693,751
3.2.2.2 Currency Swap Sell Transactions		93,752,701	29,719,050	123,471,751	49,621,032	30,328,506	79,949,538
3.2.2.3 Interest Rate Swap Buy Transactions		787,400	73,646,426	74,433,826	378,300	62,432,469	62,810,769
3.2.2.4 Interest Rate Swap Sell Transactions		787,400	73,646,426	74,433,826	378,300	62,432,469	62,810,769
3.2.3 Currency, Interest Rate and Security Options		2,003,720	14,257,333	16,261,053	4,814,654	13,201,733	18,016,387
3.2.3.1 Currency Call Options		1,023,470	3,069,627	4,093,097	2,424,143	3,468,440	5,892,583
3.2.3.2 Currency Put Options		707,100	3,346,049	4,053,149	2,329,757	3,351,807	5,681,564
3.2.3.3 Interest Rate Call Options		-	3,920,016	3,920,016	-	3,190,743	3,190,743
3.2.3.4 Interest Rate Put Options		-	3,920,016	3,920,016	-	3,190,743	3,190,743
3.2.3.5 Securities Call Options		121,010	-	121,010	24,499	-	24,499
3.2.3.6 Securities Put Options		152,140	1,625	153,765	36,255	-	36,255
3.2.4 Currency Futures		3,156,514	2,794,386	5,950,900	54,833	64,219	119,052
3.2.4.1 Currency Buy Futures		507,826	2,647,387	3,155,213	54,293	7,329	61,622
3.2.4.2 Currency Sell Futures		2,648,688	146,999	2,795,687	540	56,890	57,430
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Buy Futures		-	-	-	-	-	-
3.2.5.2 Interest Rate Sell Futures		-	-	-	-	-	-
3.2.6 Other		1,071,793	21,028,060	22,099,853	105,041	3,555,462	3,660,503
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>728,033,002</b>	<b>906,245,389</b>	<b>1,634,278,391</b>	<b>657,586,215</b>	<b>682,851,813</b>	<b>1,340,438,028</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>86,312,364</b>	<b>73,210,438</b>	<b>159,522,802</b>	<b>89,812,045</b>	<b>34,047,245</b>	<b>123,859,290</b>
4.1 Customers' Securities Held		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		67,013,035	6,643,025	73,656,060	73,390,917	4,784,135	78,175,052
4.3 Cheques Received for Collection		15,972,224	37,840,329	53,812,553	13,109,079	12,313,077	25,422,156
4.4 Commercial Notes Received for Collection		2,873,548	17,306,337	20,179,885	2,945,032	12,494,982	15,440,014
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		453,557	11,420,747	11,874,304	367,017	4,455,051	4,822,068
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>641,720,638</b>	<b>833,034,951</b>	<b>1,474,755,589</b>	<b>567,774,170</b>	<b>648,804,568</b>	<b>1,216,578,738</b>
5.1 Marketable Securities		47,823,113	78,780,877	126,603,990	41,638,400	54,528,282	96,166,682
5.2 Guarantee Notes		11,883,928	28,867,329	40,751,257	10,544,691	28,052,674	38,597,365
5.3 Commodity		131,913,263	53,111,124	185,024,387	113,783,813	36,392,061	150,175,874
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estates		352,717,245	432,859,911	785,577,156	318,041,884	336,610,047	654,651,931
5.6 Other Pledged Items		97,383,089	239,415,710	336,798,799	83,765,382	193,221,504	276,986,886
5.7 Pledged Items - Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>957,499,824</b>	<b>1,388,692,954</b>	<b>2,346,192,778</b>	<b>823,867,493</b>	<b>1,043,097,181</b>	<b>1,866,964,674</b>

## Türkiye İş Bankası A.Ş.

## Consolidated Statement of Profit or Loss

STATEMENT OF PROFIT OR LOSS		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2020)	CURRENT PERIOD (01/01-31/12/2019)
<b>I.</b>	<b>INTEREST INCOME</b>	V-IV-a	<b>47,960,977</b>	<b>48,453,830</b>
1.1	Interest Income on Loans		34,768,023	35,676,426
1.2	Interest Income on Reserve Deposits		84,960	391,921
1.3	Interest Income on Banks		488,822	710,205
1.4	Interest Income on Money Market Placements		116,834	379,584
1.5	Interest Income on Marketable Securities Portfolio		11,565,656	10,259,795
1.5.1	Financial Assets At Fair Value Through Profit or Loss		58,357	73,285
1.5.2	Financial Assets At Fair Value Through Other Comprehensive Income		7,008,929	6,115,454
1.5.3	Financial Assets At Measured at Amortised Cost		4,498,370	4,071,056
1.6	Financial Lease Income		543,503	486,593
1.7	Other Interest Income		393,179	549,306
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	V-IV-b	<b>18,898,262</b>	<b>25,654,752</b>
2.1	Interest on Deposits		9,483,464	16,509,692
2.2	Interest on Funds Borrowed		2,344,979	2,907,975
2.3	Interest on Money Market Funds		1,584,227	1,201,463
2.4	Interest on Securities Issued		4,733,389	4,795,089
2.5	Financial Lease Expense		146,707	157,497
2.6	Other Interest Expenses		605,496	83,036
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>29,062,715</b>	<b>22,799,078</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>4,919,413</b>	<b>4,611,770</b>
4.1	Fees and Commissions Received		7,381,481	7,071,129
4.1.1	Non-cash Loans		1,150,770	1,091,699
4.1.2	Other		6,230,711	5,979,430
4.2	Fees and Commissions Paid		2,462,068	2,459,359
4.2.1	Non-cash Loans		6,232	20,580
4.2.2	Other		2,455,836	2,438,779
<b>V.</b>	<b>DIVIDEND INCOME</b>	V-IV-c	<b>31,057</b>	<b>20,819</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	V-IV-d	<b>(1,206,769)</b>	<b>(4,633,920)</b>
6.1	Gains/(Losses) on Securities Trading		1,228,185	430,068
6.2	Derivative Financial Transactions Gains/Losses		(10,138,921)	(4,970,798)
6.3	Foreign Exchange Gains/(Losses)		7,703,967	(93,190)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	V-IV-e	<b>11,733,929</b>	<b>10,942,888</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>44,540,345</b>	<b>33,740,635</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	V-IV-f	<b>11,379,112</b>	<b>8,570,651</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	V-IV-f	<b>2,770,928</b>	<b>665,632</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>6,301,193</b>	<b>5,252,399</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	V-IV-g	<b>14,877,965</b>	<b>12,260,512</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>9,211,147</b>	<b>6,991,441</b>
<b>XIV.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		<b>1,455,956</b>	<b>1,462,479</b>
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XIII+...+XVI)</b>	V-IV-h	<b>10,667,103</b>	<b>8,453,920</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	V-IV-i	<b>2,915,351</b>	<b>1,422,289</b>
18.1	Current Tax Provision		4,778,594	2,473,633
18.2	Deferred Tax Income Effect (+)		1,206,397	889,445
18.3	Deferred Tax Expense Effect (-)		3,069,640	1,940,789
<b>XIX.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>	V-IV-j	<b>7,751,752</b>	<b>7,031,631</b>
<b>XX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
19.1	Income on Assets Held for Sale		-	-
19.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
19.3	Other Income on Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-
20.1	Expense on Assets Held for Sale		-	-
20.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
20.3	Other Expense on Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XX-XXI)</b>	V-IV-h	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	V-IV-i	-	-
22.1	Current Tax Provision		-	-
22.2	Deferred Tax Expense Effect (+)		-	-
22.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	V-IV-j	-	-
<b>XXV.</b>	<b>NET PERIOD PROFIT/LOSS (XIX+XXIV)</b>	V-IV-k	<b>7,751,752</b>	<b>7,031,631</b>
25.1	Group's Profit/Loss		6,655,442	6,009,805
25.2	Non-controlling Interest Profit/Loss (-)		1,096,310	1,021,826
	Earnings per Share <sup>(*)</sup>		0.059158301	0.053419421

(\*) Tam TL tutarı ile gösterilmiştir.



Türkiye İş Bankası A.Ş.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSAND TL	
		CURRENT PERIOD (01/01-31/12/2020)	PRIOR PERIOD (01/01-31/12/2019)
<b>I.</b>	<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>7,751,752</b>	<b>7,031,631</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1,540,414</b>	<b>3,305,993</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>(195,473)</b>	<b>49,594</b>
2.1.1	Revaluation Surplus on Tangible Assets	(17,267)	(19,247)
2.1.2	Revaluation Surplus on Intangible Assets		
2.1.3	Gains/(Losses) on remeasurements of Defined Benefit Plans	(73,754)	(81,951)
2.1.4	Other Income/Expense Items of Other Comprehensive Income not to be Reclassified to Profit Or Loss	(121,372)	132,431
2.1.5	Taxes Relating To Components Of Other Comprehensive Income not to be Reclassified To Profit Or Loss	16,920	18,361
<b>2.2</b>	<b>Other Income/Expense Items not be Reclassified to Profit or Loss</b>	<b>1,735,887</b>	<b>3,256,399</b>
2.2.1	Exchange Differences on Translation	607,580	441,876
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	1,079,211	3,247,281
2.2.3	Income/(Loss) Related with Cash Flow Hedges		
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations		
2.2.5	Other Income/Expense Items of Other Comprehensive Income to be Reclassified to Other Profit or Loss	262,834	229,925
2.2.6	Taxes Relating To Components Of Other Comprehensive Income to be Reclassified To Profit Or Loss	(213,738)	(662,683)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>9,292,166</b>	<b>10,337,624</b>



## Türkiye İş Bankası A.Ş.

## Consolidated Statement of Cash Flows

		THOUSAND TL	
		Footnotes	
			CURRENT PERIOD (01/01-31/12/2020)
			PRIOR PERIOD (01/01-31/12/2019)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>34,258,222</b>
1.1.1	Interest Received		46,839,437
1.1.2	Interest Paid		(25,968,978)
1.1.3	Dividend Received		296,543
1.1.4	Fees and Commissions Received		7,071,129
1.1.5	Other Income		5,760,716
1.1.6	Collections from Previously Written Off Loans and Other Receivables		918,494
1.1.7	Cash Payments to Personnel and Service Suppliers		(8,579,659)
1.1.8	Taxes Paid		(3,150,744)
1.1.9	Other	V-VI	(5,916,139)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>		<b>(6,144,854)</b>
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(1,229,408)
1.2.2	Net (Increase)/Decrease in Due From Banks		(3,310,524)
1.2.3	Net (Increase)/Decrease in Loans		(10,509,133)
1.2.4	Net (Increase)/Decrease in Other Assets		(5,560,924)
1.2.5	Net Increase/(Decrease) in Bank Deposits		(8,532)
1.2.6	Net Increase/(Decrease) in Other Deposits		40,273,207
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		(7,560,811)
1.2.9	Net Increase/(Decrease) in Matured Payables		-
1.2.10	Net Increase/(Decrease) in Other Liabilities	V-VI	(890,902)
<b>I.</b>	<b>Net Cash Provided From Banking Operations</b>		<b>28,113,368</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(19,012,653)</b>
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		(7,523)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-
2.3	Cash Paid for the Purchase of Tangible Asset		(319,080)
2.4	Cash Obtained from the Sale of Tangible Asset		862,304
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(23,879,647)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		15,171,316
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost		(11,600,127)
2.8	Cash Obtained from Sale of Financial Assets Measured at Amortised Cost <sup>(*)</sup>		8,497,685
2.9	Other	V-VI	(656,217)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from financing activities</b>		<b>(4,352,732)</b>
3.1	Cash obtained from funds borrowed and securities issued		32,030,875
3.2	Cash used for repayment of funds borrowed and securities issued		(35,793,599)
3.3	Equity Instruments		-
3.4	Dividends Paid		(130,003)
3.5	Payments for Finance Leases		(460,005)
3.6	Other	V-VI	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	V-VI	<b>909,669</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents</b>		<b>4,582,937</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>		<b>34,639,188</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>		<b>47,738,608</b>

<sup>(\*)</sup> Includes Redeemed Financial Assets measured at amortized cost.

## Türkiye İş Bankası A.Ş.

## Consolidated Statement of Changes in Shareholders' Equity

		THOUSAND TL							
CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income That will not be Reclassified in Profit/(Loss)		
							Tangible assets accumulated revaluation reserve Increase/(Decrease)	Accumulated gains/(losses) on remeasurements of defined benefit plans	Other <sup>(4)</sup>
<b>PRIOR PERIOD (31/12/2019)</b>		V-V							
<b>I.</b>	<b>Beginning Balance</b>		<b>4,500,000</b>	<b>39,234</b>		<b>1,090,628</b>	<b>3,480,029</b>	<b>(179,802)</b>	<b>1,434,060</b>
<b>II.</b>	<b>Adjustment in accordance with TAS 8</b>								
2.1	The Effect of Adjustments								
2.2	The Effect of Changes in Accounting Policies								
<b>III.</b>	<b>New Balance (I+II)</b>		<b>4,500,000</b>	<b>39,234</b>		<b>1,090,628</b>	<b>3,480,029</b>	<b>(179,802)</b>	<b>1,434,060</b>
<b>IV.</b>	Total Comprehensive Income						(17,330)	(63,214)	132,555
<b>V.</b>	Capital Increase in Cash								
<b>VI.</b>	Capital Increase Through Internal Reserves								
<b>VII.</b>	Paid-in-Capital inflation adjustment difference								
<b>VIII.</b>	Convertible Bonds								
<b>IX.</b>	Subordinated Debt								
<b>X.</b>	Increase/(Decrease) Through Other Changes <sup>(1)</sup>			16		(3,008)	4,084	(26)	(1)
<b>XI.</b>	Profit Distribution								
11.1	Dividend Paid								
11.2	Transfer to Reserves								
11.3	Other <sup>(2)</sup>								
<b>Ending Balance (III+IV+.....+X+XI)</b>			<b>4,500,000</b>	<b>39,250</b>	<b>-</b>	<b>1,087,620</b>	<b>3,466,783</b>	<b>(243,042)</b>	<b>1,566,614</b>
<b>CURRENT PERIOD (31/12/2020)</b>									
<b>I.</b>	<b>Beginning Balance</b>		<b>4,500,000</b>	<b>39,250</b>		<b>1,087,620</b>	<b>3,466,783</b>	<b>(243,042)</b>	<b>1,566,614</b>
<b>II.</b>	<b>Adjustment in accordance with TAS 8</b>								
2.1	The Effect of Adjustments								
2.2	The Effect of Changes in Accounting Policies								
<b>III.</b>	<b>New Balance (I+II)</b>		<b>4,500,000</b>	<b>39,250</b>		<b>1,087,620</b>	<b>3,466,783</b>	<b>(243,042)</b>	<b>1,566,614</b>
<b>IV.</b>	Total Comprehensive Income						(15,212)	(59,386)	(121,621)
<b>V.</b>	Capital Increase in Cash								
<b>VI.</b>	Capital Increase Through Internal Reserves								
<b>VII.</b>	Paid-in-Capital inflation adjustment difference								
<b>VIII.</b>	Convertible Bonds								
<b>IX.</b>	Subordinated Debt								
<b>X.</b>	Increase/(Decrease) Through Other Changes <sup>(1)</sup>			85,299		4,138	56,622	(852)	3
<b>XI.</b>	Profit Distribution								
11.1	Dividend Paid								
11.2	Transfer to Reserves								
11.3	Other <sup>(2)</sup>								
<b>Ending Balance (III+IV+.....+X+XI)</b>			<b>4,500,000</b>	<b>124,549</b>	<b>-</b>	<b>1,091,758</b>	<b>3,508,193</b>	<b>(303,280)</b>	<b>1,444,996</b>

<sup>(4)</sup> Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss.

<sup>(2)</sup> Accumulated gains/(losses) on cash flow hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for using equity method that will be classified to Profit/(Loss), Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss

<sup>(1)</sup> Includes changes in the Group Shares.

<sup>(\*)</sup> According to the Articles of Incorporation of the Bank, since a portion of the net profit for the period is distributed to the employees as a dividend, the provision provided for employee dividend distribution within the scope of "TAS 19-Employee Benefits", has been added to distributable profit.

## THOUSAND TL

Accumulated Other Comprehensive Income That will be Reclassified in Profit/(Loss)									
Exchange differences on translation reserve	Accumulated gains/ (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other <sup>(2)</sup>	Profit Reserves	Prior Period Profit/(Loss)	Net Current Period Profit/ (Loss)	Total Shareholders' Equity Except Non- controlling Interest	Non- controlling Interest	Total Shareholder's Equity	
1,020,793	(1,924,018)	790,265	29,037,168	10,303,541				55,614,893	
1,020,793 441,126	(1,924,018) 2,401,164	790,265 231,492	29,037,168	10,303,541	6,009,805	49,591,898 9,135,598	6,022,995 1,202,026	55,614,893 10,337,624	
(182)	(124)	(4)	3,108 7,804,611 7,794,698 9,913	(105,394) (7,794,698) (7,794,698)		(101,531) 9,913 -	(35,594) (123,838) (130,003)	(137,125) (113,925) (130,003) -	
1,461,737	477,022	1,021,753	36,844,887	2,403,449	6,009,805	58,635,878	7,065,589	65,701,467	
1,461,737	477,022	1,021,753	36,844,887	8,413,254		58,635,878	7,065,589	65,701,467	
1,461,737 608,621	477,022 799,041	1,021,753 263,864	36,844,887	8,413,254	6,655,442	58,635,878 8,130,749	7,065,589 1,161,417	65,701,467 9,292,166	
(3,446)	9,708	(229)	200,680 7,019,261 7,005,319 13,942	315,510 (7,005,319) (7,005,319)		667,433 13,942 -	(630,494) (182,794) (190,292)	36,939 (168,852) (190,292) -	
2,066,912	1,285,771	1,285,388	44,064,828	1,723,445	6,655,442	67,448,002	7,413,718	74,861,720	

## Türkiye İş Bankası A.Ş.

## Consolidated Statement of Profit Distribution Table

		THOUSAND TL	
		CURRENT PERIOD (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT <sup>(1)</sup></b>		
1.1	CURRENT PERIOD PROFIT	8,855,552	6,874,451
1.2	TAXES AND DUES PAYABLE (-)	2,044,635	806,864
1.2.1	Corporate Tax (Income Tax)	3,788,280	1,662,347
1.2.2	Income Tax Withholding	35,506	30,257
1.2.3	Other Taxes and Dues Payable <sup>(2)</sup>	(1,779,151)	(885,740)
<b>A.</b>	<b>NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>6,810,917</b>	<b>6,067,587</b>
1.3	PRIOR YEARS' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	301,253
1.5	OTHER STATUTORY RESERVES (-)	-	46,394
<b>B.</b>	<b>NET PROFIT ATTRIBUTABLE TO [(A)-(1.3+1.4+1.5)]</b>	<b>6,810,917</b>	<b>5,719,940</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Shares	-	-
1.6.3	To Preferred Shares (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit/Loss Share Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO THE 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/Loss Share Certificates	-	-
1.10	STATUTORY RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	5,719,940
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION FROM RESERVES</b>		
2.1	DISTRIBUTED 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/Loss Share Certificates	-	-
2.3	DIVIDENDS TO PERSONNEL (-)	-	-
2.4	DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES <sup>(3)</sup>	0.0605	0.0539
3.2	TO OWNERS OF ORDINARY SHARES (%)	151	135
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

<sup>(1)</sup>: The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting date.

<sup>(2)</sup>: Deferred Tax Income.

<sup>(3)</sup>: Expressed in exact TL.

Türkiye İş Bankası A.Ş.

# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

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

## SECTION THREE: EXPLANATION ON ACCOUNTING POLICIES

### I. Basis of Presentation

The consolidated financial statements, related notes and explanations in this report are prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Financial Reporting Legislation") and requirements of Turkish Accounting Standards (TAS) published the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

COVID-19 outbreak, which started in China and spread globally in the first half of 2020, caused serious effects on both economic and social life. In addition to the social life effects of the cautions taken to ensure the control of outbreak in many countries, there are also consequences observed which is negatively affecting economic activity both on regional and global scale. As in other countries where the pandemic is effective, various cautions also have been taken in our country in social and economic terms in order to reduce that negativity and the cautions taken continue to be implemented with partial changes. The Bank sustains its activities for the period precisely by closely monitoring the processes related to outbreak, postponing retail and non-retail customers' due debts, restructuring with grace period and existing or additional limit allocations in respect with customers' needs. Assessments regarding to possible effects of the COVID-19 outbreak through the measurement of expected credit losses as of December 31, 2020 financial statements are explained in the Section Three "VIII. Explanations on Impairment of Financial Assets".

"Interest Rate Benchmark Reform- Stage 2", brought changes in various TAS/IFRSs effective from January 1, 2021, was released in December 2020 within the scope of the project of transition of the benchmark interest rates carried out by the International Accounting Standards Board (IASB). Although early implementation was permitted, it was concluded that early implementation is not required by evaluating the effects of these changes on the Bank's financial statement. The Bank continues to perform required studies to comply with the Interest Rate Benchmark Reform.

#### Additional paragraph for convenience translation to English

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

The accounting policies applied in the current period are in line with the prior period financial statements. The accounting policies and the valuation principles used in the preparation of the consolidated financial statements are presented below in detail.

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

#### 1. The Group's Strategy on Financial Instruments

The Group's main financial activities comprise a wide range of activities such as banking, insurance and reinsurance services, brokerage services, investment consulting, real estate portfolio and asset management, financial lease, factoring services, portfolio and asset management. The liabilities on the Group's balance sheet are mainly composed of relatively short-term deposits, parallel to general liability structure of the banking system, which is its main field of activity. As for the non-deposit liabilities, funds are collected through medium and long-term instruments. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Parent Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of the Republic of Turkey (CBRT). As a result, the liquidity of the Group and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed interest, and by closely monitoring the developments in the sector, both fixed and floating rate placements are made based on the yields of alternative investment instruments.

Some of the fixed interest liabilities that are issued/used by the Group companies are subject to fair value hedge accounting. The fair value risk of the related fixed interest financial liabilities is protected by interest rate swaps. Explanations on hedge accounting are explained in Section Three, footnote IV.2.

The principle of safety is prioritized in placement works, placements are directed to high yield and low risk assets by considering their maturity structures, while taking global and national economic expectations, market conditions, expectations and tendencies of current and potential loan customers, interest rate, liquidity, currency risks and etc., into consideration. In long term placements, a pricing policy aiming at high return is applied in general and attention is paid to maximizing non-interest income generation opportunities. In addition, the Bank and its subsidiaries within the scope of consolidation act in parallel with these strategies and within the legal limits in management of Financial Statements.

The primary objectives related to balance sheet components are set by the long-term plans shaped along with budgeting; and the Parent Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Parent Bank's own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Parent Bank's asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

#### 2. Foreign Currency Transactions

The financial statements of the Parent Bank's branches and financial institutions that have been established abroad are prepared in functional currency prevailing in the economic environment that they operate in; and when they are consolidated, they are presented in TL, which are the functional currency of the Parent Bank and also the currency used in presentation of the financial statements.

Foreign currency monetary assets and liabilities on the balance sheet are converted into Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into Turkish Lira by the rates at the date of which the fair value is determined. Exchange rate differences arising from the conversions of monetary foreign currency items and the collections of and payments in foreign currency transactions are reflected to the income statement.

While the Parent Bank and Türkiye Sınai Kalkınma Bankası A.Ş. one of the consolidated subsidiaries, use their own foreign currency exchange rates for their foreign currency transactions, other consolidated institutions residing domestically use the CBRT rates for their foreign currency transactions.

Assets and liabilities of the foreign branches of the Parent Bank and financial institutions that have been established abroad are converted into TL by using the prevailing exchange rates at the balance sheet date. Income and expenses of foreign branches are converted by at exchange rates at the dates of the transactions. Incomes and expenses of foreign financial institutions are converted into TL at average foreign currency rates of the balance sheet date as long as there is not a significant fluctuation in currency rates during the period. The exchange rate differences arising from the conversion to TL are recognized in the shareholders' equity.

## Türkiye İş Bankası A.Ş.

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For the Year Ended December 31, 2020

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)  
(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)

**III. Information on the Consolidated Companies****1. Basis of Consolidation:**

The consolidated financial statements have been prepared in accordance with the procedures and principles listed in the "Communiqué Related to Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette numbered 26340 dated November 8, 2006.

**a. Subsidiaries:**

A subsidiary is an entity that is controlled by the Parent.

Control; is the power of the Parent Bank to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding privileged shares or of agreements with other shareholders although not owning the majority of capital.

As per the "Communiqué Related to the Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette numbered 26340 dated November 8, there is no subsidiary or financial institution that is not included in the scope of consolidation as of the current period. Detailed information about the Bank's subsidiaries related to credit and financial institution is given in Section Five Note I.i.3

Under full consolidation method, the assets, liabilities, income and expenses, and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank. The book value of the Parent Bank's investment in each of the subsidiaries and the Group's portion of equity of each subsidiary are eliminated. All significant transactions and balances between consolidated subsidiaries are eliminated reciprocally. Non-controlling interests in the net period profit/loss and in the equity of consolidated subsidiaries are calculated separately from the Group's net period profit/loss and the Group's shareholders' equity. Non-controlling interests are presented separately in the balance sheet and in the period profit/loss statement.

In preparing its consolidated financial statements, the Bank performed necessary corrections to ensure consistency of accounting policies used by consolidated subsidiaries. On the other hand, insurance companies under consolidation are obliged to carry their activities in accordance with the regulations and other legislations issued by Republic of Turkey Ministry of Treasury and Finance and in the accompanying consolidated financial statements, financial reporting presentations of these companies are maintained in accordance with the insurance legislation..

TFRS 3 "Business Combinations" standard prescribes no depreciation to be recognized for goodwill arising on the acquisitions on or after March 31, 2004, realizing positive goodwill as an asset and application of impairment analysis as of balance sheet dates. In the same standard, it is also required from that date onwards that the negative goodwill, which occurs in the case of the Group's interest in the fair value of acquired identifiable assets and liabilities exceeds the acquisition cost to be recognized in profit or loss.

Details of positive goodwill arising from Bank's investments to its subsidiaries in investment basis are as follows:

Name of the Investment	Amount of the Positive Consolidation Goodwill
İş Finansal Kiralama A.Ş.	611
Türkiye Sınai Kalkınma Bankası A.Ş.	4,792
Anadolu Anonim Türk Sigorta Şirketi	1,767
JSC İşbank	28,804
<b>Total</b>	<b>35,974</b>

The structured entity that is established within the Bank's securitization loan transactions are included in the consolidated financial statement although the bank does not have any subsidiaries.

**b. Associates:**

An associate is a domestic or foreign entity which the Parent Bank participates in its capital and over which it has a significant influence but no control.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds qualified shares in the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude the Parent Bank from having significant influence.

Qualified share is the share that directly or indirectly constitutes ten or more than ten percent of an entity's capital or voting rights and irrespective of this requirement, possession of privileged shares giving right to appoint members of board of directors.

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

Arap-Türk Bankası A.Ş. is a subsidiary of the Bank acting as a credit institution or financial institution, is accounted under the equity method in the consolidated financial statements according to the "Communiqué on the Preparation of Consolidated Financial Statements". Accounting policies of Arap Türk Bankası A.Ş. are not different than the Parent Bank's accounting policies. Detailed information about Arap Türk Bankası A.Ş. is given in Section Five Note I.h.2.

**c. Jointly controlled entities:**

A joint venture is an agreement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Bank does not have any jointly controlled entities which are credit or financial institutions in nature and to be consolidated in the financial statements by the equity method according to the "Regulation on Preparation of Consolidated Financial Statements of Banks".

**d. Principles applied during share transfer, merger and acquisition:**

None.

**2. Presentation of subsidiaries, associates and jointly controlled entities which are not credit or financial institutions in consolidated financial statements:**

The subsidiaries, associates and jointly controlled entities which are not credit or financial institutions owned by the Bank and its subsidiaries are accounted accordingly to the equity method described in TAS 28 "Investments in Associates and Joint Ventures" as of March 31, 2018.

Türkiye İş Bankası A.Ş.

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## IV. Forward, Option Contracts and Derivative Instruments

Derivative transactions of the Group consist of foreign currency and interest rate swaps, forwards, foreign currency options and interest rate options. The Group has no derivative instruments decomposed from the main contract.

The Group classifies derivative products "Derivative Financial Instruments at Fair Value through Profit or Loss" or "Derivative Financial Instruments through Other Comprehensive Income" according to the "IFRS 9-Financial Instruments" principles.

### 1. Derivative Financial Instruments

Derivative transactions are recorded at their fair values as of the date of the contract and receivables and payables arising from these transactions are recorded in off-balance sheet accounts. Derivative transactions are measured at their fair values in the reporting periods after their recognition and if the valuation difference is positive, difference is presented under the "Derivative Financial Assets at Fair Value through Profit or Loss" and if the valuation difference is negative, then it is presented under the "Derivative Financial Liabilities at Fair Value through Profit and Loss". The differences arising from the valuation of derivative transactions are associated with the income statement.

On off-balance sheet items table, options which generated assets for the Group are presented under "call options" line and which generated liabilities are presented under "put options" line.

### 2. Hedging Derivative Financial Instruments

IFRS 9 "Financial Instruments" rules that TAS 39 "Financial Instruments: Recognition and Measurement" value hedge accounting may continue to be implemented to hedge the fair value changes against interest rate risk. In this context, the principles of TAS 39 regarding hedge accounting for fair value hedge accounting continue to be applied in the accompanying financial statements.

Interest rate swaps are performed in order to hedge the changes in fair value of fixed interest rate financial instruments.

In this context, if the valuation differences of the derivative transactions are positive, they are included in "Derivative financial assets at Fair Value through Profit or Loss" and if the valuation differences are negative, they are included in "Derivative Financial Liabilities at Fair Value through Profit or Loss". Changes in the fair value of the fixed rate financial liabilities subject to hedge accounting and changes in the fair value of interest rate swaps as hedging instruments are recorded under "Trading Profit/Loss" in the income statement.

At the beginning of the hedging transaction and in each reporting period, it is expected that the hedging transaction will offset the changes in the hedged risk arising from the hedged transaction (related to the hedged risk) and effectiveness tests are performed in this context. Efficiency tests are carried out with the "Dollar off-set method" and the hedging accounting is continued if the efficiency is between 80% and 125%.

The hedge accounting is terminated if the hedging instrument is terminated, realized, sold or the effectiveness test is ineffective. In the case of termination of fair value hedge accounting, the valuation effects of the fair value hedge accounting applied on the hedged financial instruments is reflected to the statement of profit or loss on a straight-line basis over the life of the hedged financial instrument.

## V. Interest Income and Expenses

Interest income is calculated by using the effective interest rate method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) to gross carrying amount of financial asset in conformity with "IFRS 9 Financial Instruments" except financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired.

Under the scope of IFRS 9 application, the Group does not reverse the interest accruals and discounts of non-performing loans and other receivables and monitors the related amounts under interest income and calculates expected credit loss on these amounts according to the related methodology.

## VI. Fees and Commission Income and Expenses

Wages and commissions those that are not an integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted for in accordance with "IFRS 15 - Revenue from Customer Contracts". Fees and commission income and expenses are recognized either on accrual basis or by using the effective interest method. Income earned in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third-party real person or corporate body are recognized in income accounts in the period of collection.

## VII. Financial Assets

As of January 1, 2018, the Bank and its companies within the scope of "IFRS 9 Financial Instruments", classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Measured at Amortized Cost" by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to IFRS 9 "Recognition and Derecognition in Statement of Financial Position" requirements. Financial asset is recognized in the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

The Group has three different business models for classification of financial assets;

- Business model aimed at holding financial assets in order to collect contractual cash flows: Financial assets held under the mentioned business model are managed to collect contractual cash flows over the life of these assets. The Group manages its assets held under this portfolio in order to collect certain contractual cash flows.
- Business model aimed at collecting contracted cash flows of financial assets and selling; in this business model, the Group intends both to collect contractual cash flows of financial assets and to sell these assets.
- Other business models; A business model in which financial assets; are not held within the scope of a business model aimed at collection of contractual cash flows and within the scope of a business model aimed at collecting and selling contracted cash flows, are measured by reflecting fair value in profit or loss.

The Group is able to reclassify all affected financial assets in case it changes the business model that is used for the management of financial asset.

In the event of the termination of the rights related to the cash flows from a financial asset, the transfer of all risks and rewards of the financial asset to a significant extent or has no longer control of the financial assets, the financial asset is derecognized.



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## 1. Financial Assets at Fair Value Through Profit or Loss

Financial assets except financial assets measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason or financial assets that are not held in a business model that aims at collecting and/or selling contractual cash flows of financial assets.

Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit and loss accounts.

In some cases, restructuring, alteration or counterparty changes of contractual cash flows of loans may lead to derecognition of related loans in accordance with TFRS 9. When the change in the financial asset results from derecognizing the existing financial asset from the financial statements and the revised financial asset is recognized in the financial statements, the revised financial asset is considered as a new financial asset in accordance with TFRS 9. When it is determined that there are significant changes between the new conditions of the revised financial asset and the first conditions in related agreements, the Group evaluates the new financial asset according to the current business models. When it is determined that the contractual conditions do not only result in cash flows that include principal and interest payments at certain dates, the financial asset is recognized at fair value and is subject to valuation. The differences arising from the valuation are reflected in the nominal accounts.

The Group recognizes loans at fair value through profit or loss, if the contractual terms of the loan, do not result in cash flows including the principal payments and interest payments generated from principal amounts at certain dates. These loans are valued at their fair values after their recognition and the losses or gains arising from the valuation are included in the profit and loss accounts.

## 2. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. The initial recognition and subsequent valuation of such financial assets, including the transaction costs, are carried out on a fair value basis and the difference between amortized cost and the cost of borrowing instruments is recognized in profit or loss by using the effective interest method. Dividend income arising from investments in equity instruments that are classified as at fair value through other comprehensive income is also recognized in income statements.

Gains and losses, except impairment gain or loss and foreign exchange gain or loss, arising from changes in the fair value of financial assets at fair value through other comprehensive income are reflected to other comprehensive income until derecognized or reclassified. When the value of the financial asset is collected or financial asset is disposed, the related fair value differences accumulated in the shareholders' equity are transferred to the profit/loss statement.

During the initial introduction to financial statements, amendments to the fair value of an investment in an equity instrument within the framework of TFRS 9 that are not held for trading or that are not valued in a financial statement of an entity that acquires business combinations under the "TFRS 3 Business Combinations" may be subject to an irreversible preference regarding these amendments being accounted in other comprehensive income. In such case, dividends taken from mentioned investment will be accounted in financial statement as profit or loss.

## 3. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, after eliminating any provision for impairment if there is any. Interest income measured by using the effective interest rate method are recognized in the income statement as an "interest income".

The Bank and subsidiaries evaluate their loans within the framework of current business models and depending on these evaluations, they can be classified as Financial Assets Measured at Amortized Cost.

## VIII. Impairment of Financial Assets

In accordance with the "TFRS 9- Financial Instruments" and the regulation "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" issued by BRSA, the Bank recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income, financial assets measured at amortized cost, impaired credit commitments and financial guarantee contracts.

Within the scope of TFRS 9, the expected credit loss is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after the initial recognition and detailed in the following headings:

### Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the stage 1. Impairment for credit risk for the Stage 1 financial assets is equal to the 12-month expected credit losses.

Based on the decisions taken by the BRSA regarding to the COVID-19 outbreak that being effective from the date 17.03.2020 until 30.06.2021, the 30-days past due period foreseen for loans, in order to be classified as Stage 2, has been started to be applied as 90 days past due for Stage 1 loans. In addition, the Bank provides provisions for customers in this group with a delay of more than 30 days, in accordance with its own risk policies and models, which also evaluate the borrower's conditions.

### Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets is measured at an amount equal to the instrument's lifetime expected credit loss.

In order to classify a financial asset in the Stage 2, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability of default



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In other respect, the 30-days past due period foreseen for loans to be classified as Stage 2, started to be applied as 90 days for Stage 1 loans until the date of 30.06.2021 in accordance with the decision, that being effective from the date 17.03.2020, taken by BRSA in regard to the COVID-19 outbreak. For the abovementioned group with a past due date more than 90 days, the Bank allocates provisions in accordance with its risk policies and applies grouping approach and models in which also evaluate the borrower's conditions.

In case of a significant deterioration in the probability of default, the credit risk is increased significantly, and the financial asset is classified as stage 2. The absolute and gradual thresholds used to increase the probability of default are differentiated on the basis of portfolio and product group. In this manner, for the commercial portfolio, definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from the integrated rating/score based on internal rating and probability of default of the same loan on reporting date, obtained from the integrated rating/score based on internal rating. For the individual portfolio, it is accepted that the probability of default is worsened in cases where the behavioral score falls below the thresholds determined on the basis of the product and the probability of default exceeds the thresholds determined on the basis of the product.

## Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the stage 3.

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

In other respect, the 90-days past due period foreseen for loans to be classified as non-performing loan, started to be applied as 180 days until the date of 30.06.2021 in accordance with the decisions, that being effective from the date 17.03.2020, taken by BRSA in regard to the COVID-19 outbreak.

While estimating the expected credit loss, statistical models, methods and tools are used in accordance with the relevant legislation and accounting standards. Expected credit loss is measured using reasonable and supportable information by taking current and forecasts of future economic information into consideration, including macroeconomic factors. Three scenarios, base scenario, optimistic scenario and the worst scenario, are used in forecasting studies made by macroeconomic models. The variables used in these estimates include Industrial Production Index and other basic financial indicators. The validity of the risk parameter estimates used in the calculation of expected credit losses is reviewed and evaluated at least annually within the framework of model validation processes. Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect the changes in economic conjuncture and are updated if needed. In the expected credit loss calculations, macroeconomic information is taken into account under multiple scenarios.

Except for demand or revolving loans, the maximum period for which expected credit losses are to be determined is the contractual life of the financial asset. For demand or revolving loans, maturity is determined by taking the future risk mitigation processes into account such as behavioral maturity analyses performed by the Bank and cancellation/revision of the Bank's credit limit.

While calculating the expected credit loss, aside from assessment of whether there is a significant increase in credit risk or not, basic parameters expressed as probability of default, loss given default and exposure at default are used.

**Probability of Default:** Represents the probability of default on the loan over a specified time period. In this context, the Bank has developed models to calculate 12-month and life-time default probabilities by using internal rating-based credit rating models. As for the Group Companies historical probability of default data has also been observed.

**Loss Given Default (LGD):** Defined as the damage caused by the default of borrower to the total balance of the exposure at the time of default. The LGD estimates are determined in terms of credit risk groups that are detailed in the Bank's data resources and system facilities. The model used for the estimation of the LGD was established by taking into account the direct cost items during the collection process based on the historical data of the Bank's collection, and cash flows are discounted at effective interest rates.

**Exposure at Default:** For cash loans, the cash balance at the date of report, for non-cash loans the balance calculated using the Credit Conversion Factor (CCF) is represented by Exposure at Default.

**Credit Conversion Factor:** It is calculated for non-cash loans (undrawn limit for revolving loans, commitments, non-cash loans etc.) The historical limit usage data of the Bank for revolving loans are analyzed and the limit amount that can be used until the moment of default is estimated. For non-cash loans, the cash conversion ratio of the loan amount is estimated by analyzing the product type and the past compensation amount of the Group.

Credit risks, which require qualitative assessments due to their characteristics and differ by grouping in this manner, are considered as individual within the internal policies. Calculations are made by the method of discounted cash flows with the effective interest rate expected from the relevant financial instrument. Discounted cash flows are estimated for 3 different scenarios in which parameters are differentiated, and individual expected credit loss is calculated by taking into consideration the cash deficit amounts weighted according to probabilities.

On the other hand, the Bank has updated the macroeconomic data used in the scenarios again in the current year regarding to the effects of COVID-19 outbreak on Expected Credit Losses, and besides that, as mentioned above, the Bank allocated expected credit losses by reflecting additional provisions through individual assessments performed for the customers that operates in sectors where the impact might be high in accordance with the Bank's risk policies.

Expected credit loss is reflected in the income statement. Released provisions in the current year are accounted under "Expected Credit Loss Expenses" and released provision which is carried from the prior year are accounted under "Other Operating Income".

Receivables evidenced through the Legal Process that collection is not possible can be written-off by fulfilling the requirements of the Tax Procedure Law. Besides, loans for which specific provision is allocated and for which there is no reasonable expectation of recovery might be written-off.

## IX. Offsetting Financial Instruments

Financial assets and financial liabilities shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## X. Sale and Repurchase Agreements and Securities Lending Transactions

Marketable securities subject to repurchase agreements are classified under "Financial Assets at Fair Value through Profit and Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost" in the portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the effective interest rate method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period, income accrual is calculated using the effective interest rate method.

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## XI. Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities

Assets that meet the criteria to be classified as held for sale within the scope of "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" are measured at the lower one of their fair value and their carrying amount which from the costs to sell are deducted and presented separately within the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a group that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

## XII. Goodwill and Other Intangible Assets

The Group's intangible assets consist of consolidation goodwill, software programs and rights.

Goodwill arising from the acquisition of a subsidiary represents the excess of cost of acquisition over the fair value of Group's share of the identifiable assets, liabilities, or contingent liabilities of the acquired subsidiary at the date of acquisition of the control. Goodwill is recognized as an asset at cost and then carried at cost less accumulated impairment losses. In impairment-loss test, goodwill is allocated between the Group's every cash-generating unit that is expected to benefit from the synergies of the business combination. To control whether there is an impairment loss in the cash-generating units that goodwill is allocated, impairment-loss test is applied every year or more often if there are indications of impairment loss. In the cases, recoverable amount of cash-generating unit is smaller than its book value; impairment loss is firstly used in reduction of book value of the cash-generating unit, and then the other assets proportionally. Goodwill which is allocated for the impairment losses could not be reversed. When a subsidiary is to be sold, related goodwill amount is combined with the profit/loss relating to this disposal. Positive goodwill arising from the Group's investments in its subsidiaries is recognized in "Intangible Assets". Explanations on consolidation goodwill are given in Section Three, Note III.1.a.As for other intangible assets, the purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of TAS 36 "Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost. The related assets are amortized by the straight-line method considering their estimated useful life. The amortization method and period are periodically reviewed at the end of each year.

## XIII. Tangible Assets

Tangible assets purchased before January 1, 2005, are presented in the financial statements at their inflation adjusted acquisition costs as at December 31, 2004, and the items purchased in the subsequent periods are presented at acquisition costs less accumulated amortization and impairment provisions. In 2015, the Group, has been changed its accounting policies from historical cost method to revaluation method for the real estate properties which are held for own use in accordance with "TAS 16-Property, Plant and Equipment". The positive difference between the net book value of real estate property values and the renewed expertise values which are determined by the licensed valuation companies in 2018 are recorded under the shareholders' equity.

In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of "TAS 36 - Impairment of Assets" and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Tangible assets other than the land and construction in progress are amortized by the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets held under finance lease are depreciated over the expected useful life of the related assets.

Assets subject to leasing are depreciated according to relevant contract periods.

Leasehold improvements are amortized in equal amounts considering their useful life. However, in any case the useful life cannot exceed leasing term. When the lease period is not certain or longer than 5 years, the amortization period is recognized as 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of tangible asset and the book value of the tangible assets recognized in the profit/loss accounts.

Regular maintenance and repair cost incurred for tangible assets are recognized as expense.

There are no pledges, mortgages and similar encumbrances on tangible assets.

The "Regulation on Procedures and Principles for the Trading of Precious Metals by Banks and the Disposal of Commodities and Real Properties acquired by Banks due to their Receivables" has been abolished by BRSA effective from January 1, 2017. Real properties acquired by Group due to their receivables and not treated in the scope of "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" has been started to follow under "Other Assets" in accordance with the related accounting standard from the current period.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	Estimated Economic Life (Year)	Depreciation Rate
Buildings	50	2%
Safe Boxes	2-50	2% - 50%
Other Movables	2-25	4% - 50%

## XIV. Investment Property

Investment properties are kind of properties held by the Group to earn rent income or benefit from valuation surplus. The investment properties of the Group are measured at their fair values in the consolidated financial statements in accordance with "TAS 40 Investment Property". Any gains or losses arising from changes in fair values of investment properties are recognized in "Other Operating Incomes" and "Other Operating Expenses" for the related period.

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## XV. Leasing Transactions

Assets acquired through financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated.

Within the context of the consolidation general borrowing policy, financial expenses are recognized in the income statement. Assets held under financial leases are recognized under the tangible assets account and are depreciated by using the straight-line method. There is one company which exclusively does finance leases (İş Finansal Kiralama A.Ş.) and one bank (Türkiye Sınai Kalkınma Bankası A.Ş.) which operates finance lease activities as per provisional article No 4 of the Banking Law No 5411. Finance lease activities are operated according to the "Law on Financial Leasing, Factoring and Financing" No 6361.

As of January 1, 2019, the Bank and the Companies in scope of consolidation have started to recognize operating leases in accordance with the TFRS 16 "leases" standard. Operating leases within the framework of the aforementioned standard are monitored in a similar manner to financial leases. For the agreements within the scope of TFRS 16, the right-of-use-asset and the lease payments are reflected to the financial statements and they are presented under "Tangible Assets" and "Liabilities from Financial Leases", respectively. The lease liability is calculated by discounting the future lease payments by the use of the Banks or alternative borrowing interest rates at the date of initial application or contract date. Fixed assets, which are accounted as right-of-use assets, are subject to depreciation considering the period of the contract. Interest expenses and foreign exchange differences related to the lease liabilities are associated with profit and loss statement.

## XVI. Insurance Technical Income and Expense

In insurance companies, premium income is obtained after diminishing the shares transferred from arranged policy income to reinsurer.

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reassurer' shares of outstanding and paid claims are offset in these provisions.

## XVII. Insurance Technical Provisions

TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement".

Within the framework of the current insurance regulation, insurance technical provisions accounted by insurance companies for unearned premium claims, unexpired risk reserves, outstanding claims and life-mathematical reserves are presented in the consolidated financial statements.

Unearned premium reserve is recognized on accrued premiums without discount or commission which extends to the next period or periods on a daily basis for the current insurance contracts.

In case the expected loss premium ratio is over 95%, the unexpired risk reserves are recognized for the main branches specified by the Undersecretariat of Treasury. For each main branch, the amount found by multiplying the ratio exceeding 95% by the net unearned premium provision, is added to the unearned premium provision of that main branch.

If the outstanding claim reserve is established and confirmed by approximation and if there are unpaid or unidentified compensation amounts in both prior and current accounting periods; it is separated for estimated yet unreported compensation amounts.

Mathematical reserve is recognized on actuarial bases in order to meet the requirements of policyholders and beneficiaries for life, health and personal accident insurance contracts for a period longer than a year.

On the other hand, actuarial chain ladder method is used to estimate the reserve amount to be set aside in the current period by looking at the data of the past materialized losses. If the reserve amount found as a result of this method exceeds the amount of reserve for the amount of uncertain indemnity, additional reserve must be set aside for the difference.

Reinsurance companies recognize for the outstanding claims that is declared by the companies, accrued and determined on account.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted. Insurance premiums ceded to reinsurers on contracts that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Costs which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

## XVIII. Provisions and Contingent Liabilities

As of the end of the reporting period, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists, the entity recognizes a provision in the financial statements. As of the end of the reporting period where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability on footnotes unless the possibility of an outflow of resources embodying economic benefits is remote.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions are calculated based on the reliable estimates of management of the Parent Bank and subsidiaries on the expenses to incur as of the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability. In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

## XIX. Contingent Assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Parent Bank and the Group. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but if there is a possibility that an inflow of economic benefits of these assets may occur then it is explained in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and if it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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## XX. Liabilities Regarding Employee Benefits

### 1. Severance Indemnities and Short-Term Employee Benefits

According to the related regulation and the collective bargaining agreements, the Parent Bank and consolidated Group companies (excluding the subsidiaries residing outside Turkey) are obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of TAS 19 "Employee Benefits", the Parent Bank allocates severance indemnity provisions for employee benefits by estimating the present value of the probable future liabilities. According to TAS 19, all actuarial gains and losses occurred are recognized under shareholders' equity. As the legislations of the countries in which the Parent Bank's non-resident subsidiaries operate do not require retirement pay provision, no provision liability has been recognized for the related companies. In addition, provision is also allocated for the unused paid vacation.

### 2. Retirement Benefit Obligations

İşbank Pension Fund (Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı), of which each employee of the Parent Bank is a member, has been established according to the provisional Article 20 of the Social Security Act No 506. As per provisional article numbered 23 of the Banking Law numbered 5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 numbered 2006/11345. However, the related article of the act has been cancelled upon the President's application dated November 2, 2005, by the Supreme Court's decision dated March 22, 2007. Nr.E.2005/39. K.2007/33, which was published on the Official Gazette dated March 31, 2007 and numbered 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional Article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated December 15, 2007 and numbered 26731. Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated May 8, 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the Bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision.

However related transfer period has been prolonged for 2 years by the Cabinet decision dated, March 14, 2011. which was published on the Official Gazette dated April 9, 2011 and numbered 27900. In addition, by the Law "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated March 8, 2012 and numbered 28227, this period of 2 years has been raised to 4 years after that related transfer period has been prolonged for one more year by the Cabinet decision dated April 8, 2013, which was published on the Official Gazette dated May 3, 2013 and numbered 28636 also this period has revalidated one more year by the Cabinet decision dated February 24, 2014, which was published on the Official Gazette dated April 30, 2014 and numbered 28987.

The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the "Occupational Health and Safety Law and Other Laws and Decree Laws" published in the Official Gazette dated April 23, 2015 and numbered 29335. This authority was transferred to the President with the delegated legislation No.703 which published in the repetitive Official Gazette No. 30473 dated July 9, 2018.

On the other hand, the application made on June 19, 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on March 30, 2011.

The above-mentioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons' uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

In line with the new law, the Bank obtained an actuarial valuation report prepared by an actuary registered in the actuaries register for the year ended December 31, 2020. In related period's financial statements, Bank provided full provision for the total amount of technical and actual deficit stated in the actuarial report of the aforementioned period. The actuarial assumptions used in the related actuarial report are given in Section Five Note II-i-4-1. Besides the Parent Bank; Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. also had actuarial valuations as of December 31, 2020 for their pension funds. The provision amount of actuarial and technical deficit, which was measured according to actuarial report of Milli Reasürans T.A.Ş., is presented in the consolidated financial statements for the current period. According to actuarial report of Anadolu Anonim Türk Sigorta Şirketi and Türkiye Sınai Kalkınma Bankası, there is no actual or technical deficit that requires making provision.

İşbank Members' Supplementary Pension Fund has been founded by the Parent Bank to provide beneficiaries with additional social security and solidarity rights to compulsory social security benefits as per the provisions of the Turkish Commercial Code and Turkish Civil Code. Those are also valid for the supplementary pension funds of the employees of Anadolu Anonim Türk Sigorta Şirketi, Milli Reasürans T.A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. which are among the other financial institutions of the Group.

## XXI. Taxation

### 1. Corporate Tax:

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

With the change in Law no: 7061, in accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 22% for 2018, 2019 and 2020 taxation period's income. As per the Corporate Tax law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The 4<sup>th</sup> provisional tax for the year 2020 will be paid in February 2021 for to be deducted from the corporate tax of the current taxation period.

Tax provision consists of current tax provision and deferred tax income/expense. The current tax liability is calculated over the portion of the period subject to taxation. The taxable profit differs from the profit in the profit/loss statement, as the income and expense items that can be taxable or deductible at other periods, and items that are not taxable or deductible are excluded. The current tax amounts payable is netted off with prepaid tax amounts and presented on the financial statements.

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Within the framework of the Corporate Tax Law numbered 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovable are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years. However, in accordance with Article 89/a of the Law No. 7061 and Article 5.1.e and Article 5.1.f of the Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, the 75% applied in terms of immovable sales mentioned above has been reduced to 50% which is effective from the date of publication of the Law.

## 2. Deferred Tax:

Deferred tax asset or debt is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the legal tax base account, by taking the legal tax rates into account. Deferred tax debts are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Free provisions that are allocated for possible future risks are included in the tax base and they are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and debts, other than the goodwill and mergers.

The carrying values of deferred tax asset are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period or about to be enacted when the assets are realized or liabilities are settled, and the tax is recognized as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, of the Law numbered 7061 Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. Within this context deferred tax is calculated using 20% to be valid from 2021 (prior period 22%) considering the periods when deferred tax asset and debts are realized.

Even though, according to BRSA Article numbered BDDK.DZM 2/13/1-1a-3, dated December 8, 2004, there is no deferred tax allocated for general and free provision, the Bank has started to calculate deferred tax for the expected credit loss for Stage 1 and Stage 2 loans since January 2018. However, deferred tax is not calculated for free provisions.

Deferred tax assets and debt of banks and consolidated companies are shown by way of offsetting in separate financial statements of each entities. In the consolidated financial statements, on the other hand, the deferred tax asset and debt that come from the companies as offset are separately listed in the assets and liabilities.

## 3. Tax Practices in the Countries that Foreign Branches Operate:

### Turkish Republic of Northern Cyprus (TRNC)

In accordance with TRNC tax legislation, 15% income tax is accrued on the remaining tax base after 10% corporate tax is deducted from corporate income. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two equal installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The related withholding tax payments and provisional tax paid every quarter during the year are deducted from corporate tax payable and the difference between withholding and provisional tax amounts and corporate tax payable is discounted from income tax provided that the withholding tax and paid provisional tax amounts are higher than corporate tax amount.

### England

Corporate earnings are subject to 19% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, if the specific balance within the scope of the regulations' tax base of the relevant year, is higher than the amount found the corporate tax payments are made as temporary tax payments in four installments in July and October of the relevant year and in January and April of the following year. Relevant temporary tax payments are deducted from the corporate tax that is finalized until the end of January of the second year following the relevant year. On the other hand, if the tax base is under the determined balance, corporate tax is paid by the end of September following the year that the profit is made.

### Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

### The Republic of Iraq (Iraq)

The corporate tax rate in Iraq is 15%, and the corporate tax is paid on a consolidated basis to the tax office of the foreign bank's central branch. The first branch established in Iraq is considered as the central branch. Foreign bank branches whose central branch is within the boundaries of the Central Government must present their consolidated financial statements and pay accrued tax to the relevant tax office by the end of May of the following year, and branches of foreign banks whose central branch is within the boundaries of the Northern Iraq Regional Government must present their financial statements and pay accrued tax by the end of June of the following year at the latest. Northern Iraq Regional Government tax offices can accrue fixed taxes other than the specified rate and can postpone the due date.

### Kosovo

Corporate earnings are subject to income tax rate of 10% according to the Kosovo legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the corporate income and that are calculated in accordance with the tax laws. Tax has to be paid in advance until April, July, October and the 15<sup>th</sup> day of January of the following year by four installments. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the end of March of the following year, in case of a claim made by company, if it is higher, then the difference is returned to the institution by the tax authorities after the inspection conducted by those institution.

### Georgia

Corporate earnings are subject to income tax rate of 15% according to the Georgian legislation. This ratio is applied to the tax base that will be calculated as a result of the implementation of exemptions, deductions, addition of disallowable expenses, to the income of corporations and that are calculated in accordance with the tax laws. In addition, in accordance with the legislation of Georgia, each year during May, July, September and December the amount of tax, that calculated according to the previous year income tax, is paid to the tax office by four equal installments of the probable income that is likely to be obtained the current year. If those prepaid taxes are lower than the final corporate tax, the difference is paid until the beginning of April of the following year, if it is higher, then the difference is returned to the institution by the tax authorities.

### Germany

According to the tax regulations in Germany, corporate gains are subject to 15% corporate tax. In addition to this, a solidarity tax of 5.5% is calculated over this corporate tax. The tax bases for corporate are determined by adding the expenses that cannot be deducted according to Germany regulations, to interest, commissions and other operating gains and by subtracting exemptions and deductions from these. The corporate tax payments are made as temporary tax payments in four installments and are deducted from the corporate tax that is finalized at the end of the current year.

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## Russia

According to the Russian regulations, corporate gains are subject to 20% corporate tax. The corporate tax base is determined on accrual basis and it is measured by adding the non-deductible expenses to the corporate income gained during the period. Companies in Russia make quarterly tax returns and make provisional tax payment by offsetting the advance taxes paid during the period. Final taxation period for corporate tax is one year and the corporate tax is paid until the end of March of the following year, by considering the provisional taxes paid during the year. Corporate earnings are subject to 15% corporate tax from the coupon income earned from the government bonds which are issued after the date January 1, 2018. The tax on government bond income is paid within the 10 weekdays from the end of the month following the day of the bond sale or coupon payment. Taxes arise from other financial instruments are paid on corporate tax payment day.

## 4. Transfer Pricing:

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled "Transfer Pricing through Camouflage of Earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué Regarding Camouflage of Earnings through Transfer Pricing".

According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions according to article 11 of Corporate Tax Law in means of corporate tax.

## XXII. Additional Information on Borrowings

The Parent Bank and its consolidated companies, whenever required, generates funds from individuals and institutions residing domestically and abroad by approaching the borrowing instruments in the form of syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the effective interest rate method.

Part of the bills issued by the Group with fixed interest and a part of its liabilities with fixed interest are subject to fair value hedge accounting. While the rediscounted credit risk and accumulated interest amount subject to hedging liability are recognized in "Interest Expenses" under profit/loss statement; net amount resulted of the hedge accounting other than the credit risk and accumulated interest amount are recognized in "Derivative Financial Transactions Gains/Losses" under profit/loss statement by using fair value model. In the balance sheet, these valuations are presented with the related liabilities.

## XXIII. Information on Equity Shares and Their Issuance

Share issuance related to costs is recognized as expenses.

Dividend income related with the equity shares are determined by the General Assembly of the Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods.

The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Parent Bank's earnings per share calculations taking place in the consolidated profit/loss statement are as follows.

	Current Period	Prior Period
Group's net profit	6,655,442	6,009,805
Weighted average number of shares (thousands)	112,502,250	112,502,250
Earnings per share - (in exact TL)	0.059158301	0.053419421

## XXIV. Bank Acceptances and Bills of Guarantee

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

## XXV. Government Incentives

There are no government incentives utilized by the Bank or the companies included in consolidation, during the current or prior accounting periods.

## XXVI. Segment Reporting

Business segment is the part of an enterprise.

- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise),
- whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment and
- which has its separate financial information.

Information on business segmentation and related information is explained in Section IV Footnote XII.

## XXVII. Other Disclosures

None.



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## SECTION FOUR: INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

### I. Explanations on Shareholders' Equity:

#### 1. Explanations on Consolidated Shareholders' Equity

The Bank's consolidated capital adequacy ratio is 16.99%. (December 31, 2019: 16.37%). The capital adequacy standard ratio for the current period was calculated based on the Regulation on Measurement and Assessment of Capital Adequacy of Banks and other legal regulations and the BRSA temporary regulation dated 08.12.2020 and numbered 9312. Within the scope of this temporary regulation, the equity amount calculated without reflecting the negative net valuation differences of the securities included in the "Fair Value Through Other Comprehensive Income" portfolio acquired before 23.03.2020 was taken into consideration. In the calculation of the amount subject to credit risk in accordance with the same regulation, the simple arithmetic average of the last 252 business days in the foreign exchange buying rates of the Central Bank of the Republic of Turkey was used.

	Current Period	Amount as per the Regulation before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	6,115,938	
Share Premium	124,549	
Legal Reserves	43,421,096	
Other Comprehensive Income According to TAS	10,401,612	
Profit	8,378,887	
Net Current Period Profit	6,655,442	
Prior Period Profit	1,723,445	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	(1,120)	
Minority Shares	1,850,295	1,850,295
<b>Common Equity Tier I Capital Before Deductions</b>	<b>70,291,257</b>	
<b>Deductions from Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	343,449	
Leasehold improvements on operational leases	79,888	
Goodwill Netted with Deferred Tax Liabilities	35,974	35,974
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,494,511	1,494,511
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences		
Differences Arise When Assets and Liabilities Not Held at Fair Value, are Subjected to Cash Flow Hedge Accounting		
Total Credit Losses That Exceed Total Expected Loss Calculated According to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization Gains		
Unrealized Gains and Losses from Changes in Bank's Liabilities' Fair Values due to Changes in Creditworthiness		
Net Amount of Defined Benefit Plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	542,681	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage Servicing Rights (amount above 10% threshold of above Tier I capital)		
Deferred Tax Assets Arising from Temporary Differences (amount above 10% threshold of above Tier I Capital)		
Amount Exceeding the 15% Threshold of Tier 1 Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital		
Excess Amount arising from Mortgage Servicing Rights		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other Items to be Defined by the BRSA		
Deductions from Tier I Capital in Cases where there are no Adequate Additional Tier I or Tier II Capitals		
<b>Total Deductions from Common Equity Tier 1</b>	<b>2,496,503</b>	
<b>Total Common Equity Tier I capital</b>	<b>67,794,754</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Privileged stocks not included in common equity and share premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Shares of Third Parties in Additional Tier I Capital	1,243,007	
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
<b>Additional Tier I Capital before Deductions</b>	<b>1,243,007</b>	

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<b>Deductions from Additional Tier 1 Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	
Other items to be defined by the BRSA	
<b>Items to be Deducted from Tier 1 Capital during the Transition Period</b>	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	
Net Deferred Tax Asset/Liability not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	
Deduction from Additional Tier 1 Capital when there is not enough Tier II Capital (-)	
<b>Total Deductions from Additional Tier I Capital</b>	
<b>Total Additional Tier I Capital</b>	<b>1,243,007</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>69,037,761</b>
<b>TIER II CAPITAL</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	13,670,323
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	1,253,000
Shares of Third Parties in Additional Tier I Capital	686,756
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	5,930,962
<b>Tier II Capital before Regulatory Adjustments</b>	<b>21,541,041</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	
Other items to be Defined by the BRSA (-)	
<b>Total Deductions from Tier II Capital</b>	
<b>Total Tier II Capital</b>	<b>21,541,041</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>90,578,802</b>
<b>Deductions from Total Equity</b>	<b>1,102</b>
Loans Granted against the Articles 50 and 51 of the Banking Law	721
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	
Other items to be Defined by the BRSA	381
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period</b>	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	
<b>CAPITAL</b>	
Total Capital (Total of Tier I Capital and Tier II Capital)	90,577,700
Total Risk Weighted Assets	533,067,742
<b>CAPITAL ADEQUACY RATIOS</b>	
Consolidated CET1 Capital Ratio (%)	12.72
Consolidated Tier I Capital Ratio (%)	12.95
Consolidated Capital Adequacy Ratio (%)	16.99



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<b>BUFFERS</b>	
Total Additional Common Equity Requirement Ratio (a+b+c)	4.560
a) Capital Conservation Buffer Ratio (%)	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.060
c) Systemic Bank Buffer Ratio (%)	2.000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6.95
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	242,174
Remaining Mortgage Servicing Rights	
Net Deferred Tax Assets arising from Temporary Differences	3,672,736
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	11,756,503
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	5,930,962
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	
<b>Debt Instruments Covered by Temporary Article 4 (effective between January 1, 2018 - January 1, 2022)</b>	
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	1,253,000
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	9,086,000

<sup>(1)</sup> Represents the amounts taken into consideration according to transition clauses.

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	Prior Period	Amount as per the Regulation before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	6,115,938	
Share Premium	39,250	
Legal Reserves	36,232,507	
Other Comprehensive Income according to TAS	8,614,017	
Profit	8,413,254	
Net Current Period Profit	6,009,805	
Prior Period Profit	2,403,449	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	(1,165)	
Minority Interest	1,854,685	1,854,685
<b>Common Equity Tier 1 capital before deductions</b>	<b>61,268,486</b>	
<b>Common Equity Tier 1 capital: regulatory deductions</b>		
Valuation adjustments calculated as per the article 9, (i) of the Regulation on Bank Capital		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	247,616	
Leasehold improvements on operational leases	91,213	
Goodwill Netted with Deferred Tax Liabilities	35,974	35,974
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,089,257	1,089,257
Deferred Tax Assets that Rely on Future Profitability Excluding Those Arising from Temporary Differences (net of related tax liability)		
Differences Arise When Assets and Liabilities Not Held at Fair Value, are Subjected to Cash Flow Hedge Accounting		
Total Credit Losses That Exceed Total Expected Loss Calculated According to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach		
Securitization Gains		
Unrealized Gains and Losses from Changes in Bank's Liabilities' Fair Values due to Changes in Creditworthiness		
Net Amount of Defined Benefit Plans		
Direct and Indirect Investments of the Bank on its own Tier 1 Capital	538,334	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
Mortgage Servicing Rights (amount above 10% threshold)		
Deferred Tax Assets Arising from Temporary Differences (amount above 10% threshold, net of related tax liability)		
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks		
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital not deducted from Tier I Capital		
Excess Amount arising from Mortgage Servicing Rights		
Excess Amount arising from Deferred Tax Assets from Temporary Differences		
Other Items to be Defined by the BRSA		
Deductions from Tier I Capital in Cases where there are no Adequate Additional Tier I or Tier II Capitals		
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2,002,394</b>	
<b>Total Common Equity Tier I capital</b>	<b>59,266,092</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Privileged stocks not included in common equity and share premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Shares of Third Parties in Additional Tier I Capital	1,315,049	
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
<b>Additional Tier 1 capital before deductions</b>	<b>1,315,049</b>	
<b>Deductions from Additional Tier 1 Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I		
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		
Other items to be defined by the BRSA		
<b>Items to be Deducted from Tier 1 Capital during the Transition Period</b>		

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Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Net Deferred Tax Asset/Liability not deducted from Tier 1 Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Deductions from Additional Tier 1 Capital when there is not enough Tier II Capital (-)		
<b>Total Deductions from Additional Tier I Capital</b>		
<b>Total Additional Tier I Capital</b>		<b>1,315,049</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>		<b>60,581,141</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		6,969,800
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		1,627,800
Shares of Third Parties in Additional Tier I Capital		700,296
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)		5,177,555
<b>Tier II Capital before Regulatory Deductions</b>		<b>14,475,451</b>
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital		
Other items to be Defined by the BRSA (-)		
<b>Total Deductions from Tier II Capital</b>		
<b>Total Tier II Capital</b>		<b>14,475,451</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>		<b>75,056,592</b>
<b>Deductions from Total Equity</b>		<b>973</b>
Loans Granted against the Articles 50 and 51 of the Banking Law		135
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years		
Other items to be Defined by the BRSA		838
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period</b>		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.		
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.		
Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks		
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)		75,055,619
Total Risk Weighted Assets		458,404,654
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Common Equity Tier I Capital Ratio (%)		12.93
Consolidated Tier I Capital Ratio (%)		13.22
Consolidated Capital Adequacy Ratio (%)		16.37
<b>BUFFERS</b>		
Total Additional Common Equity Tier I Capital Ratio (%) (a+b+c)		4.050
a) Capital Conservation Buffer Ratio (%)		2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)		0.050
c) Systemic Significant Bank Buffer Ratio (%)		1.500
Additional Common Equity Tier I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)		7.22
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		

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# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

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Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	220,768	
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences	1,950,997	
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	6,191,382	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5,177,555	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach		
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach. Limited by 0.6% Risk Weighted Assets		
<b>Debt Instruments Covered by Temporary Article 4 (effective between January 1, 2018- January 1, 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4		
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit		
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	1,627,800	
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	6,618,200	

<sup>(1)</sup> Represents the amounts taken into consideration according to transition clauses.

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## 2. Information on instruments to be included in the consolidated capital calculation:

Issuer	Türkiye İş Bankası A.Ş.			
Unique identifier (CUSIP, ISIN etc.)	US900151AB70 - XS0847042024	US900151AF84 - XS1003016018	US90016BAF58 - XS1623796072	XS2106022754
Governing law(s) of the instrument	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.	It is subject to English Law except for certain articles that will be subject to Turkish Law. Issued within the scope of BRSA Regulation on Banks' Equity.
<b>Taking into account in equity calculation</b>				
Subject to 10% deduction as of 01.01.2015	Yes	No	No	No
Eligible at unconsolidated/ consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in mil. as of most recent reporting date)	71	1,182	3,692	5,539
Par value of instrument (Expressed in million TL)	7,385	2,954	3,692	5,539
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	24.10.2012	10.12.2013	29.06.2017	22.01.2020
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	11 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) provided that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date a) can purchase b) can redeem all bonds if any taxes imposed or levied (2) can redeem all bonds in case of the deduction from equity.	The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on June 29, 2023 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.	The Bank has the option to repay all of the related bonds on January 22, 2025 provided that subject to having obtained the prior approval of the BRSA. The Bank; (1) provided that subject to having obtained the prior approval of the related legislation, can purchase or otherwise acquire treasury stock (2) provided that subject to having obtained the prior approval of the BRSA, (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity.
Subsequent call dates, if applicable	None	None	None	None
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	6%	7.85%	7%	7.75%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	None	None	None	None
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
<b>Convertible or non-convertible</b>	None	None	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				
<b>Write-down feature</b>	None	In accordance with Regulations on Equities of Banks. Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks. Article 8.2.ğ. bonds have deleted option from records.	In accordance with Regulations on Equities of Banks. Article 8.2.ğ. bonds have deleted option from records.

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# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

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If write-down. write-down trigger(s)		Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable).	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable)
If write-down. full or partial		Partially or completely	Partially or completely	Partially or completely
If write-down. permanent or temporary		Permanent	Permanent	Permanent
If temporary write-down. description of write-up mechanism				
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of "Own fund regulation"	Yes.	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	Don't vest with the conditions stated in clause of the Article 7 and the clause of 8.2. ğ	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.

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

Issuer	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.	Türkiye İş Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	TRSTISB72712	TRSTISB62911	TRSTISB92918
Governing law(s) of the instrument	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.	Is subject to Turkish Law. Has been issued in accordance with the BRSA Communiqué regarding the Equity of Banks.
<b>Taking into account in equity calculation</b>			
Subject to 10% deduction as of 01.01.2015	No	No.	No.
Eligible at unconsolidated/consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting data)	1,100	800	350
Nominal value of instrument (TL Million)	1,100	800	350
Accounting classification	Subordinated Liabilities	Subordinated Liabilities	Subordinated Liabilities
Original date of issuance	08.08.2017	19.06.2019	26.09.2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 Years	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity	The Bank; (1) can purchase bills that subject to having obtained the prior approval of the BRSA and the date which may not be earlier than fifth anniversary of the Issue Date (2) (a) can redeem all bonds if any taxes imposed or levied (b) can redeem all bonds in case of the deduction from equity
Subsequent call dates, if applicable	None.	None.	None.
<b>Interest/Dividend Payment</b>			
Fixed or floating coupon/dividend payments	Floating	Floating	Floating
Coupon rate and any related index	Government Debt Security for 5 years+350 base points	TRLIBOR with 3 months maturity + 100 base points	Government Debt Security for 5 years + 350 base points
Existence of a dividend stopper	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	None.	None.	None.
Existence of step up or other incentive to redeem	None.	None.	None.
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible into equity shares	None.	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			
<b>Write-down feature</b>			
If write-down, write-down trigger(s)	In accordance with Regulations on Equities of Banks, Article 8.2.g, bonds have deleted option from records. Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	In accordance with Regulations on Equities of Banks, Article 8.2.g, bonds have deleted option from records. Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.	In accordance with Regulations on Equities of Banks, Article 8.2.g, bonds have deleted option from records. Due to the losses incurred, within the framework of Article 71 of the Banking Law, (1) the Bank's operating license is to be revoked and liquidated or (2) the rights of all of its shareholders (except to dividends) and the management and supervision of the Bank are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable) based on the decision of the BRSA.
If bond can be written down, full or partially	Partially or Completely	Partially or Completely	Partially or Completely
If bond can be written-down, permanent or temporary	Permanent	Permanent	Permanent

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If temporary write-down, description of write-up mechanism			
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.	Paid before shares and the primary of subordinated debt and after all the other debts.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Yes.	Yes.	Yes.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.	To vest conditions stated in clause of the Article 8 and Don't vest the conditions stated in clause of the Article 7.



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Issuer	Türkiye Sınai Kalkınma Bankası A.Ş.
Unique identifier (ex CUSIP, ISIN or Bloomberg identifier for private placement)	XS1584113184
Governing law(s) of the instrument	Communiqué on SPK-II-31.1 Borrowing Instruments Regulation on Equity of BRSA Banking Sector
<b>Taking into account in equity calculation</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible at unconsolidated/consolidated	Unconsolidated - Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond
Amount recognized in regulatory capital (Currency in mil. as of most recent reporting date)	300
Par value of instrument	300
Accounting classification	Subordinated Debts
Original date of issuance	28.03.2017
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	29.03.2022 (After 5th year) There is an early payment option.
Subsequent call dates, if applicable	After 5th year, there is a refund option only once.
<b>Coupons/dividends</b>	
Fixed or floating dividend/coupon	Fixed/interest payment semiannually, principle payment at the maturity date.
Coupon rate and any related index	7.625%
Existence of a dividend stopper	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In accordance with Banking Law No. 5411 and the Turkish Commercial Code No. 6102, if the possibility of the removal and liquidation of the Bank's operation permission is determined within the framework of the Article 71 of the Banking Law, the BRSA will be able to delete it from the records.
If write-down, full or partial	Partially or completely
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	None
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the debts, before the additional main capital, same as the tier II capital
In compliance with article number 7 and 8 of "Own fund regulation"	To vest conditions stated in clause of the Article 8.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	Don't vest the conditions stated in clause of the Article 7.

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### 3. Explanations on Reconciliations of Amounts in the Consolidated Capital Items Table and Carrying Amounts in the Consolidated Financial Statements

	Carrying Amount	Amounts in Equity Calculation <sup>(1)</sup>
Shareholders' Equity	74,861,720	71,347,264
Group Share	67,448,002	67,567,206
Minority Interest	7,413,718	3,780,058
Leasehold improvements on operational leases	79,888	(79,888)
Goodwill and intangible assets	1,653,988	(1,530,485)
Provisions	11,756,503	5,930,962
Subordinated debt	24,426,121	14,923,323
Deductions from shareholders' equity	13,476	(13,476)
<b>Capital</b>		<b>90,577,700</b>

<sup>(1)</sup> The related amounts are calculated in accordance with "Regulation on Equities of Banks". In this context, part of the expected credit loss of stage 1 and stage 2 up to 1.25% of amount subject to credit risk, part; subordinated loans according to fourth article of the regulation, have been taken into consideration in equity calculation. On the other hand, in the calculation, the equity amount calculated in accordance with the BRSAs temporary regulation dated 08.12.2020 and numbered 9312, temporary regulation and the credit risk amount calculated in accordance with same regulation.

### II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank and its consolidated financial subsidiaries.

Bank and banks subject to consolidation and financial institutions, carry out their placement activities in accordance with the credit limitations stipulated by legal regulations of the countries in which they operate.

The Parent Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Parent Bank's Risk Group, including the Parent Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity calculated on a bank-only and consolidated basis.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, and the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and the Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limit have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation

The Parent Bank and its financial affiliates give utmost importance to ensure that loans are furnished with collaterals. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees.

Non-performing and impaired loans have been classified in accordance with the "IFRS 9-Financial Instruments" and BRSAs "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside". The detailed descriptions of these methods correspond with accounting practices, are included in Section Three Note VIII.

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Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period.

Amount subject to credit risk <sup>(1)</sup>	Current Period Risk Amount	Average Risk Amount <sup>(2)</sup>
<b>Risk Classifications</b>		
Conditional and unconditional exposures to central governments or central banks	190,379,626	169,560,824
Conditional and unconditional exposures to regional governments or local authorities	454,665	387,635
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	555,328	504,868
Conditional and unconditional exposures to multilateral development banks	356,697	136,755
Conditional and unconditional exposures to international organizations		
Conditional and unconditional exposures to banks and brokerage houses	49,424,308	50,139,143
Conditional and unconditional exposures to corporate	312,479,599	280,595,428
Conditional and unconditional retail exposures	140,725,927	125,782,727
Exposures secured by residential real estate property	10,450,092	11,750,387
Exposures secured by commercial real estate property	23,964,218	23,533,037
Past due loans	8,475,290	8,339,290
Items in regulatory high-risk categories	350,684	438,835
Exposures in the form of bonds secured by mortgages		
Short term exposures to banks, brokerage houses and corporates		
Exposures in the form of collective investment undertakings	2,745,702	2,626,120
Stock investments	28,759,506	25,742,914
Other items	13,790,256	12,602,243

<sup>(1)</sup> The figures represent total risk amounts after credit risk mitigation and after credit conversion factor.

<sup>(2)</sup> Average risk amount is identified by using arithmetical averages of risk amounts calculated quarterly in the current period reports.

2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers' needs and the progress in the domestic derivatives market in this particular area, the Parent Bank uses derivative transactions either for hedging or for commercial purposes.

Derivative instruments with a remarkable volume are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Parent Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Determining the country risks of the countries concerned in the context of the current rating system credit transactions carried out abroad, market conditions, legal constraints and risks related to the country on this issue into account. In addition, banks and other financial institutions credit worthiness abroad, foreign rating agencies by based on credit ratings that are determined and CDS-IR (based on credit default swaps) a supported developed degree approach is allocated and monitored.

6. (i) The share of the Group's receivables from the top 100 and 200 cash loan customers in the overall cash loan portfolio stands at 27% and 36% respectively (December 31, 2019: 27%, 37%).

(ii) The share of the Group's receivables from the top 100 and 200 non-cash loan customers in the overall non-cash portfolio stands at 46% and 59% respectively (December 31, 2019: 45%, 58%).

(iii) The share of the Group's cash and non-cash receivables from the top 100 and 200 credit customers in the overall assets and non-cash loans stands at 16% and 22% (December 31, 2019: 16%, 22%).

Companies that are among the top loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory, and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

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7. Total value of the Stage 1 and Stage 2 expected credit loss allocated for the credit risk carried by Parent Bank and consolidated companies is TL 11,659,777 (December 31, 2019: TL 5,813,839).

8. The Parent Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as "Strong", "Standard" and "Below Standard" by considering their default features, is shown below.

The loans whose borrowers' capacity to fulfill their obligations is very good, are defined as "Strong", whose borrowers' capacity to fulfill its obligations in due time is reasonable, are defined as "Standard" and whose borrowers' capacity to fulfill their obligations is poor, are defined as "Below Standard".

	Current Period	Prior Period
Strong	48.71%	43.92%
Standard	43.51%	47.42%
Below Standard	7.78%	8.66%

Table shows rating/scoring results.

9. The net values of the collaterals of the Group's closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period			Prior Period		
	Personal	Commercial and Corporate	Credit Cards	Personal	Commercial and Corporate	Credit Cards
Real Estate Mortgage <sup>(1)</sup>	690,237	11,237,404		1,006,352	9,073,348	
Cash Collateral (Cash, securities pledge, etc.)	37,128	381,335		31,021	185,823	
Pledge on Wages and Vehicles	1,469,688	219,531		1,201,815	398,310	
Cheques & Notes		586			460	
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	236,678	25,738,738		243,422	23,253,292	
Non-collateralized	1,433,351	6,138,224	1,067,462	1,195,702	2,790,307	1,138,507
<b>Total</b>	<b>3,867,082</b>	<b>43,715,818</b>	<b>1,067,462</b>	<b>3,678,312</b>	<b>35,701,540</b>	<b>1,138,507</b>

<sup>(1)</sup>The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

10. The net values of the collaterals of the Group's non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage <sup>(1)</sup>	6,976,076	6,976,076	6,266,997	6,266,997
Cash Collateral	1,141	1,141	1,680	1,680
Vehicle Pledge	291,010	291,010	350,072	350,072
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	8,153,418	8,153,418	7,099,102	7,099,102

<sup>(1)</sup>The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

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11. The aging analysis of the receivables past due but not impaired in terms of financial asset classes, is as follows:

Current Period	31-60 Days <sup>(2)</sup>	61-90 Days <sup>(2) (3)</sup>	Total
Loans <sup>(1)</sup>	209,825	1,897,417	2,107,242
Corporate/Commercial Loans <sup>(4)</sup>	121,649	1,564,999	1,686,648
Consumer Loans	28,156	147,800	175,956
Credit Cards	60,020	184,618	244,638
Lease Receivables <sup>(1)</sup>	3	14,423	14,426
Insurance Receivables	16,476	28,439	44,915
<b>Total</b>	<b>226,304</b>	<b>1,940,279</b>	<b>2,166,583</b>

<sup>(1)</sup> The loans classified under close monitoring that are not past due or past due for less than 31 days is TL 42,327,768.

<sup>(2)</sup> Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 2,884,661 and TL 1,316,265 respectively.

<sup>(3)</sup> Consists of overdue amounts (TL 1,369,804) of the loans with more than 90 days past due date yet classified under close monitoring based on the decisions taken by the BRSA within the scope of COVID-19 outbreak, being effective since 17.03.2020, and mentioned loans' undue balance is amounting to TL 2,097,786.

<sup>(4)</sup> Includes factoring receivables.

Prior Period	31-60 Days <sup>(2)</sup>	61-90 Days <sup>(2)</sup>	Total
Loans <sup>(1)</sup>	658,061	771,599	1,429,660
Corporate/Commercial Loans <sup>(3)</sup>	373,073	636,302	1,009,375
Consumer Loans	95,936	53,635	149,571
Credit Cards	189,052	81,662	270,714
Lease Receivables <sup>(1)</sup>	7,105	8,766	15,871
Insurance Receivables	30,657	13,174	43,831
<b>Total</b>	<b>695,823</b>	<b>793,539</b>	<b>1,489,362</b>

<sup>(1)</sup> The loans classified under close monitoring that are not past due or past due for less than 31 days is TL 35,510,447.

<sup>(2)</sup> Related figures show only overdue amounts of installment based commercial loans and installment-based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 2,531,497 and TL 1,030,888 respectively.

<sup>(3)</sup> Includes factoring receivables.

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## 12. Profile of Significant Risk Exposures in Major Regions

Current Period	Domestic	European Union	OECD Countries <sup>(2)</sup>	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Unallocated Assets/Liabilities <sup>(3)</sup>	Total
<b>Risk Groups <sup>(4)</sup></b>									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks <sup>(4)</sup>	184,734,393	1,877,495			1,381,513	2,386,225			190,379,626
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	454,664					1			454,665
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	547,207	8,028				93			555,328
Contingent and Non-Contingent Receivables from Multilateral Development Banks		36,797	319,900						356,697
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	19,189,061	18,643,498	6,382,545	11,772	4,132,030	1,065,402			49,424,308
Contingent and Non-Contingent Corporate Receivables	297,070,143	4,095,405	2,323,298	617,727	1,212,606	7,160,420			312,479,599
Contingent and Non-Contingent Retail Receivables	138,709,707	350,862	128,151	1,358	49,537	1,486,312			140,725,927
Contingent and Non-Contingent Receivables Secured by Residential Property	34,238,655	110,679	29,606	126	9,658	25,586			34,414,310
Non-Performing Receivables	8,423,824	19,968	11,252		2,231	18,015			8,475,290
Receivables are identified as high risk by the Board	319,531	31,018				135			350,684
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	2,745,702								2,745,702
Other Receivables	28,673,493	15,708	9,340		484	60,481			28,759,506
Stock Investments							13,790,256		13,790,256
<b>Total</b>	<b>715,106,380</b>	<b>25,189,458</b>	<b>9,204,092</b>	<b>630,983</b>	<b>6,788,059</b>	<b>12,202,670</b>	<b>13,790,256</b>		<b>782,911,898</b>

<sup>(1)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

<sup>(2)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(3)</sup> Assets and liabilities that are not consistently allocated.

<sup>(4)</sup> Credits guaranteed by the Undersecretariat of Treasury are included in the class of receivables from central government.

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Prior Period	Domestic	European Union	OECD Countries <sup>(2)</sup>	Off-Shore Banking Regions	USA, Canada	Other Countries	Investments in Associates, Subsidiaries and Jointly Controlled Entities	Unallocated Assets/Liabilities <sup>(3)</sup>	Total
<b>Risk Groups <sup>(1)</sup></b>									
Contingent and Non-Contingent Receivables from Central Governments or Central Banks <sup>(4)</sup>	151,461,991	102,083	85,074		667,385	2,194,174			154,510,707
Contingent and Non-Contingent Receivables from Regional Government or Domestic Government	144,916					7			144,923
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	435,840					93			435,933
Contingent and Non-Contingent Receivables from Multilateral Development Banks		331				1,183			1,514
Contingent and Non-Contingent Receivables from International Organizations									
Contingent and Non-Contingent Receivables from Banks and Intermediaries	17,551,383	17,239,496	1,803,323	10,361	5,307,773	1,450,306			43,362,642
Contingent and Non-Contingent Corporate Receivables	239,540,872	4,409,219	114,765	831,618	807,820	4,390,783			250,095,077
Contingent and Non-Contingent Retail Receivables	99,480,676	516,894	33,448	1,175	29,855	1,032,189			101,094,237
Contingent and Non-Contingent Receivables Secured by Residential Property	37,065,335	166,019	27,218	253	13,114	60,355			37,332,294
Non-Performing Receivables	9,522,928	40,708	265		2,977	16,633			9,583,511
Receivables are identified as high risk by the Board	731,288	2	4			121			731,415
Secured Marketable Securities									
Securitization Positions									
Short-term Receivables and Short-term Corporate Receivables from Banks and Intermediaries									
Investments as Collective Investment Institutions	3,175,390								3,175,390
Other Receivables	22,583,402	13,018	5,671						22,602,091
Stock Investments							11,773,502		11,773,502
<b>Total</b>	<b>581,694,021</b>	<b>22,487,770</b>	<b>2,069,768</b>	<b>843,407</b>	<b>6,828,924</b>	<b>9,145,844</b>	<b>11,773,502</b>		<b>634,843,236</b>

<sup>(1)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

<sup>(2)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(3)</sup> Assets and liabilities that are not consistently allocated.

<sup>(4)</sup> Credits guaranteed by the Undersecretariat of Treasury are included in the class of receivables from central government.

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## 13. Risk Profile by Sectors or Counterparties:

	Current Period							
	Consolidated							
	(1) (*)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Sectors/Counterparty (*)</b>								
<b>Agriculture</b>	<b>123,644</b>		<b>333</b>				<b>2,129,556</b>	<b>3,236,316</b>
Farming and Stockbreeding	116,283		333				1,142,363	3,186,163
Forestry	1,837						13,159	16,746
Fishing	5,524						974,034	33,407
<b>Industry</b>	<b>3,061,567</b>	<b>133</b>	<b>137,807</b>				<b>144,878,573</b>	<b>6,574,605</b>
Mining	76,529						5,881,195	168,172
Production	2,931,322		6				81,210,149	6,251,203
Electricity, gas, and water	53,716	133	137,801				57,787,229	155,230
<b>Construction</b>	<b>1,062,638</b>		<b>3,544</b>				<b>34,484,782</b>	<b>3,155,493</b>
<b>Services</b>	<b>71,934,924</b>		<b>365,061</b>	<b>356,697</b>		<b>49,016,076</b>	<b>101,258,712</b>	<b>27,984,826</b>
Wholesale and Retail Trade	3,625,060		514				39,921,798	15,542,518
Hotel, Food and Beverage Services	287,365		62				7,106,376	1,759,528
Transportation and Telecommunication	491,134		561				26,366,596	6,389,574
Financial Institutions	67,105,580		317,889	356,697		49,016,076	13,841,588	1,322,939
Real Estate and Renting Services	106,569		1,931				6,538,508	1,090,022
Self-Employment Services	65,124		37,740				1,018,707	802,145
Education Services	109,923		6,158				1,334,201	287,804
Health and Social Services	144,169		206				5,130,938	790,296
<b>Other</b>	<b>114,196,853</b>	<b>454,532</b>	<b>48,583</b>			<b>408,232</b>	<b>29,727,976</b>	<b>99,774,687</b>
<b>Total</b>	<b>190,379,626</b>	<b>454,665</b>	<b>555,328</b>	<b>356,697</b>		<b>49,424,308</b>	<b>312,479,599</b>	<b>140,725,927</b>

(\*) Contingent and non-contingent exposures to central governments or central banks (2) Contingent and non-contingent exposures to regional governments or local authorities (3) Contingent and non-contingent exposures to administrative bodies and non-commercial undertakings (4) Contingent and non-contingent exposures to multilateral development banks (5) Contingent and non-contingent exposures to international organizations (6) Contingent and non-contingent exposures to banks and brokerage houses (7) Contingent and non-contingent corporate receivables (8) Contingent and non-contingent retail receivables (9) Contingent and non-contingent exposures secured by real estate property (10) Past due receivables (11) Receivables in regulatory high-risk categories (12) Investments in the nature of collective investment enterprise (13) Other Receivables (14) Stock Investments.

(\*) Risk amounts after the credit conversions and the effects of credit risk mitigation (\*\*) Credit Guarantee Fund guaranteed by the undersecretariat of treasury are included in the receivables from central governments.



Current Period									
Consolidated									
	(9)	(10)	(11)	(12)	(13)	(14)	TL	FC	Total
	376,885	46,987	980				4,424,579	1,490,122	5,914,701
	344,901	40,307	969				4,342,870	488,449	4,831,319
	904	540	4				32,486	704	33,190
	31,080	6,140	7				49,223	1,000,969	1,050,192
	<b>6,318,641</b>	<b>2,722,719</b>	<b>120,034</b>			<b>11,650,212</b>	<b>54,901,724</b>	<b>120,562,567</b>	<b>175,464,291</b>
	150,976	10,248	5,606				1,121,845	5,170,881	6,292,726
	5,905,376	733,989	112,255			11,650,212	43,377,901	65,416,611	108,794,512
	262,289	1,978,482	2,173				10,401,978	49,975,075	60,377,053
	<b>3,597,774</b>	<b>2,114,050</b>	<b>31,200</b>				<b>15,413,717</b>	<b>29,035,764</b>	<b>44,449,481</b>
	<b>14,724,777</b>	<b>2,843,000</b>	<b>59,950</b>	<b>1,976,983</b>	<b>41,736</b>	<b>1,579,049</b>	<b>100,188,294</b>	<b>171,953,497</b>	<b>272,141,791</b>
	6,661,833	1,191,784	43,425			82,420	43,567,893	23,501,459	67,069,352
	2,555,131	586,970	840				3,988,978	8,307,294	12,296,272
	1,461,214	202,044	4,740			98,942	13,190,519	21,824,286	35,014,805
	32,964	2,100	136	1,976,983	41,736	1,397,687	29,328,572	106,083,803	135,412,375
	3,066,930	796,959	815				5,304,387	6,297,347	11,601,734
	248,066	31,630	9,029				1,350,222	862,219	2,212,441
	274,001	10,284	257				1,262,552	760,076	2,022,628
	424,638	21,229	708				2,195,171	4,317,013	6,512,184
	<b>9,396,233</b>	<b>748,534</b>	<b>138,520</b>	<b>768,719</b>	<b>28,717,770</b>	<b>560,995</b>	<b>229,957,677</b>	<b>54,983,957</b>	<b>284,941,634</b>
	<b>34,414,310</b>	<b>8,475,290</b>	<b>350,684</b>	<b>2,745,702</b>	<b>28,759,506</b>	<b>13,790,256</b>	<b>404,885,991</b>	<b>378,025,907</b>	<b>782,911,898</b>

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## 14. Analysis of maturity-bearing exposures according to remaining maturities:

Risk Groups <sup>(1)</sup>	Current Period					Total
	Remaining Maturities					
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	8,231,621	5,297,561	8,964,769	8,778,779	94,434,509	125,707,239
Contingent and Non-Contingent Receivables from Regional Governments or Domestic Governments	2,184	197	8,176	3,957	440,151	454,665
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	10,243	3,211	341,065	36,305	143,472	534,296
The multilateral development banks and non-contingent receivables	36,797	401	235,715		83,784	356,697
Contingent and Non-Contingent Receivables from Banks and Intermediaries	21,398,257	3,344,253	2,594,885	6,770,172	8,245,719	42,353,286
Contingent and Non-Contingent Corporate Receivables	19,840,460	24,090,193	29,309,190	36,636,851	195,796,835	305,673,529
Contingent and Non-Contingent Retail Receivables	21,889,857	1,570,189	2,863,842	7,312,307	71,529,302	105,165,497
Contingent and Non-Contingent Collateralized Receivables with Real Estate Mortgages	660,455	818,109	1,133,860	2,592,233	27,778,121	32,982,778
Receivables are identified as High Risk by the Board	157,173	7,254	19,489	6,204	160,564	350,684
<b>Total</b>	<b>72,227,047</b>	<b>35,131,368</b>	<b>45,470,991</b>	<b>62,136,808</b>	<b>398,612,457</b>	<b>613,578,671</b>

<sup>(1)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

## 15. Information on Risk Classes:

In the calculation of the amount subject to credit risk, determining the risk weights related to risk classes stated on the sixth article of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", is based on the Fitch Ratings' international rating. While receivables from resident banks in abroad which is assessed in the risk class of "Contingent and Non-Contingent Receivables from Banks and Brokerage Agencies" and receivables from central governments which is assessed in the risk class of "Contingent and Non-Contingent Receivables from Central Governments or Central Banks" will be subjected to risk weights with the scope of ratings; therefore domestic resident banks accepted as unrated, the risk weight is applied according to receivables from relevant banks, type of exchange and original maturity.

If a receivable-specific rating is performed, risk weights to be applied on the receivable are determined by the relevant credit rating.

The table related to mapping the ratings used in the calculations and credit quality grades, which is stated in the Annex of Regulation on Measurement and Evaluation of Capital Adequacy of Banks, is given below:

Credit Quality Grades	1	2	3	4	5	6
Risk Rating	AAA via AA-	A+ via A-	BBB+ via BBB-	BB+ via BB-	B+ via B-	CCC+ and lower

Risk Amounts according to Risk Weights

Risk Weight	0%	20%	35%	50%	75%	100%	150%	250%	Mitigation in Shareholders' Equity <sup>(2)</sup>
Amount Before Credit Risk Mitigation <sup>(1)</sup>	218,412,340	30,516,889	10,468,700	50,582,732	115,357,270	362,281,366	653,021	242,174	1,597,169
Amount After Credit Risk Mitigation	227,777,081	30,516,889	10,450,092	50,579,221	110,291,167	352,402,253	653,021	242,174	1,597,169

<sup>(1)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

<sup>(2)</sup> On the provisional calculations made in accordance with the BRSA legislation dated 08.12.2020 and numbered 9312, the simple arithmetic average of the last 252 business days the Central Bank of the Republic of Turkey foreign exchange buying rates of the reporting date is used.

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## 16. Miscellaneous Information According to Type of Counterparty of Major Sectors

Significant Sectors/Counterparty Current Period	Loans		Provisions
	Depreciated (TFRS 9)		Expected Credit Loss (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Non-Performing (Stage 3)	
1 Agricultural	289,813	204,153	192,159
1.1 Farming and Raising Livestock	270,523	184,562	170,873
1.2 Forestry	3,146	3,964	3,988
1.3 Fishing	16,144	15,627	17,298
2 Industry	23,450,713	6,969,160	9,043,741
2.1 Mining	173,564	119,387	102,554
2.2 Production	9,654,005	2,889,850	3,822,387
2.3 Electricity, gas, and water	13,623,144	3,959,923	5,118,800
3 Construction	4,794,536	5,128,524	3,936,066
4 Services	14,331,333	7,967,696	7,238,886
4.1 Wholesale and Retail Trade	3,841,718	3,661,465	3,064,011
4.2 Hotel, Food and Beverage Services	3,140,451	1,361,705	1,252,272
4.3 Transportation and Telecommunication	3,254,856	643,237	1,045,473
4.4 Financial Institutions	13,084	12,542	11,631
4.5 Real Estate and Renting Services	1,792,303	2,007,396	1,359,076
4.6 Self-Employment Services	289,597	156,272	148,211
4.7 Education Services	197,000	53,689	70,681
4.8 Health and Social Services	1,802,324	71,390	287,531
5 Other	5,783,967	2,875,313	2,525,964
<b>6 Total</b>	<b>48,650,362</b>	<b>23,144,846</b>	<b>22,936,816</b>

## 17. Information on Value Adjustments and Change in Credit Provisions

	Beginning Balance	Provisions	Reversal of Provisions	Other Value Adjustments	Ending Balance
Stage 3 Provisions	11,291,709	4,759,049	(1,678,869)		14,371,889
Stage 1 and Stage 2 Provisions	5,813,839	10,193,891	(4,347,953)		11,659,777

## 18. Exposures Subject to Countercyclical Capital Buffer

Explanations about exposures subject to consolidated private sector receivables:

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	348,026,672	3,217,730	351,244,402
TRNC	2,475,177		2,475,177
England	1,879,051		1,879,051
Germany	1,863,651	40,328	1,903,979
Albania	1,243,123		1,243,123
USA	1,213,830		1,213,830
Malta	879,846		879,846
Georgia	700,811		700,811
Russia	652,586		652,586
Kosovo	600,611		600,611
Other	1,825,724		1,825,724

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### III. Explanations on Currency Risk

The exposed currency risk of the Group is result of the difference between the assets denominated in and indexed to foreign currencies and liabilities denominated in foreign currencies. Furthermore, parity fluctuations of different foreign currencies are another element of the currency risk.

The currency risk of the Parent Bank is managed by the internal currency risk limits which are established as a part of the Parent Bank's risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks, within the framework of the determined by the "Net Foreign Currency Overall Position/Shareholders' Equity" ratio, which is a part of the legal limits requirement and the internal currency risk limits specified by the Board of Directors. Foreign exchange risk management decisions are strictly applied.

In measuring the exposed currency risk of the Group, the Standard Method, the Value at Risk Model (VAR) and Expected Shortfall Model are used as applied in the statutory reporting.

Measurements made for the Parent Bank within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging currency risk.

Risk measurements made within the context of the VAR are practiced on a daily basis using the historical and Monte Carlo simulation methods. Scenario analyses are conducted to support the calculations made within the VAR context. Expected loss calculations are also carried out daily.

The results of the measurements made on currency risk are reported to the Key Management and the risks are closely monitored by taking into account the market and the economic conditions.

**The Parent Bank's foreign currency purchase rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:**

Date	USD	EUR
December 31, 2020	7.3850	9.0298
December 30, 2020	7.3065	8.9856
December 29, 2020	7.3140	8.9567
December 28, 2020	7.3493	8.9793
December 25, 2020	7.4901	9.1327
December 24, 2020	7.5142	9.1568

**The Parent Bank's last 30-days arithmetical average foreign currency purchase rates:**

USD: TL 7.6147	EUR: TL 9.2731
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### Sensitivity to currency risk:

The Group's sensitivity to any potential change in foreign currency rates has been analyzed. Within this framework, 10% change is anticipated in USD, EUR, RUB and GBP currencies and the possible impact of the related change is presented below. 10% is the ratio that is used in the internal reporting of the Parent Bank.

	% Change in Foreign Currency	Effects on Profit/Loss <sup>(1)</sup>	
		Current Period	Period Period
USD	10% increase	255,991	(74,040)
	10% decrease	(255,991)	74,040
EUR	10% increase	447,405	249,693
	10% decrease	(447,405)	(249,693)
RUB	10% increase	74,306	61,609
	10% decrease	(74,306)	(61,609)
GBP	10% increase	50,224	14,855
	10% decrease	(50,224)	(14,855)

<sup>(1)</sup> Indicates the values before tax.

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## Information on currency risk:

	EUR	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(1)</sup>	21,951,814	30,111,434	14,341,085	66,404,333
Banks	5,325,553	5,212,060	6,359,078	16,896,691
Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>	1,325,461	5,315,517	485,942	7,126,920
Money Market Placements			27,259	27,259
Financial Assets at Fair Value through Other Comprehensive Income	4,914,706	24,829,573	3,971	29,748,250
Loans <sup>(2) (3)</sup>	96,398,075	86,584,172	2,536,568	185,518,815
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				
Financial Assets measured at Amortized Cost	2,572,070	3,108,688	1,752,890	7,433,648
Derivative Financial Assets Held for Risk Management <sup>(2)</sup>		334,421		334,421
Tangible Assets <sup>(2)</sup>	119,425	2,238	44,606	166,269
Intangible Assets <sup>(2)</sup>				
Other Assets <sup>(2)</sup>	3,507,604	6,461,094	956,663	10,925,361
<b>Total Assets</b>	<b>136,114,708</b>	<b>161,959,197</b>	<b>26,508,062</b>	<b>324,581,967</b>
<b>Liabilities</b>				
Bank Deposits	2,446,549	377,134	495,114	3,318,797
Foreign Currency Deposits <sup>(4)</sup>	87,080,313	111,084,026	46,877,818	245,042,157
Money Market Funds	639,672	5,359,028		5,998,700
Funds Provided from Other Financial Inst,	30,039,619	43,071,146	57,157	73,167,922
Marketable Securities Issued <sup>(5)</sup>		54,417,309	86,699	54,504,008
Miscellaneous Payables	754,867	2,756,791	598,748	4,110,406
Derivative Financial Liabilities Held for Risk Management <sup>(2)</sup>				
Other Liabilities <sup>(2) (6)</sup>	2,820,169	6,003,663	448,181	9,272,013
<b>Total Liabilities</b>	<b>123,781,189</b>	<b>223,069,097</b>	<b>48,563,717</b>	<b>395,414,003</b>
<b>Net Balance Sheet Position</b>	<b>12,333,519</b>	<b>(61,109,900)</b>	<b>(22,055,655)</b>	<b>(70,832,036)</b>
<b>Net Off Balance Sheet Position</b>	<b>(8,137,589)</b>	<b>63,964,318</b>	<b>23,340,880</b>	<b>79,167,609</b>
Derivative Financial Assets <sup>(7)</sup>	18,521,848	95,161,394	27,083,201	140,766,443
Derivative Financial Liabilities <sup>(7)</sup>	26,659,437	31,197,076	3,742,321	61,598,834
Non-Cash Loans	37,692,915	40,551,047	4,514,070	82,758,032
<b>Prior Period</b>				
Total Assets				
Total Liabilities	111,516,061	132,114,888	14,511,211	258,142,160
<b>Net Balance Sheet Position</b>	<b>98,683,494</b>	<b>175,966,277</b>	<b>19,396,588</b>	<b>294,046,359</b>
<b>Net Off Balance Sheet Position</b>	<b>12,832,567</b>	<b>(43,851,389)</b>	<b>(4,885,377)</b>	<b>(35,904,199)</b>
Derivative Financial Assets	(10,674,646)	45,099,931	5,583,108	40,008,393
Derivative Financial Liabilities	14,762,806	63,697,449	6,881,289	85,341,544
Non-Cash Loans	25,437,452	18,597,518	1,298,181	45,333,151
	28,650,106	32,135,021	3,413,073	64,198,200

<sup>(1)</sup> Precious metals accounts amounting TL 13,700,154 are included.

<sup>(2)</sup> In accordance with the principles of the "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis": Derivative Financial Instruments Foreign Currency Income Accruals (TL 2,011,954) Operating Lease Development Costs (TL 5,243), Deferred Tax Asset (TL 1,347,866), Prepaid Expenses and Taxes (TL 193,285), expected credit loss for stage 1 and stage 2 (TL 7,218,308) Intangible Assets (TL 113,752) Assets Held for Sale and Related to Discontinued Operations(Net)(TL 15,143) in assets and Derivative Financial Instruments Foreign Currency Expense Accruals (TL 4,297,738), Shareholders' Equity (TL 263,794) and expected credit loss for stage 1 and stage 2 for non-cash loans (TL 210,363) are not taken into consideration in the currency risk measurement.

<sup>(3)</sup> Includes leasing and factoring receivables and foreign currency indexed loans which are recognized under TL account. Of the total amount of TL 2,231,787 of the aforementioned loans; TL 820,807 is USD indexed, TL 1,405,394 is EUR indexed, TL 1,144 is CHF indexed and TL 4,442 is GBP indexed.

<sup>(4)</sup> The item includes TL 36,807,875 precious metals deposit accounts.

<sup>(5)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

<sup>(6)</sup> The borrower funds are presented in the "Other Liabilities" according to their type of currency.

<sup>(7)</sup> The derivative transactions in the context of forward foreign currency options and foreign currency forwards definitions included in the Communiqué above are taken into consideration.

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## IV. Explanations on Interest Rate Risk

Interest rate risk is defined as the impairment in the value of the interest sensitive assets, liabilities and off-balance sheet items due to interest rate fluctuations. A method which takes into consideration the effect of standard interest shocks on the economic values of the Parent Bank's on and off-balance sheet interest sensitive accounts is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Parent Bank's assets and liabilities, market developments, the general economic environment and expectations are regularly followed in meetings of the Asset-Liability Committee, where further measures to reduce risk are taken when necessary.

The Parent Bank's on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits on the ratio of structural interest rate risk to equity and tier 1 capital determined by the Board within the scope of asset-liability management risk policy. Moreover, scenario analyses formed in line with the average maturity gaps and the historical data and expectations are also used in the management of the related risk.

In addition, the effect of the change in interest rates on the Parent Bank's net interest income is analyzed regularly. Within this scope, the ratio of the change expected to occur in net interest income under various scenarios to the limit on Tier I capital is monitored and regularly reported to the top management.

Interest rate sensitivity:

In this part, the sensitivity of the Bank's assets and liabilities to the interest rates has been analyzed assuming that the yearend balance figures were the same throughout the year. Mentioned analysis shows how the FC and TL changes in interest rates by one point during the one-year period affect the Group's income accounts and shareholders' equity under the assumption maturity structure and balances are remain the same all year round at the end of the year.

During the measurement of the Group's interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank's profit and shareholders' equity in case of 100 base point increase/decrease in TL and FC interest rates on the reporting day are given below:

% Change in the Interest Rate <sup>(1)</sup>		Effect on Profit/Loss		Effect on Equity <sup>(2)</sup>	
TL	FC <sup>(3)</sup>	Current Period	Prior Period	Current Period	Prior Period
100 bps increase	100 bps increase	541,645	144,911	(1,624,307)	(1,095,881)
100 bps decrease	100 bps decrease	(1,048,424)	(119,204)	1,804,250	1,217,926

<sup>(1)</sup> Changes in interest rates is calculated assuming that the expectations reflected in inflation. The effects on the profit/loss and shareholders' equity are stated with their before tax values.

<sup>(2)</sup> The effect on the shareholders' equity is arising from the change of the fair value of securities followed under Financial Assets at Fair Value through other comprehensive income.

<sup>(3)</sup> The negative shock imposed on FC interest rates remained below the aforementioned rates in some maturity segments due to LIBOR rates being in low levels.

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a. Interest sensitivity of assets, liabilities and off-balance sheet items (Based on time remaining to repricing date):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	3,079,150					68,891,240	71,970,390
Banks	7,397,070	831,263	422,451			11,061,560	19,712,344
Financial Assets at Fair Value through Profit/Loss <sup>(1)</sup>	1,632,396	1,826,743	4,458,677	1,431,863	424,882	3,735,574	13,510,135
Money Market Placements	1,131,261	628,745	441,521				2,201,527
Financial Assets at Fair Value Through Other Comprehensive Income	18,682,163	10,695,046	15,703,290	14,935,126	16,511,941	1,299,704	77,827,270
Loans <sup>(2)</sup>	80,443,869	42,331,891	128,818,682	144,383,954	30,229,613	871,707	427,079,716
Financial Assets Measured at Cost	8,740,222	9,320,990	18,221,372	7,379,635	1,942,384		45,604,603
Other Assets <sup>(3)</sup>	7,866,262	33,233	114,513	151,549		52,080,721	60,246,278
<b>Total Assets</b>	<b>128,972,393</b>	<b>65,667,911</b>	<b>168,180,506</b>	<b>168,282,127</b>	<b>49,108,820</b>	<b>137,940,506</b>	<b>718,152,263</b>
<b>Liabilities</b>							
Bank Deposits	2,739,231	677,800	170,153	993,278		1,123,810	5,704,272
Other Deposits	160,355,911	39,927,713	16,434,900	2,437,702	617,266	156,215,629	375,989,121
Money Market Funds	25,547,229	11,642	425,776				25,984,647
Miscellaneous Payables	3,240,601	2,709	6,231	11,076		49,035,045	52,295,662
Marketable Securities Issued <sup>(4)</sup>	1,887,417	5,604,915	14,328,261	32,315,785	9,789,049		63,925,427
Funds Provided from Other Financial Institutions	6,369,907	32,386,022	27,882,004	6,388,015	4,576,940		77,602,888
Other Liabilities <sup>(5) (6)</sup>	3,091,277	2,904,132	1,807,737	1,284,754	1,196,611	106,365,735	116,650,246
<b>Total Liabilities</b>	<b>203,231,573</b>	<b>81,514,933</b>	<b>61,055,062</b>	<b>43,430,610</b>	<b>16,179,866</b>	<b>312,740,219</b>	<b>718,152,263</b>
Balance Sheet Long Position			107,125,444	124,851,517	32,928,954		264,905,915
Balance Sheet Short Position	(74,259,180)	(15,847,022)				(174,799,713)	(264,905,915)
Off Balance Sheet Long Position	1,403,506	7,809,464	1,050,344				10,263,314
Off Balance Sheet Short Position				(2,449,955)	(7,196,233)		(9,646,188)
<b>Total Position</b>	<b>(72,855,674)</b>	<b>(8,037,558)</b>	<b>108,175,788</b>	<b>122,401,562</b>	<b>25,732,721</b>	<b>(174,799,713)</b>	<b>617,126</b>

<sup>(1)</sup> Includes Derivative financial assets

<sup>(2)</sup> Includes leasing and factoring receivables.

<sup>(3)</sup> The expected loss provisions are shown in Non-Interest column.

<sup>(4)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

<sup>(5)</sup> Shareholders' equity is included in "non-interest bearing" column.

<sup>(6)</sup> The borrower funds are presented in "Up to 1 month" column in other liabilities.



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**Interest rate sensitivity of assets, liabilities and off-balance sheet items** (Based on time remaining to repricing date):

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	805,105					53,271,023	54,076,128
Banks	9,315,210	3,204,784	981,538			7,052,499	20,554,031
Financial Assets at Fair Value through Profit/Loss <sup>(1)</sup>	1,498,098	1,400,213	4,067,814	685,111	225,553	2,035,973	9,912,762
Money Market Placements	896,131	283,065	252				1,179,448
Financial Assets at Fair Value Through Other Comprehensive Income	13,801,531	7,406,549	10,366,064	13,600,354	14,021,049	1,818,173	61,013,720
Loans <sup>(2)</sup>	64,574,186	32,818,912	98,646,908	115,336,356	25,383,588	371,285	337,131,235
Financial Assets Measured at Cost	6,268,046	6,567,325	9,909,039	9,185,155	1,709,736		33,639,301
Other Assets <sup>(3)</sup>	4,027,046	21,162	40,508	200,029		43,256,468	47,545,213
<b>Total Assets</b>	<b>101,185,353</b>	<b>51,702,010</b>	<b>124,012,123</b>	<b>139,007,005</b>	<b>41,339,926</b>	<b>107,805,421</b>	<b>565,051,838</b>
<b>Liabilities</b>							
Bank Deposits	3,627,539	769,691	686,099	290,840		530,999	5,905,168
Other Deposits	163,975,987	30,937,128	13,323,389	2,790,855	346,641	85,512,036	296,886,036
Money Market Funds	3,012,612	7,648	10,075				3,030,335
Miscellaneous Payables	2,310,390	10,625	9,273	2,056		36,953,650	39,285,994
Marketable Securities Issued <sup>(4)</sup>	2,841,314	5,104,814	9,204,134	34,278,653	3,239,839		54,668,754
Funds Provided from Other Financial Institutions	9,736,197	29,306,716	22,553,419	5,658,224	5,052,424		72,306,980
Other Liabilities <sup>(5) (6)</sup>	741,442	848,129	963,840	429,206	882,373	89,103,581	92,968,571
<b>Total Liabilities</b>	<b>186,245,481</b>	<b>66,984,751</b>	<b>46,750,229</b>	<b>43,449,834</b>	<b>9,521,277</b>	<b>212,100,266</b>	<b>565,051,838</b>
Balance Sheet Long Position			77,261,894	95,557,171	31,818,649		204,637,714
Balance Sheet Short Position	(85,060,128)	(15,282,741)				(104,294,845)	(204,637,714)
Off Balance Sheet Long Position	2,348,491	8,977,261					11,325,752
Off Balance Sheet Short Position			(3,043,647)	(169,384)	(6,281,134)		(9,494,165)
<b>Total Position</b>	<b>(82,711,637)</b>	<b>(6,305,480)</b>	<b>74,218,247</b>	<b>95,387,787</b>	<b>25,537,515</b>	<b>(104,294,845)</b>	<b>1,831,587</b>

<sup>(1)</sup> Includes Derivative financial assets.

<sup>(2)</sup> Includes leasing receivables and factoring receivables.

<sup>(3)</sup> The expected loss provisions are shown in Non-Interest column.

<sup>(4)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

<sup>(5)</sup> Shareholders' equity is included in "non-interest bearing" column.

<sup>(6)</sup> The borrower funds are presented in "Up to 1 month" column in other liabilities.

**b. Average interest rates applied to monetary financial instruments:**

Current Period	EUR	USD	JPY	TL
	%	%	%	%
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				12.00
Banks	1.37	0.28		16.80
Financial Assets at Fair Value through Profit/Loss	2.09	4.05		15.09
Money Market Placements				17.11
Financial Assets at Fair Value Through Other Comprehensive Income	2.29	5.07		14.11
Loans <sup>(1)</sup>	4.45	5.73		14.36
Financial Assets Measured at Cost	1.94	5.05		12.85
<b>Liabilities</b>				
Bank Deposits	0.26	1.22		16.50
Other Deposits	0.09	0.17		10.65
Money Market Funds	0.61	1.72		16.98
Miscellaneous Payables				
Debt Securities Issued <sup>(2)</sup>		5.87		14.04
Funds	0.10	0.20		12.50
Funds Provided from Other Financial Institutions	1.62	2.18		13.98

<sup>(1)</sup> Includes leasing receivables and factoring receivables.

<sup>(2)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.



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Prior Period	EUR	USD	JPY	TL
	%	%	%	%
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				
Banks	0.34	1.03		9.84
Financial Assets at Fair Value through Profit/Loss	1.56	6.21		9.48
Money Market Placements				12.44
Financial Assets at Fair Value Through Other Comprehensive Income	2.40	5.12		14.12
Loans <sup>(1)</sup>	4.64	7.02		16.31
Financial Assets Measured at Amortized Cost	1.92	4.43		14.26
<b>Liabilities</b>				
Bank Deposits	0.30	2.58		11.21
Other Deposits	0.19	1.17	0.04	7.99
Money Market Funds	0.03	2.46		10.18
Miscellaneous Payables				
Debt Securities Issued <sup>(2)</sup>		5.87		14.22
Funds	0.10	1.25		7.50
Funds Provided from Other Financial Institutions	1.57	3.69		12.25

<sup>(1)</sup> Includes leasing receivables and factoring receivables.

<sup>(2)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

## V. Explanations on Equity Shares Risk Arising from Banking Book

a. Accounting policies related to equity investments in associates and subsidiaries can be seen in the Section Three Note III.2.

b. Balance sheet value of equity investment, fair value and for publicly traded, if the market value is different from the fair value comparison to the market price:

Investment in Shares	Comparison		
	Book Value	Fair Value	Market Value
<b>Quoted</b>			
<b>Investment in Shares Group A</b>			
Subsidiaries			
Financial Subsidiaries			
Non-Financial Subsidiaries <sup>(1)</sup>	11,563,581		22,478,975
<b>Non-Quoted</b>			
Associate and Subsidiaries			
Financial Subsidiaries <sup>(2)</sup>	242,174		
Non-Financial Subsidiaries	29,057		
Subsidiaries			
Financial Subsidiaries			
Non-Financial Subsidiaries	1,212,401		

<sup>(1)</sup> Türkiye Şişe ve Cam Fabrikaları A.Ş.

<sup>(2)</sup> Accounted under the equity method in the consolidated financial statements according to TAS 28 and 1st clause of Article 5 of the "Communiqué on the Preparation of Consolidated Financial Statements".

c. Information on revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital:

Portfolio	Realized Gains/losses During the period	Revaluation Increases		Unrealized Gains and Losses		
		Total	Including into Tier I Capital <sup>(1)</sup>	Total	Including into Tier I Capital	Total
Private Equity Investments						
Shares Traded on a Stock Exchange		10,217,857	10,217,857			
Other Stocks		109,996	109,996			
<b>Total</b>		<b>10,327,853</b>	<b>10,327,853</b>			

<sup>(1)</sup> Represents the amounts reflected to equity according to the equity method.

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d. Capital requirement as per equity shares:

Portfolio	Carrying Value	Total RWA	Minimum Capital Requirement
Private Equity Investments			
Share Traded on a Stock Exchange	11,563,581	11,563,581	925,086
Other Stocks	1,483,632	1,846,893	147,751
<b>Total</b>	<b>13,047,213</b>	<b>13,410,474</b>	<b>1,072,837</b>

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

Liquidity risk may occur as a result of funding long-term assets with short-term liabilities. The Groups' liquidity is managed by the Asset-Liability Management Committee in accordance with the business strategies, legal requirements, current market conditions and expectations regarding the economic and financial conjuncture.

The Bank's principal source of funding is deposits. Although the average maturity of deposits is shorter than that of assets as a result of the market conditions, the Bank's wide network of branches and stable core deposit base are its most important safeguards of funding. Additionally, the Bank borrows medium and long-term funds from institutions abroad. Concentration limits are generally used in deposit and non-deposit borrowings in order to prevent adverse effects of concentrations in the liquidity risk profile of the Bank.

In order to meet the liquidity requirements that may arise from market fluctuations, considerable attention is paid to the need to preserve liquidity and efforts in this respect are supported by projections of Turkish Lira and Foreign Currency (FC) cash flows. The term structure of TL and FC deposits, their costs and amounts are monitored on a daily basis. During these studies historical events and future expectations are taken into account as well, based upon cash flow projections, prices are differentiated for different maturities and measures are taken accordingly to meet liquidity requirements. Moreover, potential alternative sources of liquidity are determined to be used in case of extraordinary circumstances.

The liquidity risk exposure of the Group has to be within the risk capacity limits which are prescribed by the legislation and the Group's risk appetite defined in its business strategy. It is essential for the Group to have an adequate level of unencumbered liquid asset stock which can be sold or pledged, in case a large amount of reduction in liquidity sources occurs. The level of liquid asset buffer is determined in accordance with the liquidity risk tolerance which is set by the Board of Directors. Asset-Liability Management Committee is responsible for monitoring the liquidity position, determining appropriate sources of funds and deciding the maturity structure in accordance with the limits which are set by the Board of Directors.

The Treasury Division is responsible for monitoring the liquidity risk, in accordance with the Asset-Liability Management Risk Policy limits, objectives set out in the business plan and the decisions taken at the meetings of Asset-Liability Management Committee. The Treasury Division is also responsible for making liquidity projections and taking necessary precautions to reduce liquidity risk, by using the results of stress testing and scenario analysis. Within this scope, Treasury Division is monitoring the Turkish Lira (TL) and foreign currency (FC) liquidity position instantly and prospectively based on the information provided from the branches, business units and IT infrastructure of the Bank. The assessment of long-term borrowing opportunities is carried out regularly in order to balance the cash inflows and outflows and to mitigate the liquidity risk. The Bank creates liquidity through repurchase agreements and secured borrowings based on the high-quality liquid asset portfolio, through securitization and other structured finance products which are created from the asset pools like credit card receivables and retail loans.

The Bank applies liquidity stress tests to measure liquidity risk. In this approach, in liquidity stress scenarios in which parameters are determined by the Board of Directors, the ability of the Bank's liquid assets' in covering cash outflows within a one-month horizon has been described. Liquidity adequacy limits for TL and FC are determined by Board of Directors, based on the liquidity requirements and risk tolerance of the Bank. The liquidity risk is measured by the Risk Management Division and results are reported to the related executive functions, senior management and Board of Directors. The reflections of conveniences provided for loan customers on repayments due to the COVID-19 outbreak and pressure in financial markets on the Bank's liquidity adequacy are analyzed under various scenarios.

It is essential for the Bank to monitor the liquidity position and funding strategy continuously. In case of a liquidity crisis that may arise from unfavorable market conditions, extraordinary macroeconomic situations and other reasons which are beyond the control of the Bank, "Emergency Action and Funding Plan" is expected to be commissioned. In that case, related committees have to report the precautions taken and their results to the Board of Directors through Audit Committee.

The Group's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio (LCR) averaged for the last three months are given below.

	Current Period	
	TL+FC	FC
October 31, 2020	162.85	300.96
November 30, 2020	172.12	418.24
December 31, 2020	172.53	475.82
	Prior Period	
	TL+FC	FC
October 31, 2019	168.96	275.51
November 30, 2019	178.92	328.70
December 31, 2019	200.82	338.46

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The Bank's Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio (LCR) averaged for the last three months are given below.

## Liquidity Coverage Ratio:

Current Period	Total Unweighted Value <sup>(1)</sup>		Total Weighted Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			137,652,570	82,706,283
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	284,278,935	184,412,860	26,054,861	18,441,286
Stable deposits	47,460,641		2,373,032	-
Less stable deposits	236,818,294	184,412,860	23,681,829	18,441,286
Unsecured wholesale funding, of which;	127,724,546	69,111,661	67,880,137	36,572,634
Operational deposits	1,312,536	77,180	328,134	19,295
Non-operational deposits	92,179,706	61,209,683	43,827,669	29,078,250
Other unsecured funding	34,232,304	7,824,798	23,724,334	7,475,089
Secured funding			49,796	43,392
Other cash outflows, of which;	6,752,800	9,938,661	6,752,800	9,938,661
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2,885,234	6,071,095	2,885,234	6,071,095
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,867,566	3,867,566	3,867,566	3,867,566
Other revocable off-balance sheet commitments and contractual obligations	38,073,361	32,472,635	1,903,668	1,623,632
Other irrevocable or conditionally revocable off-balance sheet obligations	186,692,719	86,537,556	19,605,398	10,786,378
<b>Total Cash Outflows</b>			<b>122,246,660</b>	<b>77,405,983</b>
<b>Cash Inflows</b>				
Secured lending	270,305	203,045	12,887	12,887
Unsecured lending	46,427,450	26,630,710	35,145,249	22,537,576
Other cash inflows	5,169,196	46,416,513	5,169,196	46,416,513
<b>Total Cash Inflows</b>	<b>51,866,951</b>	<b>73,250,268</b>	<b>40,327,332</b>	<b>68,966,976</b>
<b>Total HQLA Stock</b>			<b>137,652,570</b>	<b>82,706,283</b>
<b>Total Net Cash Outflows</b>			<b>81,919,328</b>	<b>21,893,173</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>169.17</b>	<b>398.34</b>

<sup>(1)</sup> The simple arithmetic average calculated for the last three months of weekly simple arithmetic average.

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Prior Period	Total Unweighted Value <sup>(1)</sup>		Total Weighted Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			121,555,112	56,371,580
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	196,763,195	111,492,296	17,843,005	11,149,230
Stable deposits	36,666,295		1,833,315	
Less stable deposits	160,096,900	111,492,296	16,009,690	11,149,230
Unsecured funding, of which;	92,163,597	44,303,837	49,709,052	22,650,364
Operational deposits	564,159	4,105	141,040	1,026
Non-operational deposits	67,798,730	39,938,703	33,524,004	19,190,843
Other unsecured funding	23,800,708	4,361,029	16,044,008	3,458,495
Secured funding			999,514	998,967
Other cash outflows, of which;	53,711,962	26,539,661	53,711,962	26,539,661
Derivatives cash outflow and liquidity needs related to market valuation changes on derivative or other transactions	50,211,076	23,038,775	50,211,076	23,038,775
Obligations related to structured financial products				
Commitments related to debts to financial markets and other off-balance sheet obligations	3,500,886	3,500,886	3,500,886	3,500,886
Other revocable off-balance sheet commitments and contractual obligations	26,430,681	21,401,268	1,321,534	1,070,063
Other irrevocable or conditionally revocable off-balance sheet obligations	143,964,846	59,934,013	15,073,463	7,397,989
<b>Total Cash Outflows</b>			<b>138,658,530</b>	<b>69,806,274</b>
<b>Cash Inflows</b>				
Secured lending	279,825	117,115	23,580	23,152
Unsecured lending	33,236,614	18,385,134	23,988,876	15,260,319
Other cash inflows	47,900,864	40,641,242	47,900,864	40,641,242
<b>Total Cash Inflows</b>	<b>81,417,303</b>	<b>59,143,491</b>	<b>71,913,320</b>	<b>55,924,713</b>
			<b>Upper Limit Applied Values</b>	
<b>Total HQLA Stock</b>			<b>121,555,112</b>	<b>56,371,580</b>
<b>Total Net Cash Outflows</b>			<b>66,745,210</b>	<b>18,128,795</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>182.90</b>	<b>314.22</b>

<sup>(1)</sup> The simple arithmetic average calculated for the last three months of the monthly simple arithmetic average.

Compared to prior period, a decrease in the total liquidity coverage ratio and an increase in the foreign currency liquidity coverage ratio has been observed for the fourth quarter of 2020. While the foreign currency liquidity coverage ratio, increased due to the increase in the high-quality liquid asset stock, the total liquidity coverage ratio decreased due to the increase in net cash outflows. Total and Foreign Currency liquidity coverage ratios are continuing to hover far above the minimum level (respectively 100% and 80%) pursuant to legal legislations.

The Liquidity Coverage Ratio which has been introduced to ensure banks to preserve sufficient stock of high quality assets to meet their net cash outflows that may occur in the short term is calculated as per the Communiqué on "Measurement and Assessment of the Liquidity Coverage Ratio of Banks" published by BRSA. The ratio is directly affected by the level of unencumbered high-quality assets which can be liquidated at any time and net cash inflows and outflows arising from the Group's assets, liabilities and off-balance sheet transactions.

The Group's high-quality liquid asset stock primarily consists of cash and the accounts held at CBRT and unencumbered government bonds which are issued by Turkish Treasury.

The Bank's principal source of funding is deposits. In term of non-deposit borrowing, funds received from repurchase agreements, marketable securities issued, and funds borrowed from financial institutions are among the most significant funding sources.

In order to manage liquidity effectively, concentration of liquidity sources and usages should be avoided. Due to the strong and stable core deposit base of the Bank, deposits are received from a diversified customer portfolio. In addition, in order to provide diversification in liquidity sources and usages, liquidity concentration limits are used effectively. Total amount of funds borrowed from a single counterparty or a risk group is closely and instantaneously monitored, taking liquidity concentration limits into account. In addition to these, the cumulative liquidity deficits that the Parent Bank is exposed to in various maturity tranches are periodically monitored and reported to the senior management.

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

Liquidity risk of the Bank, its foreign branches and subsidiaries that are to be included in consolidation are managed within the regulatory limits and in accordance with the Group strategies. For the purposes of effectiveness and sustainability of liquidity management, funding sources of Group companies and funding diversification opportunities in terms of markets, instruments and tenor are evaluated and liquidity position of the group companies are monitored continuously by the Parent Bank.

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	32,507,502	39,462,888						71,970,390
Banks	11,711,405	6,747,225	831,263	422,451				19,712,344
Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>	3,731,746	1,895,119	1,977,870	4,646,127	1,151,033	108,240		13,510,135
Money Market Placements		1,131,261	628,745	441,521				2,201,527
Financial Assets at Fair Value Through Other Comprehensive Income	1,193,255	3,443,997	2,719,249	8,781,171	33,771,331	27,811,818	106,449	77,827,270
Loans <sup>(3)(4)</sup>	14,473,892	40,872,322	38,776,258	108,623,042	159,584,414	41,453,536	23,296,252	427,079,716
Financial Assets Measured at Amortized Cost		3,867,984	2,721,161	6,685,798	23,540,267	8,789,393		45,604,603
Other Assets	7,264,632	10,885,937	86,280	351,417	493,306		41,164,706	60,246,278
<b>Total Assets</b>	<b>70,882,432</b>	<b>108,306,733</b>	<b>47,740,826</b>	<b>129,951,527</b>	<b>218,540,351</b>	<b>78,162,987</b>	<b>64,567,407</b>	<b>718,152,263</b>
<b>Liabilities</b>								
Bank Deposits	1,123,809	2,739,232	677,800	170,153	993,278			5,704,272
Other Deposits	156,215,628	160,355,520	39,926,094	16,431,322	2,443,291	617,266		375,989,121
Funds Provided from Other Financial Institutions		2,794,932	4,776,565	26,865,985	29,290,928	13,874,478		77,602,888
Money Market Funds		25,547,229	11,642	425,776				25,984,647
Marketable Securities Issued <sup>(5)</sup>		2,245,825	2,343,961	14,565,165	32,694,917	12,075,559		63,925,427
Miscellaneous Payables	34,507,788	17,159,750	212,608	6,741	408,775			52,295,662
Other Liabilities <sup>(6)</sup>	57,800	6,942,308	5,022,373	2,178,403	1,309,095	223,138	100,917,129	116,650,246
<b>Total Liabilities</b>	<b>191,905,025</b>	<b>217,784,796</b>	<b>52,971,043</b>	<b>60,643,545</b>	<b>67,140,284</b>	<b>26,790,441</b>	<b>100,917,129</b>	<b>718,152,263</b>
<b>Liquidity Gap</b>	<b>(121,022,593)</b>	<b>(109,478,063)</b>	<b>(5,230,217)</b>	<b>69,307,982</b>	<b>151,400,067</b>	<b>51,372,546</b>	<b>(36,349,722)</b>	
<b>Net Off Balance Sheet Position</b>	<b>(2,889)</b>	<b>(2,546,299)</b>	<b>(3,056,205)</b>	<b>(152,308)</b>	<b>699,240</b>	<b>7,774</b>		<b>(5,050,687)</b>
Derivative Financial Assets	1,253,008	73,124,894	48,885,862	29,307,917	41,828,035	48,022,635		242,422,351
Derivative Financial Liabilities	1,255,897	75,671,193	51,942,067	29,460,225	41,128,795	48,014,861		247,473,038
<b>Non-cash Loans</b>	<b>67,981,107</b>	<b>2,833,862</b>	<b>6,189,109</b>	<b>25,982,187</b>	<b>14,953,815</b>	<b>4,946,327</b>		<b>122,886,407</b>
<b>Prior Period</b>								
Total Assets	62,996,897	76,652,905	32,407,366	88,603,015	185,504,633	63,458,450	55,428,572	565,051,838
Total Liabilities	114,634,981	194,788,029	40,689,653	53,123,996	61,541,721	17,844,418	82,429,040	565,051,838
<b>Liquidity Gap</b>	<b>(51,638,084)</b>	<b>(118,135,124)</b>	<b>(8,282,287)</b>	<b>35,479,019</b>	<b>123,962,912</b>	<b>45,614,032</b>	<b>(27,000,468)</b>	
<b>Net Off Balance Sheet Position</b>	<b>(1,314)</b>	<b>7,232</b>	<b>(369,404)</b>	<b>1,540,901</b>	<b>673,867</b>	<b>(1,208)</b>		<b>1,850,074</b>
Derivative Financial Assets	962,593	43,993,437	24,170,288	28,756,327	37,655,859	43,238,110		178,776,614
Derivative Financial Liabilities	963,907	43,986,205	24,539,692	27,215,426	36,981,992	43,239,318		176,926,540
<b>Non-cash Loans</b>	<b>54,722,663</b>	<b>2,082,801</b>	<b>5,729,978</b>	<b>18,729,423</b>	<b>10,541,533</b>	<b>4,786,934</b>		<b>96,593,332</b>

<sup>(1)</sup> Assets, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which cannot be converted into cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in "Unallocated" column.

<sup>(2)</sup> The balances include financial derivative assets.

<sup>(3)</sup> Includes leasing and factoring receivables.

<sup>(4)</sup> Stage 3 Nonperforming loans are included in "Unallocated" column.

<sup>(5)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

<sup>(6)</sup> The borrower funds are presented in "Up to 1 month" column in other liabilities.

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In compliance with the "TFRS 7", the following table indicates the maturities of the Group's major financial liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related liabilities registered in balance sheet do not include these amounts.

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
<b>Liabilities</b>									
Deposits	157,339,437	163,515,468	40,912,349	16,801,854	3,500,350	735,236	382,804,694	1,111,301	381,693,393
Funds Provided from Other Financial Institutions		3,136,352	5,045,193	27,715,328	32,071,745	14,548,478	82,517,096	4,914,208	77,602,888
Money Market Funds		25,611,420	11,687	428,338			26,051,445	66,798	25,984,647
Marketable Securities Issued (Net) <sup>(1)</sup>		2,274,376	2,511,577	17,477,662	40,245,888	16,003,969	78,513,472	14,588,045	63,925,427
Leasing Liabilities		26,713	56,965	205,568	675,895	417,762	1,382,903	464,163	918,740

<sup>(1)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

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
<b>Liabilities</b>									
Deposits	86,043,036	167,938,057	31,960,063	14,213,840	3,198,763	399,399	303,753,158	961,954	302,791,204
Funds Provided from Other Financial Institutions		4,100,506	5,040,886	29,521,491	26,823,978	12,998,370	78,485,231	6,178,251	72,306,980
Money Market Funds		2,976,782	45,681	10,149			3,032,612	2,277	3,030,335
Marketable Securities Issued (Net) <sup>(1)</sup>		2,904,052	2,544,694	12,382,030	40,345,165	7,535,365	65,711,306	11,042,552	54,668,754
Leasing Liabilities		28,410	56,032	235,503	737,217	436,483	1,493,645	536,761	956,884

<sup>(1)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

The following table shows the remaining maturities of non-cash loans of the Group.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	14,423,731	1,183,876	1,206,403	5,581,173	198,728		22,593,911
Letters of Guarantee	52,890,702	1,282,444	4,150,104	16,223,311	10,231,470	3,293,179	88,071,210
Acceptances	66,504	367,542	832,602	4,083,376	3,700,319		9,050,343
Other	600,170			94,327	823,298	1,653,148	3,170,943
<b>Total</b>	<b>67,981,107</b>	<b>2,833,862</b>	<b>6,189,109</b>	<b>25,982,187</b>	<b>14,953,815</b>	<b>4,946,327</b>	<b>122,886,407</b>

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	9,463,410	655,786	744,157	4,321,570	1,131,911		16,316,834
Letters of Guarantee	44,430,047	900,365	2,911,806	11,396,726	8,847,838	3,060,557	71,547,339
Acceptances	341,439	517,170	2,074,015	2,996,168	66,539	45,001	6,040,332
Other	487,767	9,480		14,959	495,245	1,681,376	2,688,827
<b>Total</b>	<b>54,722,663</b>	<b>2,082,801</b>	<b>5,729,978</b>	<b>18,729,423</b>	<b>10,541,533</b>	<b>4,786,934</b>	<b>96,593,332</b>

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The following table shows the remaining maturities of derivative financial assets and liabilities of the Group.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts - Buy	816,023	8,645,929	4,322,816	9,149,971	2,553,562		25,488,301
Forwards Contracts - Sell	914,210	8,521,913	4,484,575	8,961,042	2,546,661		25,428,401
Swaps Contracts - Buy		50,595,003	34,514,507	16,909,423	38,527,288	46,181,823	186,728,044
Swaps Contracts - Sell		62,209,114	44,558,222	17,162,503	37,834,949	46,174,049	207,938,837
Futures Transactions - Buy		306,435	1,888,709	960,069			3,155,213
Futures Transactions - Sell		330,779	1,408,440	1,056,468			2,795,687
Options - Call		2,883,278	628,963	2,033,885	747,185	1,840,812	8,134,123
Options - Put		2,882,495	626,246	2,030,192	747,185	1,840,812	8,126,930
Other	778,672	12,421,141	8,395,451	504,589			22,099,853
<b>Total</b>	<b>2,508,905</b>	<b>148,796,087</b>	<b>100,827,929</b>	<b>58,768,142</b>	<b>82,956,830</b>	<b>96,037,496</b>	<b>489,895,389</b>

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Forwards Contracts - Buy	700,344	2,114,708	2,222,144	7,510,330	2,490,506		15,038,032
Forwards Contracts - Sell	801,705	2,123,121	2,219,209	7,419,249	2,520,639		15,083,923
Swaps Contracts - Buy		38,522,335	20,536,627	18,577,266	33,237,912	41,890,595	152,764,735
Swaps Contracts - Sell		38,530,294	20,832,261	17,232,242	32,533,918	41,891,807	151,020,522
Futures Transactions - Buy		540	60,852		230		61,622
Futures Transactions - Sell		540	56,670		220		57,430
Options - Call		2,866,619	1,099,096	1,946,607	1,847,990	1,347,513	9,107,825
Options - Put		2,784,795	1,086,451	1,841,813	1,847,990	1,347,513	8,908,562
Other	424,451	1,036,690	596,670	1,444,246	158,446		3,660,503
<b>Total</b>	<b>1,926,500</b>	<b>87,979,642</b>	<b>48,709,980</b>	<b>55,971,753</b>	<b>74,637,851</b>	<b>86,477,428</b>	<b>355,703,154</b>

## VII. Explanations on Leverage Ratio

### a. Explanations on Differences Between Current and Prior Years' Leverage Ratios

The Bank's consolidated leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". The Bank's consolidated Leverage ratio is 7.12% (December 31, 2019: 8.16%). According to Regulation the minimum leverage ratio is 3%. The changes in the leverage ratio are mostly due to the increase in the risk amounts.

### b. Summary Comparison Table Related to Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS:

	Current Period	Prior Period
Summary Comparison Table Related to Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS	648,032,467 <sup>(1)</sup>	559,624,998
The difference between Total Amount of Asset in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks	(7,250,340) <sup>(1)</sup>	(5,426,840)
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the Communiqué on Preparation of Consolidated Financial Statements of Banks <sup>(2)</sup>	(3,351,515)	(2,466,092)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks <sup>(2)</sup>	18,116,176	1,565,916
The difference between total amount and total risk amount of off-balance sheet transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks <sup>(2)</sup>	12,865,465	7,911,768
The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks <sup>(2)</sup>	(806,281)	(593,265)
<b>Total Exposures<sup>(2)</sup></b>	<b>963,934,710</b>	<b>721,302,308</b>

<sup>(1)</sup> As the consolidated financial statements dated 31.12.2020 prepared per paragraph 6 of article 5 of the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" have not yet been published as of the report date pursuant the legal regulations, the consolidated financial statement balances of 30.06.2020 are included.

<sup>(2)</sup> The amounts in the table represents the average of three months.



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## c. Explanations on consolidated leverage ratio

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Items</b>		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	730,977,764	545,377,636
Asset amounts deducted in determining Basel III Tier 1 capital	(1,548,881)	(1,183,412)
The total amount of risk on-balance sheet exposures	729,428,883	544,194,224
<b>Derivative exposures and credit derivatives</b>		
Replacement cost associated with derivative financial instruments and credit derivatives	10,703,858	4,902,196
The potential amount of credit risk with derivative financial instruments and credit derivatives	3,351,515	2,466,092
The total amount of risk on derivative financial instruments with credit derivatives	14,055,373	7,368,288
<b>Investment securities or commodity collateral financing transactions</b>		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	5,669,548	2,938,119
Risk amount of exchange brokerage operations		
The total amount of risk investment securities or commodity collateral financing transactions	5,669,548	2,938,119
<b>Off - Balance Sheet Items</b>		
Gross notional amount for off-balance sheet items	226,931,774	174,219,331
Adjustments for conversion to credit equivalent amounts	(12,150,868)	(7,417,654)
The total amount of risk for off-balance sheet items	214,780,906	166,801,677
<b>Capital and Total Exposures</b>		
Tier 1 Capital	68,560,575	58,827,327
Total Exposures	963,934,710	721,302,308
<b>Leverage Ratio</b>		
Leverage Ratio	7.12	8.16

<sup>(1)</sup> Three-month average of the amounts in Leverage Ratio table.

## VIII. Explanations on Other Price Risk

The Group is exposed to stock price risk due to its investments in companies being traded on the BIST.

The Group's sensitivity to stock price risk at the reporting date was measured with an analysis. In the analysis, with the assumption of all other variables were held constant and the data (stock prices) used in the valuation method are 10% higher or lower. According to this assumption in shares traded in Borsa Istanbul and followed under Financial Assets at Fair Value through Profit or Loss account, expected to have an effect amounting to TL 160,759 increase/decrease.

## IX. Explanations on Presentation of Assets and Liabilities at Fair Value

### 1. Information on fair values of financial assets and liabilities

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>				
Money Market Placements	2,201,527	1,179,448	2,201,527	1,179,448
Banks	19,712,344	20,554,031	19,686,929	20,536,034
Financial Assets at Fair Value Through Other Comprehensive Income	77,827,270	61,013,720	77,827,270	61,013,720
Financial Assets Measured at Amortized Cost	45,604,603	33,639,301	45,702,301	33,757,348
Loans <sup>(1)</sup>	403,934,870	316,028,505	384,847,541	316,422,287
<b>Financial Liabilities</b>				
Banks Deposits	5,704,272	5,905,168	5,586,995	5,832,104
Other Deposits	375,989,121	296,886,036	375,097,507	296,379,917
Funds Provided from Other Financial Institutions	77,602,888	72,306,980	75,876,780	70,338,442
Marketable Securities Issued <sup>(2)</sup>	63,925,427	54,668,754	64,293,176	54,785,418
Miscellaneous Payables	52,417,767	39,344,944	52,417,767	39,344,944

<sup>(1)</sup> Factoring and Leasing Receivables are included.

<sup>(2)</sup> Includes Tier 2 subordinated bond which is classified on the balance sheet as subordinated loan.

Strike prices, quotations, market prices determined by the CBRT and published in the Official Gazette and the values calculated by using alternative models, are taken as the basis in the fair value determination of financial assets at fair value through other comprehensive income.

When the prices of the financial assets measured at amortized cost cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.



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## 2. Information on fair value measurements recognized in the financial statements

TFRS 13 - "Fair Value Measurement" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	290,342	527,505	100,564
Equity Securities	1,345,669	261,922	
Derivative Financial Assets at Fair Value through Profit and Loss		6,710,129	
Other	360,628	1,763,563	2,149,813
<b>Financial Assets at Fair Value Through Other Comprehensive Income <sup>(1)</sup></b>			
Debt Securities	51,030,195	24,638,435	862,526
Equity Securities	82,962	428,254	
Other	657,092	89,168	
<b>Derivative Financial Liabilities</b>		8,854,434	

<sup>(1)</sup> Since they are not traded in an active market, the equity securities (TL 38,638) under the financial assets at fair value through other comprehensive income are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

Prior Period	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	408,556	142,884	7,096
Equity Securities	156,052		
Derivative Financial Assets Held for Trading		5,111,267	
Other	131,615	1,805,479	2,149,813
<b>Financial Assets Available-for-Sale <sup>(1)</sup></b>			
Debt Securities	42,288,372	16,292,498	614,677
Equity Securities	58,140	477,481	
Other	1,159,455	76,207	
<b>Derivative Financial Liabilities</b>		2,731,824	

<sup>(1)</sup> Since they are not traded in an active market, the equity securities (TL 46,890) under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

The movement table of financial assets at level 3 is given below:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>2,771,586</b>	<b>2,595,148</b>
Purchases	356,360	476,387
Redemption or Sales	(77,739)	(51,633)
Valuation Difference	62,696	277,913
Transfers		(526,229)
<b>Balance at the end of the Period</b>	<b>3,112,903</b>	<b>2,771,586</b>

Properties that are recorded under tangible assets at fair value by the Bank and consolidated companies are classified in the 3<sup>rd</sup> level, whereas investment properties are classified both in the 2<sup>nd</sup> and 3<sup>rd</sup> level.

The loans measured at fair value through profit and loss under Level 3 consists of loan granted to the special purpose entity which is disclosed in the Section V footnote I-b.3 and footnote I.n. The mentioned loan's fair value is determined by the various valuation methods. The potential changes in the fundamental estimations and assumptions in the valuation work can affect the carrying fair value of the loan.

## X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Group gives trading, custody, fund management services in the name and on the account of its customers. The Group has no fiduciary transactions.

## XI. Explanations on Risk Management Objectives and Policies

Explanations according to "Communiqué on Public Disclosures about Risk Management" published on the Official Gazette No.29511 dated October 23, 2015 are included below. The Bank uses standardized approach for calculation of capital charge for credit risk, therefore explanations about internal ratings-based approach are not included.

Reverse stress tests are regularly carried out by the Bank considering the increase in deteriorated loan portfolio and interest and exchange rate shocks which might cause the capital adequacy to fall within the legal limits.

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## a. General Information on Risk Management and Risk Weighted Amounts

### a.1 Risk Management Approach of the Group

The Group is exposed to financial and non-financial risks which are required to be analyzed, monitored and reported within specific risk management principles and with the perspective of Group risk management. The risk management process is organized within the framework of risk management and serves the creation of a common risk culture in corporate level; which brings "corporate governance" to forefront, the independence of the internal audit and monitoring units from the business units that undertake risks is established risk is defined in accordance with international regulations and in this context measurement, analysis, monitoring, reporting and control functions are carried.

Risk management process and the functions involved in the process is one of the primary responsibilities of the Board of Directors. The Risk Committee operates to prepare the Group's risk management strategies and policies, submit them to the Board of Directors for approval and monitor the implementations. Evaluating the capital adequacy and observing the active use of results in planning and decision making processes, establishing and monitoring limits related to main risks, monitoring the activities of risk management (determining, defining, measuring, evaluating and managing risk) and monitoring results and methods in measuring risk are also under their authority and responsibility of the Committee. Committee reports activity results to the Board of Directors through Audit Committee.

The Risk Management Department, which operates under the Parent Bank's Board of Directors, has been organized as Asset-Liability Management Risk Unit, Credit Risk Unit, Operational Risk and Subsidiary Risk Unit, Model Risk and Validation Unit, Internal Capital Assessment Process and Economic Capital Unit.

The Group's risk management process is carried out within the framework of risk policies which are issued by the Board of the Directors by taking the recommendations of the Risk Management Department into account and which include the written standards that are implemented by the business units. These policies which are entered into force in line with the international practices are general standards which contain organization and scope of the risk management function, risk measurement policies, duties and responsibilities of the risk management group, procedures for determining risk limits, ways to eliminate limit violations, compulsory approvals and confirmations to be given in a variety of events and situations.

In the aforementioned risk policies, the Group's risk appetite framework is defined as a set of approaches that determine the risk capacity, the risk appetite, the risk tolerance and that include the policies, procedures, controls and systems for reporting and monitoring of the limits set for the Group's risk profile and the indicators in the framework. The Group's risk appetite framework, which is formed in accordance with the above-mentioned factors and entered into force with the Board of Directors approval, includes indicators that are aligned with the business plan, the strategic programme, capital and remuneration planning and comparable on a business unit level to the extent possible. The compliance to the limits within the framework is periodically monitored and the realization of the risk appetite indicators are reported to the Risk Committee and the Boards on a monthly basis.

In order to build a strong corporate culture that has a risk management perspective, the Group has policies, processes, systems and a control system that is integrated with the risk management system. All employees of the Group essentially perform their duties in a responsible manner that aims to develop controls to reduce or eliminate the probability of the Group to incur losses related to the operational risks. In the process risk analysis studies, risks and the related controls are evaluated together with employees performing the relevant process in a holistic approach. Procedures to be followed in case of a risk threshold breach and risk definitions are given in the risk politics. Code of conducts, operation manuals, the sharing of duties between business units and risk units are announced to staff.

The risk reports that analyze the results reached by the Parent Bank and the comprehensive risk assessment and comparison of these results with a risk management perspective are periodically submitted to the Risk Committee and to the Board through the Audit Committee. The content of the above-mentioned reports could be summarized as follows:

- Capital adequacy ratio, the progression of the components of this ratio and the issues that affect the aforementioned ratio,
- Monitoring the compliance status of the limits set by the Board of Directors as a part of the risk appetite framework and based on the components of the main risk types,
- In addition to the assessment of the loan portfolio on the basis of counterparties and loan types, monitoring of the portfolio as a whole according to parameters such as maturity, sector, geography, risk ratings, arrears, defaults,
- Measuring the assets and liabilities management risk, and reporting of measurement results,
- Monitoring of all risks assessed in the context of operational risk, loss events that occurred in the Bank caused by operational risks and the risk indicators,
- Testing the measurement results in terms of completeness and reliability,
- Analyzing the level of risk indicators under various stress scenarios,
- Examining various concentration indicators and the course followed by these indicators.

In addition, analyzes and evaluations regarding the risk level of the companies included in the consolidated risk policies are also included in the mentioned report.

As per the communique on "Bank's Internal Systems and Internal Capital Adequacy and Assessment Process" and "Guidelines for Stress Testing of Banks to Use in Capital and Liquidity Planning", stress tests are conducted for the entire risks that the Group is exposed to and on the basis of significant risk categories. As a part of the holistic stress tests, risk appetite, capital planning, strategic plan and budget, action plans for emergencies and unexpected situations related to miscellaneous risks and other issues considered as significant are taken into consideration. In the holistic and individual stress test processes carried out by the Bank, the most advanced approaches used in risk measurement in the Bank are used as much as possible, together with the methods that are the basis of legal reporting (standard approaches for credit and market risk, basic indicator approach for operational risk).

In the stress tests, both the first pillar risks (credit risk, market risk, operational risk) in scope of the regulatory framework and all the other risks that the Group is exposed to independent of the regulatory framework are taken into account in a holistic perspective. In determining the course of capital adequacy under various scenarios during the planning horizon, the actions that the Group will take in case of stress conditions and the impact of the diversified growth strategies of business units on the capital adequacy and the balance sheet are considered.

The reflections of developments related to the COVID-19 outbreak on the Bank's risk profile and risk appetite framework are closely monitored. The negative effects of the COVID-19 outbreak are also taken into account in the calculation of expected credit loss. The levels at which the capital adequacy ratio of the Bank will reach are estimated and monitored with stress tests. In addition, reverse stress tests are carried out regularly, by determining the problematic loan growth rate and increase in exchange rates, which will cause the Bank's capital adequacy to fall within the legal limits.

The scope and content of the Parent Bank's risk management system in terms of the main risk types are listed below. Risk mitigation strategies and processes for the assessment of their effectiveness are given in Fourth Section II No. "Explanations on Credit Risk" under the Fourth Chapter XI-f.1 notes. No. "The Public Disclosure of Qualitative Information Related to the Market Risk" mentioned in the section.

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## Credit Risk

Credit risk is defined as the risk of the failure to comply with the requirements or failing to fulfill its obligations partially or totally of the counter side of the transaction contract with the Parent Bank. The methodology and responsibilities of the credit risk management, controlling and monitoring and the framework of credit risk limitations specified with the credit risk policy.

The Bank defines measures and manages credit risk of the all products and activities. Board of Directors review the Parent Bank's credit risk policies and credit risk strategy on an annual basis as a minimum. Key Management is responsible for the implementation of credit risk policies which are approved by Board of Directors.

As a result of loans and credit risks analysis all findings are reported to Board of Directors and Key Management on a regular basis. In addition to transaction and company-based credit risk assessment process, monitoring of credit risk also refers to an approach with monitoring and managing the credit as a whole maturity, sector, security, geography, currency, credit type and credit rating.

In the Bank's credit risk management, along the limits as required by legal regulations, the Bank utilizes the risk limits to undertake the maximum credit risk within risk groups or sectors that the Board of Directors determines. These limits are determined such a way that prevents risk concentration on particular sectors. In case of exceeding the limits, the excess and its reasons are immediately reported to the Risk Committee and Board of Directors. The actions to be taken to remedy the excess and the time to eliminate the excess are concluded under the authority of the Board of Directors. The results of the controls regarding the excess of the risk limits and the evaluations of these limits are presented by Internal Audit and Risk Management Group to Top Management and Board of Directors.

The Bank uses credit decision support systems which are created for the purpose of credit risk management, lending decisions, controlling the credit process and credit provisioning. The consistency of the credit decision support systems with the structure of the Parent Bank's activities, size and complexity is examined continuously by internal systems. Credit decision support systems contain the Risk Committee assessment and approval of Board of Directors.

## Asset and Liability Management Risk

Asset-liability management risk defined as the risk of Group's incurring loss due to managing all financial risks that are inflicted from the assets, liabilities and off-balance sheet transactions, ineffectively. Trading book portfolio's market risk, structural interest rate risk and liquidity risk of the banking portfolio; are considered within the scope of the asset liability management.

Complying the established risk limits and being at the limits that stipulated by the legislation are the primary priority of Asset-liability management risk. Risk limits are determined by the Board of Directors by taking into consideration of the Group's liquidity, target income level and general expectations about changes in risk factors

Board of Directors and the Audit Committee are responsible for following the Group's capital is used optimally; for this purpose, checking the status against risk limits and providing the necessary actions are taken.

Asset and Liability Management Committee is responsible for managing the Asset and Liability risk within the framework of operating principles that are involved in the risk appetite and risk limits are set by the Board of Directors in accordance with the policy statement.

Asset and liability management processes and compliance with the provisions of the policy are controlled and audited by the internal audit system. The execution of the audit, reporting the audit results, action plans for the elimination of errors and gaps identified as a result of inspections regarding the fulfillment of the principles, are determined by the Board of Directors.

## Operational Risk

Operational risk is defined as "the probability of loss due to the inadequate or failed internal processes, people, systems, external factors or legal risks". All risks except financial risks are considered within the scope of operational risk. Studies consisted and are formed of occur by execution of identification, definition, measurement, analysis, monitoring of operational risk, providing and reporting the necessary control related to monitoring the progress of our country and the world, the development of techniques and methods, necessary legal reporting, notification and conduct of follow-up transactions. Studies on the subject are conducted by the Department of Risk Management.

Operational risks that arise due to the activities are defined in "Bank Risk Catalogue" and classified in respect of species. Bank Risk Catalogue is kind of the fundamental document that used for identification and classification of all at the risk that may be encountered. It is updated in line with the changes in the nature of the processes and activities.

Qualitative and quantitative methods are used in a combination for measurement and evaluation of the operational risks. In this process, information use that obtained from "Impact-Probability Analysis", "Missing Event Data Analysis", "Risk Indicators" methods. Methods prescribed by legal regulations are applied as minimum in determining the capital requirement level for the operating risk.

All risks are assessed in the context of operational risk, loss events and the risk indicators same as operational risks that occurred in the Parent Bank, are monitored on a regular basis by the Department of Risk Management and reported periodically to the Risk Committee and the Board of Directors.

## Model Risk Management and Validation Operations

Model risk is the risk of financial losses and/or loss of reputation that the Bank may be exposed to due to errors and/or malfunctions that occur during the creation, implementation or use of models used in its activities. In order to address the model risk in a holistic manner, the model definition, model life cycle and triple line of defense structure and the duties and responsibilities of all functions of the Bank in this structure are defined in the model risk management policy.

Model risk management and validation activities in the second line of defense of the triple line of defense structure; creating the model inventory, determining and approving the model class, validating the models, preparing periodic reports on the Bank's model risk and presenting those reports to the Risk Committee, Audit Committee and Board of Directors.

Risk measurement models are validated at least once a year according to international standards. Within the scope of validation, activities are carried out to test the performance and validity of models with statistical methods, to examine the quality of the data used in the model development phase and the conceptual soundness of the selected methods, and to evaluate the health of the processes created for the use of the models. The results of the validation activities are reported to the Risk Committee, Audit Committee and the Board of Directors.

## Subsidiaries Risk Operations

Corporations within the Bank's consolidated risk policy, in terms of their own business lines, measure, evaluate and monitor risks, establish risk limits. Risk limits are approved by their own Board of Directors. Risk levels are reported to the Bank's Risk Committee within the periods set by the Bank, to monitor risk levels on consolidated basis. The Bank's Risk Committee, assesses the risk levels and report the results to the Board of the Directors of the Bank.

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## a.2. General Information on Risk Weighted Amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	460,542,007	401,894,678	36,843,361
Of which standardized approach (SA)	460,542,007	401,894,678	36,843,361
Of which internal rating-based (IRB) approach			
Counterparty credit risk	10,583,780	8,582,423	846,702
Of which standardized approach for counterparty credit risk (CCR)	10,583,780	8,582,423	846,702
Of which internal model method (IMM)			
Equity positions in banking book under basic risk weighting or internal rating-based approach			
Equity investments in funds - look-through approach	2,745,702	3,175,390	219,656
Equity investments in funds - mandate-based approach			
Equity investments in funds - 1250% weighted risk approach			
Settlement risk			
Securitization positions in banking accounts			
Of which IRB ratings-based approach (RBA)			
Of which IRB Supervisory formula approach (SFA)			
Of which SA/simplified supervisory formula approach (SSFA)			
Market risk	17,495,725	8,563,275	1,399,658
Of which standardized approach (SA)	17,495,725	8,563,275	1,399,658
Of which internal model approaches (IMM)			
Operational Risk	41,095,093	35,636,968	3,287,607
Of which Basic Indicator Approach	41,095,093	35,636,968	3,287,607
Of which Standardized approach (SA)			
Of which Advanced measurement approach			
The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	605,435	551,920	48,435
Floor adjustment			
<b>Total</b>	<b>533,067,742</b>	<b>458,404,654</b>	<b>42,645,419</b>

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## b. Linkages Between Financial Statements and Risk Amounts

### b.1 Differences and linkage between scopes of accounting consolidation and regulated consolidation

#### Differences and Linkage Between Accounting Consolidation and Legal Consolidation Scope:

Current Period	Carrying values in financial statements prepared as per TAS <sup>(1)</sup>	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and CBRT	58,882,672	71,970,390	71,970,390				
Banks and Money Market Placements	28,042,718	21,913,871	21,913,871				
Financial Assets at Fair Value Through Profit/Loss	3,661,368	6,800,006	3,557,377			3,242,629	
Financial Assets at Fair Value Through Other Comprehensive Income	71,714,132	77,827,270	77,827,270			684,680	
Derivative Financial Assets at Fair Value Through Profit/Loss	7,216,872	6,710,129	6,710,129	6,710,129		4,763,020	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	359,129						
Financial Assets at Measured at Amortized Cost - Loans <sup>(2)</sup>	385,139,476	427,079,716	427,079,716				
Financial Assets at Measured at Amortized Cost - Other Financial Assets	44,003,825	45,604,603	45,604,603				
Financial Assets at Measured at Amortized Cost - Expected Credit Loss (-)	21,305,967	26,049,421	26,049,421				
Assets Held for Sale and Discontinued Operations	1,207,539	1,302,608	1,302,608				
Investment in Associates, Subsidiaries and Joint-Ventures	1,112,923	13,052,096	13,052,096				
Tangible Assets	23,695,622	8,099,954	8,099,954				79,888
Intangible Assets	2,329,652	1,653,988	1,653,988				1,530,485
Investment Properties	4,293,073	3,649,631	3,649,631				
Current Tax Asset	108,925	48,923	48,923				
Deferred Tax Asset	4,204,744	3,672,736	3,672,736				
Other Assets	33,365,764	54,815,763	54,815,763				
<b>Total Assets</b>	<b>648,032,467</b>	<b>718,152,263</b>	<b>714,909,634</b>	<b>6,710,129</b>		<b>8,690,329</b>	<b>1,610,373</b>
<b>Liabilities</b>							
Deposits	339,310,123	381,693,393					
Funds Borrowed	85,534,799	77,602,888		8,046,256			
Money Market Funds	17,407,703	25,984,647		24,558,771			
Marketable Securities Issued	43,608,544	39,499,306					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	5,482,702	8,854,434				8,854,434	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	59,209						
Leasing Liability	1,272,625	918,740					
Provisions	24,039,020	24,027,066					
Current Tax Liability	3,209,745	2,851,982					
Deferred Tax Liability	328,469	144,431					
Subordinated Debts	22,670,763	24,426,121					
Other Liabilities	25,838,575	57,287,535					
Shareholders' Equity	79,270,190	74,861,720					
<b>Total Liabilities</b>	<b>648,032,467</b>	<b>718,152,263</b>		<b>32,605,027</b>		<b>8,854,434</b>	

<sup>(1)</sup> June 30, 2020 amounts are represented, as consolidated financial statements dated December 31, 2020 prepared in accordance with Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks are not published as of reporting date.

<sup>(2)</sup> Leasing and Factoring Receivables are included.

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and CBRT	53,898,390	54,076,128	54,076,128				
Banks and Money Market Placements	22,027,221	21,733,479	21,733,479				
Financial Assets at Fair Value Through Profit/Loss	2,666,162	4,801,495	1,074,673			3,726,822	
Financial Assets at Fair Value Through Other Comprehensive Income	61,023,546	61,013,720	61,013,720			484,050	
Derivative Financial Assets at Fair Value Through Profit/Loss	5,369,818	5,111,267	5,111,267	5,111,267		2,473,546	
Derivative Financial Assets at Fair Value Through Other Comprehensive Income							
Financial Assets at Measured at Amortized Cost - Loans <sup>(4)</sup>	335,520,809	337,131,235	337,131,235				
Financial Assets at Measured at Amortized Cost - Other Financial Assets	35,650,782	33,639,301	33,639,301				
Financial Assets at Measured at Amortized Cost - Expected Credit Loss (-)	17,144,869	17,117,296	17,117,296				
Assets Held for Sale and Discontinued Operations	1,218,276	1,190,220	1,190,220				
Investment in Associates, Subsidiaries and Joint-Ventures	981,049	11,190,991	11,190,991				
Tangible Assets	23,172,273	7,994,765	7,994,765				91,213
Intangible Assets	1,920,650	1,196,724	1,196,724				1,125,231
Investment Properties	4,314,742	3,444,979	3,444,979				
Current Tax Asset	90,429	23,646	23,646				
Deferred Tax Asset	3,075,980	1,950,997	1,950,997				
Other Assets	25,839,740	37,670,187	37,670,187				
<b>Total Assets</b>	<b>559,624,998</b>	<b>565,051,838</b>	<b>561,325,016</b>	<b>5,111,267</b>		<b>6,684,418</b>	<b>1,216,444</b>
<b>Liabilities</b>							
Deposits	294,647,350	302,791,204					
Funds Borrowed	79,295,160	72,306,980		8,040,905			
Money Market Funds	3,030,335	3,030,335		2,863,882			
Marketable Securities Issued	44,266,745	39,291,778					
Derivative Financial Liabilities at Fair Value Through Profit/Loss	3,013,572	2,731,824				2,731,824	
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	280						
Leasing Liability	1,245,427	956,884					
Provisions	20,633,777	17,860,585					
Current Tax Liability	1,862,833	1,586,552					
Deferred Tax Liability	287,030	76,292					
Subordinated Debts	15,365,226	15,376,976					
Other Liabilities	21,738,305	43,340,961					
Shareholders' Equity	74,238,958	65,701,467					
<b>Total Liabilities</b>	<b>559,624,998</b>	<b>565,051,838</b>		<b>10,904,787</b>		<b>2,731,824</b>	

<sup>(4)</sup> Leasing and Factoring Receivables are included.

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# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

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

## b.2 The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

	Current Period	Total	Credit Risk	Counterparty credit risk	Securitization Position	Market risk
1	Asset carrying value amount under scope of TAS	718,152,263	714,909,634	6,710,129		8,690,329
2	Liabilities carrying value amount under scope of TAS			(32,605,027)		8,854,434
3	Total net amount under regulatory scope of consolidation	718,152,263	714,909,634	39,315,156		164,105
4	Off-balance sheet amounts	477,657,792	90,428,221	9,869,395		
5	Repurchase Transactions Valuation Adjustments <sup>(1)</sup>			5,494,929		
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters		(30,300,466)			
10	Differences due to risk mitigation <sup>(2)</sup>		(5,859,247)			
<b>11</b>	<b>Risk Amounts</b>		<b>769,178,142</b>	<b>15,364,324</b>		<b>164,105</b>

<sup>(1)</sup> According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

<sup>(2)</sup> The source of the difference is the collateral for receivables under credit risk mitigation in the calculation of capital adequacy.

	Prior Period	Total	Credit Risk	Counterparty credit risk	Securitization Position	Market risk
1	Asset carrying value amount under scope of TAS	565,051,838	561,325,016	5,111,267		6,684,418
2	Liabilities carrying value amount under scope of TAS			(10,904,787)		2,731,824
3	Total net amount under regulatory scope of consolidation	565,051,838	561,325,016	16,016,054		3,952,594
4	Off-balance sheet amounts	359,716,424	68,019,093	7,598,552		
5	Repurchase Transactions Valuation Adjustments <sup>(1)</sup>			3,203,936		
6	Differences in valuations					
7	Differences due to different netting rules					
8	Differences due to consideration of provisions					
9	Differences due to prudential filters					
10	Differences due to risk mitigation <sup>(2)</sup>		(4,956,387)			
<b>11</b>	<b>Risk Amounts</b>		<b>624,387,722</b>	<b>10,802,488</b>		<b>3,952,594</b>

<sup>(1)</sup> According to the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", it is the counterparty credit risk amount calculated for repo style transactions.

<sup>(2)</sup> The source of the difference is the collateral for receivables under credit risk mitigation in the calculation of capital adequacy.

The differences between financial statements resulting from legal consolidation and the ones resulting from accounting consolidation are mainly due to the differences in the scope of companies included in consolidation. Legal consolidation only includes partnerships that are in the form of credit institutions or financial institutions in accordance with Article No 5 of Clause No 1 in the "Communiqué on Preparation of Consolidated Financial Statements of Banks" while accounting consolidation includes all partnerships regardless of them being in the form of credit institutions or financial institutions in accordance with Article No 5 of Clause No 6 in the same communiqué.

Bank using the valuation methodology are mainly based on data observed may in accordance with TFRS 13 aims to use methods that measure the fair value. In this context, securities qualification reality in the fair value measurement of financial assets in the transaction prices, quotes, set by the CBRT and as the price published in the Official Gazette as are used also necessary from internal pricing models. As for the derivative transactions interest rates, yield curves, foreign exchange, the basis of valuation models using market data such as volatility curves, valuation service is also available from third parties.

The market prices used to value the scope of the independent price verification process, data and/or model inputs for accuracy is regularly subjected to control, as well as compliance of the results provided by the pricing services obtained from third parties with respect to certain ranges tested.

## c. Explanations on Credit Risk

### c.1. General Information on Credit Risk

#### c.1.1. General Qualitative Information on Credit risk

Relevant information is given in the footnotes below Section Four footnote II "Explanations on Credit Risk" and Section Four footnote numbered XI-a.1.



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# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

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## c.1.2. Credit Quality of Assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/Amortization and Impairments	Net Values
	Defaulted	Non-defaulted		
Loans <sup>(1)</sup>	23,144,846	403,934,870	14,371,889	412,707,827
Debt Securities		119,172,863		119,172,863
Off-balance sheet exposures	913,737	208,255,293	695,465	208,473,565
<b>Total</b>	<b>24,058,583</b>	<b>731,363,026</b>	<b>15,067,354</b>	<b>740,354,255</b>

<sup>(1)</sup> Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/amortization and impairments	Net Values
	Defaulted	Non-defaulted		
Loans <sup>(1)</sup>	21,102,730	316,028,505	11,291,709	325,839,526
Debt Securities		91,478,421		91,478,421
Off-balance sheet exposures	1,025,318	161,829,477	538,085	162,316,710
<b>Total</b>	<b>22,128,048</b>	<b>569,336,403</b>	<b>11,829,794</b>	<b>579,634,657</b>

<sup>(1)</sup> Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

## c.1.3. Changes in Stock of Default Loans and Debt Securities <sup>(1)</sup>

	Current Period	Prior Period
<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>21,102,730</b>	<b>12,492,038</b>
Loans and debt securities that have defaulted since the last reporting period	5,667,879	13,812,459
Receivables back to non-defaulted status	(145,197)	(109,537)
Amounts written off	(98,452)	(1,572,250)
Other Changes	(3,382,114)	(3,519,980)
<b>Defaulted loans and debt securities at end of the reporting period</b>	<b>23,144,846</b>	<b>21,102,730</b>

<sup>(1)</sup> Indemnified non-cash loans or non-cash loans not converted into cash, of the firms which are followed under "Non-performing Loans" accounts are not included in the table.

## c.1.4. Additional Information on Credit Quality of Assets

Bank's methods for determining provision amounts and classification of its loans are mentioned in the Section Three Note VIII.

The bank is restructuring its loans classified as first and second group as well as non-performing loans and receivables. Restructuring in performing loans are made by granting a new loan or extending the term date of credit given to customer by Bank with changing conditions of contract aiming the enhancing of solvency of customer or customer's demand. Restructuring in non-performing loans are generally made by establishing a new redemption plan within the context of a protocol aiming the collection of those receivables whose redemption plan are not valid because of delinquency previously.

The breakdown of receivables in terms of geographic regions, sectors and remaining maturities are represented in "Explanations on Credit Risk" in the Fourth Section note II.

On the basis of sector-based provisions for receivables are presented in the footnote numbered Section Four II-16. The amounts of the receivables that are set aside for the geographical regions are as follows. The amount of non-performing loans which are written off in 2020 is TL 98,452 and it includes the credit which detailed in the Section Five Note I.f.10.2

	Current Period		Prior Period	
	Non-Performing Loans	Specific Provisions	Non-Performing Loans	Specific Provisions
Domestic	22,625,959	13,938,685	20,704,129	10,953,691
EU Countries	277,753	244,154	224,265	183,557
OECD Countries <sup>(1)</sup>	3,552	3,326	1,604	1,339
Off-Shore Banking Regions				
USA, Canada	8,756	6,405	8,505	5,528
Other Countries	228,826	179,319	164,227	147,594
<b>Total</b>	<b>23,144,846</b>	<b>14,371,889</b>	<b>21,102,730</b>	<b>11,291,709</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

The aging analysis of past-due receivables are disclosed under Section Four note II-11.

## c.2. Credit Risk Mitigation

### c.2.1. Qualitative Public Disclosures on Credit Risk Mitigation Techniques

In the calculation of the Group's Credit Risk Mitigation in accordance with the "Communiqué on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 on September 6, 2014, the financial collaterals are taken into consideration. The Group takes local currency and foreign currency deposit pledges into consideration as financial collaterals in calculating regulatory capital adequacy.

Collateral valuation and its management policy and primary features processes are given at Section Four note.II under "Information on Credit Risk" disclosure.



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## c.2.2. Credit Risk Mitigation Techniques - Standard Approach

Current Period	Exposures unsecured	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees <sup>(1)</sup>	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans <sup>(2)</sup>	396,514,406	4,963,570	4,189,276	11,229,851	9,194,462		
Debt securities	119,172,863						
<b>Total</b>	<b>515,687,269</b>	<b>4,963,570</b>	<b>4,189,276</b>	<b>11,229,851</b>	<b>9,194,462</b>		
Of which defaulted	8,560,440						

<sup>(1)</sup> Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

<sup>(2)</sup> Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

Prior Period	Exposures unsecured	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees <sup>(1)</sup>	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans <sup>(2)</sup>	306,053,674	6,102,217	4,994,669	13,683,635	11,463,742		
Debt securities	91,478,421						
<b>Total</b>	<b>397,532,095</b>	<b>6,102,217</b>	<b>4,994,669</b>	<b>13,683,635</b>	<b>11,463,742</b>		
Of which defaulted	9,811,021						

<sup>(1)</sup> Consists loans of Credit Guarantee Fund guaranteed by the Undersecretariat of Treasury.

<sup>(2)</sup> Credit balance which is monitored as Financial Assets at Fair Value Through Profit or Loss is not included in the above table. It is shown in detail in Section 5 footnote 1.b.3.

## c.3. Credit Risk Under Standardized Approach

## c.3.1. Qualitative Disclosures on Banks' Use of External Credit Ratings Under the Standardized Approach for Credit Risk

Aforementioned explanations are disclosed under Section Four note XI-a.1.

## c.3.2. Standard Approach: Credit risk exposure and credit risk mitigation effects:

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk- Weighted Amount	Risk-Weighted Amount Density
Exposures to sovereigns and their central banks	179,670,497	268,080	188,865,493	1,514,133	2,344,669	1.23%
Exposures to regional and local governments	454,543	490	454,435	230	227,333	50.00%
Exposures to administrative bodies and non-commercial entities	505,570	119,941	504,858	50,470	555,328	100.00%
Exposures to multilateral development banks	356,295	803	356,295	402		0.00%
Exposures to international organizations						0.00%
Exposures to banks and securities firms	34,063,694	17,032,661	34,063,694	15,360,614	15,967,375	32.31%
Exposures to corporates	249,246,045	131,982,901	241,166,812	71,312,787	308,113,161	98.60%
Retail exposures	142,148,843	51,614,095	137,370,841	3,355,086	82,718,375	75.00%
Exposures secured by residential property	10,323,829	312,988	10,306,924	143,168	3,657,532	35.00%
Exposures secured by commercial property	21,573,337	3,345,490	21,573,337	2,390,881	14,648,062	61.12%
Past-due Receivables	8,475,290		8,475,290		6,686,802	78.90%
Exposures in higher-risk categories	248,854	869,651	248,854	101,830	367,574	104.82%
Exposures in the form of bonds secured by mortgages						0.00%
Short term exposures to banks, brokerage houses and corporates						0.00%
Equity investments in the form of collective investment undertakings	2,680,702	65,000	2,680,702	65,000	2,545,498	92.71%
Other exposures	28,740,676	6,112,340	28,740,676	18,830	19,770,890	68.75%
Equity investments	13,790,256		13,790,256		14,153,517	102.63%
<b>Total</b>	<b>692,278,431</b>	<b>211,724,440</b>	<b>688,598,467</b>	<b>94,313,431</b>	<b>471,756,116</b>	<b>60.26%</b>

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Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk- Weighted Amount	Risk-Weighted Amount Density
Exposures to sovereigns and their central banks	142,701,140	223,299	154,164,883	345,824	22,389,428	14.49%
Exposures to regional and local governments	144,716	464	144,717	206	72,465	50.00%
Exposures to administrative bodies and non-commercial entities	386,112	158,109	385,230	50,703	435,933	100.00%
Exposures to multilateral development banks	1,183	661	1,183	331		0.00%
Exposures to international organizations						
Exposures to banks and securities firms	30,687,284	12,411,405	30,687,284	12,675,358	19,876,641	45.84%
Exposures to corporates	203,125,776	103,818,304	193,031,579	57,063,498	248,281,705	99.27%
Retail exposures	103,231,779	44,406,370	97,683,478	3,410,759	58,635,428	75.00%
Exposures secured by residential property	14,121,459	373,541	14,098,417	160,815	4,990,731	35.00%
Exposures secured by commercial property	20,946,268	3,653,998	20,435,990	2,637,072	15,488,980	67.13%
Past-due loans	9,583,511		9,583,511		8,681,632	90.59%
Exposures in higher-risk categories	485,929	1,032,838	485,929	245,486	881,041	120.46%
Exposures in the form of bonds secured by mortgages						
Short term exposures to banks, brokerage houses and corporates						
Equity investments in the form of collective investment Undertakings	3,090,390	85,000	3,090,390	85,000	3,105,954	97.81%
Equity investments	22,480,268	2,792,276	22,480,268	121,823	16,901,658	74.78%
Other exposures	11,773,502		11,773,502		12,104,654	102.81%
<b>Total</b>	<b>562,759,317</b>	<b>168,956,265</b>	<b>558,046,361</b>	<b>76,796,875</b>	<b>411,846,250</b>	<b>64.87%</b>

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### c.3.3 Standardized Approach: Receivables according to risk classes and risk weights:

Current Period	Risk Weights										Total
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	
<b>Risk Groups</b>											
Exposures to sovereigns and their central banks	187,997,008				75,899		2,306,719				190,379,626
Exposures to regional and local governments					454,664		1				454,665
Exposures to administrative bodies and non-commercial entities							555,328				555,328
Exposures to multilateral development banks	356,697										356,697
Exposures to international organizations											
Exposures to banks and securities firms			29,950,134		19,009,555		448,715	15904			49,424,308
Exposures to corporates			566,755		7,826,073		304,086,766	5			312,479,599
Retail exposures	30,434,760					110,291,167					140,725,927
Exposures secured by residential property				10,450,092							10,450,092
Exposures secured by commercial property					18,632,312		5,331,906				23,964,218
Past-due loans					4,063,230		3,925,807	486,253			8,475,290
Exposures in higher-risk categories					117,080		82,745	150,859			350,684
Exposures in the form of bonds secured by mortgages											
Short term exposures to banks, brokerage houses and corporates											
Equity investments in the form of collective investment Undertakings					400,408		2,345,294				2,745,702
Equity investments							13,548,082		242,174		13,790,256
Other exposures	8,988,616						19,770,890				28,759,506
<b>Total</b>	<b>227,777,081</b>		<b>30,516,889</b>	<b>10,450,092</b>	<b>50,579,221</b>	<b>110,291,167</b>	<b>352,402,253</b>	<b>653,021</b>		<b>242,174</b>	<b>782,911,898</b>

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Prior Period	Risk Weights										
	Consolidated										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	Total
<b>Risk Groups</b>											
Exposures to sovereigns and their central banks	132,049,286				143,987		22,317,434				154,510,707
Exposures to regional and local governments					144,916		7				144,923
Exposures to administrative bodies and non-commercial entities							435,933				435,933
Exposures to multilateral development banks	1,514										1,514
Exposures to international organizations											
Exposures to banks and securities firms			23,165,913		9,966,876		10,169,519	60,334			43,362,642
Exposures to corporates			491,875		2,843,051		246,756,845	3,306			250,095,077
Retail exposures	22,913,666					78,180,571					101,094,237
Exposures secured by residential property				14,259,232							14,259,232
Exposures secured by commercial property					15,168,165		7,904,897				23,073,062
Past-due loans					2,332,013		6,723,244	528,254			9,583,511
Exposures in higher-risk categories					144,628		142,907	443,880			731,415
Exposures in the form of bonds secured by mortgages											
Short term exposures to banks, brokerage houses and corporates											
Equity investments in the form of collective investment Undertakings					138,873		3,036,517				3,175,390
Equity investments							11,552,734			220,768	11,773,502
Other exposures	5,700,433						16,901,658				22,602,091
<b>Total</b>	<b>160,664,899</b>		<b>23,657,788</b>	<b>14,259,232</b>	<b>30,882,509</b>	<b>78,180,571</b>	<b>325,941,695</b>	<b>1,035,774</b>		<b>220,768</b>	<b>634,843,236</b>

## d. Explanations on Counterparty credit risk

### d.1. Qualitative Disclosures on Counterparty Credit Risk Approach

The counterparty credit risk that the Parent Bank exposed to is managed within the framework of general limit allocation and credit risk mitigation that are outlined in the credit risk policy. In setting general credit limits, the counterparty credit risks of customers as well as their cash and non-cash risks are taken into account with a holistic view. Moreover, the total position of the transactions which create counterparty credit risk is also monitored under a separate risk limit.

The counterparty credit risk, which stems from derivatives and repo like transactions including transactions with qualified central counterparties that result in liabilities for both sides, is measured according to the Appendix-2 and Appendix-4 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". Counterparty credit risk valuation method based on the calculation of fair values of the derivative transactions is implemented. In calculating the potential credit risk, the amount of the contract is multiplied by the rates given in the regulation. The replacement costs of derivative instruments are calculated based on the valuation of the related contracts according to the fair value method.

Most of the credit risk related to the derivative transactions with other banks is subject to daily collateral clearing agreements mutually signed with related parties and the counterparty credit risk is hence reduced. On the other hand, the risk-reducing effect of such agreements is not considered in the calculation of the counterparty credit risk under the capital adequacy legislation. There are no guarantees received or sold by credit derivatives by the Bank in the context of trading or banking accounts.

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## d.2. Counterparty Credit Risk (CCR) Approach Analysis:

Current Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (for derivatives) <sup>(1)</sup>	6,235,166	2,178,487	8,413,653	5,750,009
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			5,304,371	2,097,232
<b>Total</b>	<b>6,235,166</b>	<b>2,178,487</b>	<b>13,718,024</b>	<b>7,847,241</b>

<sup>(1)</sup> Transactions with central counterparties are not included.

Prior Period	Replacement Cost	Potential Future Exposure	Exposure after Credit Risk Mitigation	Risk Weighted Amounts
Standardized Approach - CCR (for derivatives) <sup>(1)</sup>	5,111,267	2,153,387	7,264,654	4,931,689
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			3,183,774	1,285,486
<b>Total</b>	<b>5,111,267</b>	<b>2,153,387</b>	<b>10,448,428</b>	<b>6,217,175</b>

<sup>(1)</sup> Transactions with central counterparties are not included.

## d.3. Capital obligation for credit valuation adjustment (CVA):

	Current Period		Prior Period	
	Risk Amounts	Risk Weighted Amounts	Risk Amounts	Risk Weighted Amounts
Total portfolio value with standardized approach CVA capital change	8,413,653	2,718,719	7,264,654	2,357,342
Total subject to the CVA capital change	8,413,653	2,718,719	7,264,654	2,357,342

## d.4 CCR Exposures by risk class and risk weights:

Current Period Risk Groups	Risk Weights							Total Credit Exposure
	0%	10%	20%	50%	75%	100%	150%	
Conditional and unconditional exposures to sovereigns and their central banks	1,080,938							1,080,938
Conditional and unconditional exposures to regional and local governments								
Conditional and unconditional exposures to administrative bodies and non-commercial entities						321		321
Conditional and unconditional exposures to multilateral development banks								
Conditional and unconditional exposures to international organizations								
Conditional and unconditional exposures to banks and securities firms			2,785,215	5,086,222		3		7,871,440
Exposures to corporates			976	19,613		4,712,837		4,733,426
Retail exposures					31,899			31,899
Exposures secured by residential property								
Past-due items								
Exposures in high-risk categories								
Exposures in the form of bonds secured by mortgages								
Short term exposures to banks, brokerage houses and corporates								
Equity investments in the form of collective investment undertakings								
Other exposures								
Equity investments								
<b>Total</b>	<b>1,080,938</b>		<b>2,786,191</b>	<b>5,105,835</b>	<b>31,899</b>	<b>4,713,161</b>		<b>13,718,024</b>

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Prior Period	Risk Weights							Total Credit Exposure
	0%	10%	20%	50%	75%	100%	150%	
<b>Risk Groups</b>								
Conditional and unconditional exposures to sovereigns and their central banks	38,113					53,754		91,867
Conditional and unconditional exposures to regional and local governments								
Conditional and unconditional exposures to administrative bodies and non-commercial entities						7,758		7,758
Conditional and unconditional exposures to multilateral development banks								
Conditional and unconditional exposures to international organizations								
Conditional and unconditional exposures to banks and securities firms			2,627,076	4,154,789		102,293		6,884,158
Exposures to corporates						3,408,305		3,408,305
Retail exposures					56,340			56,340
Exposures secured by residential property								
Past-due items								
Exposures in high-risk categories								
Exposures in the form of bonds secured by mortgages								
Short term exposures to banks, brokerage houses and corporates								
Equity investments in the form of collective investment undertakings								
Other exposures								
Equity investments								
<b>Total</b>	<b>38,113</b>		<b>2,627,076</b>	<b>4,154,789</b>	<b>56,340</b>	<b>3,572,110</b>		<b>10,448,428</b>

#### d.5. Collateral for CCR:

Current Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Not Segregated	Segregated	Not Segregated		
Cash- Domestic Currency					19,973,100	
Cash- Other Currencies					11,632,214	
Government bills/bonds-Domestic					137,736	
Government bills/bonds-FC						
Corporate bills/bonds					28,713	
<b>Total</b>					<b>31,771,763</b>	

Prior Period	Collateral used in derivative transactions				Collateral used in other transactions	
	Received Collateral		Given Collateral		Received Collateral	Given Collateral
	Segregated	Not Segregated	Segregated	Not Segregated		
Cash- Domestic Currency					2,477,943	
Cash- Other Currencies					7,870,503	
Government bills/bonds-Domestic					397,413	
Government bills/bonds-FC					93,412	
Corporate bills/bonds-FC					33,068	
<b>Total</b>					<b>10,872,339</b>	

#### d.6. Credit derivatives exposures:

None.

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## d.7. Exposures to central counterparties (CCP):

	Current Period		Prior Period	
	Post CRM risk exposure	RWA	Post CRM risk exposure	RWA
<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>862,425</b>	<b>17,820</b>	<b>423,129</b>	<b>7,906</b>
Exposures for trades at WCCPs (excluding initial margin and default fund contributions); of which	786,600	15,732	354,060	7,081
(i) OTC Derivatives	782,259	15,645	333,898	6,678
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing	4,341	87	20,162	403
(iv) Netting sets where cross-product has been approved				
Segregated initial margin	28,350		44,734	
Non-segregated initial margin				
Paid guarantee fund amount	47,475	2,088	24,335	825
Unpaid guarantee fund commitment				
<b>Exposures to non-QCCPs (total)</b>				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC Derivatives				
(ii) Exchange-traded Derivatives				
(iii) Repo-reverse transactions, credit securities transactions and securities or commodities lending or borrowing				
(iv) Netting sets where cross-product has been approved				
Segregated initial margin				
Non-segregated initial margin				
Pre-funded default fund contributions				
Unfunded default fund contributions				

## e. Explanations on securitizations:

None.

## f. Explanations on Market Risk:

### f.1. Qualitative information disclosed to the public regarding Market Risk

Market risk is defined as the risk that may reduce the market value of the trading portfolio due to the changes in the risk factors named interest rate, exchange rates, equities and the price of commodities and options.

The procedures for the management of market risk are discussed in the Parent Bank's "Asset and Liability Management Risk Policy" and those procedures are in line with the risk/return expectations and with the limits that are defined in the risk appetite framework. Limits related to market risk; are established by the Board and are revised periodically in order to reflect market conditions and best practices in the industry. Compliance to those limits is closely monitored by the Risk Management Department, Asset and Liability Management Committee and by the executive departments. Additionally, compliance with the provisions relating to the procedures and policies of market risk management is audited by the internal audit system.

Trading activities of the securities that are included in the calculation of market risk is carried out by taking the Asset-Liability Committee decisions, risk policies and established limits into consideration and risks arising due to these activities are hedged using derivatives transactions where necessary.

Measurement of market risk, reporting of results, and monitoring compliance with the risk limits are among the key responsibilities of the Risk Management Department. Analyses related to market risk are reported to the Risk Committee and to the Board via the Audit Committee by the Risk Management Department.

The trading book of the Parent Bank included in market risk calculations consists of on balance-sheet financial assets that are held for trading intent, derivatives that provide hedge to those instruments and foreign currency positions. The market risk carried by the Group is measured and monitored using methods known respectively as the Standard Method and the Value at Risk Model (VAR) and Expected Shortfall in accordance with the local regulations which are established in compliance with the international legislations. In this context, the exchange rate risk emerges as the most important component of the market risk.

The market risk calculations using the Standard Method are performed at the end of each month and the measurement results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model and Expected Shortfall is another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, currency risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are practiced, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio are determined and the results are reported to the Bank's top management.



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## f.2. Standardized Approach

	RWA	
	Current Period	Prior Period
Outright Products	17,364,027	8,175,301
Interest rate risk (general and specific)	3,902,163	3,021,050
Equity risk (general and specific)	3,844,363	965,063
Foreign exchange risk	9,416,413	3,825,625
Commodity risk	201,088	363,563
Options	131,698	387,974
Simplified approach		
Delta-plus method	131,698	387,974
Scenario approach		
Securitized assets		
<b>Total</b>	<b>17,495,725</b>	<b>8,563,275</b>

## g. Explanations on Operational Risk

The operational risk capital requirement is calculated according to "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" article number 24, is measured using the Basic Indicator Approach once a year in parallel with domestic regulations. As of December 31, 2020, the consolidated operational risk amount is TL 41,095,093 information about the calculation is given below (December 31, 2019: TL 35,636,968).

Current Period	ZPP Amount	1PP Amount	CP Amount	Total/Positive Years of Gross Income Amount	Rate (%)	Total
Gross Income	18,527,745	22,312,078	24,912,326	3	15	3,287,607
Value at operational risk (Total*12.5)						41,095,093

Prior Period	ZPP Amount	1PP Amount	CP Amount	Total/Positive Years of Gross Income Amount	Rate (%)	Total
Gross Income	16,179,326	18,527,745	22,312,078	3	15	2,850,957
Value at operational risk (Total*12.5)						35,636,968

## h. The interest rate risk of the banking book items:

Interest rate risk arising from the banking accounts is defined as negative effect risk on capital of the changes in market interest rates due to differences in interest settlement and re-pricing on, differences in interest-earning assets taking part in the banking book; interest-bearing liabilities; interest-bearing derivative transactions inclusive of the policies established by the Board of Directors, is managed within the framework of the strategies set by the Parent Bank Asset-Liability Committee. Compliance with internal risk limits for banking portfolio is closely and continuously monitored by the Risk Management Department and Asset-Liability Committee and the measurement results are reported to the Board of Directors on a monthly basis.

Duration and sensitivity analysis are conducted on a monthly basis by the Bank in the scope of monitoring of interest rate risk arising from the banking books about Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method which is published in the Official Gazette No. 28034 dated August 23, 2011. In the duration analysis, the maturity gap between assets and liabilities of the balance sheet are determined by the calculation of the weighted average maturities based on the asset that sensitive to interest rate and liabilities and off-balance sheet transactions re-pricing period. In the interest rate risk sensitivity analysis, the influence of the various interest rate change scenarios to the economic value of the Bank's capital is examined.

In the calculations made within the framework of the said regulation, behavioral maturity modeling is performed for demand deposits with low sensitivity to interest changes and whose original maturity is longer than the contractual maturity. In these studies, which are defined as core deposit analysis, based on historical data, calculations are made for what amount of demand deposits will remain within the bank for what maturity, and these analyzes are used as an input in quantifying the interest rate risk arising from banking accounts in a way that does not contradict legal provisions.

Currency	Applied Shock (+/- x basis point)	Gains Loss	Revenue/Shareholders' Equity - Loss/Shareholders' Equity
TL	(+) 500	(7,912,722)	(9.36)%
TL	(-) 400	7,425,467	8.77%
EUR	(+) 200	(391,131)	(0.46)%
EUR	(-) 200	379,998	0.45%
USD	(+) 200	521,609	0.62%
USD	(-) 200	(198,532)	(0.23)%
<b>Total (for Negative Shocks)</b>		<b>7,606,933</b>	<b>8.99%</b>
<b>Total (for Positive Shocks)</b>		<b>(7,782,244)</b>	<b>(9.20)%</b>



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## i. Remuneration policy

The Remuneration Committee, which is established to carry out the duties and activities related to the monitoring and supervision of the Bank's remuneration applications on behalf of the Board of Directors, consists of two members. The Remuneration Committee meets at least twice a year, not exceeding six months, and reports to the Board of Directors on the results of the activities carried out and important matters considered to have an impact on the Bank's position. As of the end of 2019, the Remuneration Committee met 6 times and made a total of 9 decisions.

Regarding compliance with the Corporate Governance Principles, the Remuneration Committee monitors and supervises the practices related to wage management on behalf of the Board of Directors; the fees are in line with the Bank's ethical values, internal balances and strategic objectives; the evaluation of the remuneration policy and its practices in the context of risk management; it is responsible for the presentation of the proposals determined in line with the requirements of the salary policy and the other responsibilities determined by the provisions of the applicable legislation and the fulfillment of the duties given by the Board of Directors in this framework.

As of the end of 2020, the number of qualified employees working at the Bank is 27.

The monetary and social rights of employees are determined in accordance with the Chartering Policy in the framework of the legislation related to the Collective Labor Agreement. The Bank carries out its practices with regard to remuneration policies within the framework of relevant banking and capital market legislation. This policy includes all managers and employees.

Premium payments are made once a year to managers and managers who work in branches and headquarters units. It is considered that managerial premium payments are in line with the Bank's long-term strategy and the risks assumed, as well as the performance of its employees. There are no variable fees for qualified employees in the Bank.

The compliance of the wage levels in the bank with the sector wage levels is monitored by participating in independent and anonymous wage surveys, which are held twice a year.

Within the scope of the remuneration policy, the Bank's pricing practices are planned and executed on the basis of effective risk management, prevention of excessive risk taking, compliance with relevant legislation and scope and structure of the bank's activities, strategies, long-term objectives and risk management structures.

The fees to be paid to the managers and employees of the Bank at every stage; It is essential that the Bank is in line with its ethical values, internal balances and strategic objectives, and that it is not only associated with its short-term performance.

Payments made to employees are determined in a manner that will positively impact the Bank's corporate values and on the basis of objective conditions.

Payments to be made to the managers of the units within the internal systems and to their staff are determined by taking into account the performance of the relevant personnel in relation to their functions, as they are in the audit or oversight, or are independent of the performance of the activity unit they control.

## XII. Explanations on Segment Reporting

The Group's activities are classified under corporate/commercial banking, retail/private banking, treasury operations and investment activities, insurance and reinsurance activities and others.

Services to the large corporations, SMEs and other trading companies are provided through various financial instruments within the scope of the corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided to the aforementioned customer segments.

Retail banking services include deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, and investment accounts and other banking services for individuals. All kinds of financing and cash management services provided to individuals in the high-income level are recognized as Private Banking activities.

Treasury transactions are comprised of medium and long-term funding tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations. Investment activities of intermediary institutions and venture capital and real estate investment partnerships are also classified in this area. Investments of subsidiaries who operate in the real sector, investments of associates who operate both in financial and real sector and investments of jointly controlled entities that are presented in the consolidated financial statements are evaluated within the scope of investment activities.

Insurance and reinsurance activities include individual pension, life/non-life insurance transactions and reinsurance transactions.

The Group's financial leasing, factoring, asset management and portfolio management activities are classified under the 'Other' heading.

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Information about The Group's segments are presented below.

	Corporate/ Commercial Banking	Individual/Private Banking	Treasury Transaction/ Investment Activities	Insurance and Reinsurance Activities	Other/ Unallocated	Total
<b>Current Period</b>						
Interest Income	25,677,637	8,592,126	12,424,000		1,267,214	47,960,977
Interest Expense	4,178,058	5,402,127	7,836,465	385	1,481,227	18,898,262
Fees and Commissions Income	4,156,208	2,281,149	716,455	71,833	155,836	7,381,481
Fees and Commissions Expense	10,612	85	71,502	1,208,916	1,170,953	2,462,068
Dividend Income			31,057			31,057
Trading Income/Loss (Net)			(1,206,769)			(1,206,769)
Other Income	1,517,338	245,951	350,854	9,014,735	605,051	11,733,929
Expected Credit Loss and Other Provision Expenses	7,515,789	534,157	74,924	105,839	5,919,331	14,150,040
Other Operating Expense	2,058,802	4,914,808	564,288	8,059,214	5,582,046	21,179,158
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			1,455,956			1,455,956
Income Before Tax						10,667,103
Tax Provision						2,915,351
<b>Net Period Profit</b>						<b>7,751,752</b>
Group Profit/Loss						6,655,442
Minority Interest Profit/Loss						1,096,310
<b>Total Assets</b>	<b>315,988,780</b>	<b>78,552,996</b>	<b>182,480,178</b>	<b>35,704,002</b>	<b>105,426,307</b>	<b>718,152,263</b>
<b>Total Liabilities</b>	<b>176,196,685</b>	<b>221,704,133</b>	<b>156,650,726</b>	<b>51,755,859</b>	<b>111,844,860</b>	<b>718,152,263</b>
<b>Prior Period</b>						
Interest Income	27,687,607	7,793,667	11,851,835		1,120,721	48,453,830
Interest Expense	6,433,501	9,286,642	7,996,356	17,295	1,920,958	25,654,752
Fees and Commissions Income	4,646,334	1,915,386	229,275	51,744	228,390	7,071,129
Fees and Commissions Expense	9,146	489	52,939	1,015,141	1,381,644	2,459,359
Dividend Income			20,819			20,819
Trading Income/Loss (Net)			(4,633,920)			(4,633,920)
Other Income	838,536	245,000	545,737	7,298,879	2,014,736	10,942,888
Expected Credit Loss and Other Provision Expenses	5,982,645	560,736	20,022	74,057	2,598,823	9,236,283
Other Operating Expense	1,850,790	3,920,797	490,568	6,658,170	4,592,586	17,512,911
Income/Loss from Investments in Subsidiaries Accounted by Equity Method			1,462,479			1,462,479
Income Before Tax						8,453,920
Tax Provision						1,422,289
<b>Net Period Profit</b>						<b>7,031,631</b>
Group Profit/Loss						6,009,805
Minority Interest Profit/Loss						1,021,826
<b>Total Assets</b>	<b>252,901,903</b>	<b>57,143,269</b>	<b>144,938,347</b>	<b>27,117,194</b>	<b>82,951,125</b>	<b>565,051,838</b>
<b>Total Liabilities</b>	<b>146,599,366</b>	<b>167,353,047</b>	<b>114,223,366</b>	<b>40,146,062</b>	<b>96,729,997</b>	<b>565,051,838</b>

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## SECTION FIVE: DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### I. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED ASSETS

#### a. Cash and Central Bank of the Republic of Turkey:

##### a.1. Information on Cash and Balances with the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2,486,752	6,650,065	2,091,656	3,428,324
Central Bank of the Republic of Turkey	3,079,305	59,386,999	3,171,506	45,204,187
Other		367,269		180,455
<b>Total</b>	<b>5,566,057</b>	<b>66,404,333</b>	<b>5,263,162</b>	<b>48,812,966</b>

##### a.2. Information on Balances with the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3,079,305	19,987,701	3,171,506	20,792,607
Unrestricted Time Deposit				
Restricted Time Deposit				
Other <sup>(1)</sup>		39,399,298		24,411,580
<b>Total</b>	<b>3,079,305</b>	<b>59,386,999</b>	<b>3,171,506</b>	<b>45,204,187</b>

<sup>(1)</sup> The amount of reserve deposits held at the Central Bank of the Republic of Turkey.

##### a.3. Explanations on reserve requirement application:

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 1% - 6% for TL deposits and other liabilities, between 13% - 22% for FC deposits and between 5% - 21% for other FC liabilities. Reserves are calculated and set aside every two weeks on Friday for 14-day periods. Interest is paid for required reserves which are in TL in accordance with the procedures and principles determined by the CBRT.

#### b. Information on Financial Assets at Fair Value through Profit and Loss:

##### b.1. Financial assets at fair value through profit and loss, which are given as collateral or blocked:

Financial assets at fair value through profit and loss, which are given as collateral or blocked as of 31 December 2020, amount to TL 772,176 (December 31, 2019: 44,061 TL).

##### b.2. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of 31 December 2020, amount to TL 61,909 (December 31, 2019: TL 91,705).

**b.3.** All creditors including the Group reached an agreement on restructuring the loans granted to a company. As previously stated, loans of the company had been planning to be restructured based on required permits and necessary approvals within a new special purpose entity which was already incorporated or will be incorporated in the Republic of Turkey and owned by the creditors either directly or indirectly through takeover of the shares, that have been pledged by the company as a guarantee for the credit risk. Above mentioned process was completed in 2018 and, in this context the Bank owns 11.5972% and Türkiye Sınai Kalkınma Bankası A.Ş., a group company, owns 1.6172% of the newly formed special purpose entity.

At the Ordinary Meeting of the General Assembly of 2018 held in the prior period, it has been decided to increase the share capital of the mentioned company by TL 3,982,230, all to be covered by common receivables. Whereas the Bank's and Türkiye Sınai Kalkınma Bankası A.Ş.' ownership ratio in company share have not changed, the nominal value of the shares owned increased from TL 6 to TL 461,833 and from TL 1 to TL 64,403 respectively. Related amount is recognized under Assets Held for Sale and Discontinued Operations account.

This remaining loan amount after the capital increase of the mentioned company amounting to TL 2,149,813 (31.12.2019: TL 2,419,813) is accounted under financial assets at fair value through profit or loss. The amount of impairment recognized for the total asset converted into loan and capital is TL 1,133,758 and is classified under the specified item.

Assets, which are converted into loan and capital, amounted TL 2,676,049 are measured at fair value under TFRS 9 "Financial Instruments" standard and TFRS 5 "Assets Held for Sale and Discontinued Operations" Standard. Balance of related asset is followed in financial statements as Stage 3 within the scope of "TFRS 13 - Fair Value Measurement" standard.

The Bank re-evaluated the fair value of the relevant financial asset as of the end of the period and did not make any changes to the current value monitored during the current period. If the growth rate and risk-free return rate on investment used in the discounted cash flow method used in valuation are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 63 million (full TL amount) or will decrease by TL 56 million (full TL amount).

**b.4.** TL 1,113,993 of other financial assets consists of the mutual funds; Quasar İstanbul Konut Gayrimenkul and Quasar İstanbul Ticari Gayrimenkul which were founded by İş Portföy Yönetimi A.Ş.

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## c. Positive differences on derivative financial assets held for trading:

Derivative Financial Assets at Fair Value through Profit or Loss <sup>(1)</sup>	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	233,145	463,125	95,400	320,138
Swap Transactions	123,089	5,445,588	168,784	4,403,159
Futures				
Options	6,678	85,245	1,511	54,391
Other		90,560		
<b>Total</b>	<b>362,912</b>	<b>6,084,518</b>	<b>265,695</b>	<b>4,777,688</b>

<sup>(1)</sup> Includes information related to derivative financial assets held for trading in derivative financial assets. Information on derivative financial assets for hedging purposes is disclosed in Section Five footnote I.1.

## d. Banks Account

### d.1. Information on Banks:

Banks	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	2,618,265	1,613,288	1,767,681	5,338,759
Foreign Banks	197,388	15,283,403	220,993	13,226,598
Foreign Head Office and Branches				
<b>Total</b>	<b>2,815,653</b>	<b>16,896,691</b>	<b>1,988,674</b>	<b>18,565,357</b>

### d.2. Information on foreign banks:

	Current Period		Prior Period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
EU Countries	7,902,000		6,655,724	
USA, Canada	3,272,983		4,165,684	
OECD Countries <sup>(1)</sup>	2,011,931		62,203	
Off-shore Banking Regions				
Other	1,688,333	605,544	1,820,577	743,403
<b>Total</b>	<b>14,875,247</b>	<b>605,544</b>	<b>12,704,188</b>	<b>743,403</b>

<sup>(1)</sup> OECD countries other than the EU countries, USA and Canada.

Expected credit loss for cash and cash equivalents:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	51,910			35,635		
Additional provisions within the period	42,828			36,637		
Transfers within the period	(37,179)			(20,601)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	(7,083)			239		
<b>Provisions at the end of the period</b>	<b>50,476</b>			<b>51,910</b>		

## e. Information on Financial Assets at Fair Value through Other Comprehensive Income:

### e.1. Information on financial assets at fair value through other comprehensive income, which are given as collateral or blocked:

Financial assets at fair value through other comprehensive income, which are given as collateral or blocked, amount to TL 22,460,070 as of 31 December 2020 (December 31, 2019: TL 9,802,629).

### e.2. Information on financial assets at fair value through other comprehensive income, which are subject to repurchase agreements:

Financial assets at fair value through other comprehensive income which are subject to repurchase agreements amount to TL 19,425,159 as of 31 December 2020 (December 31, 2019: TL 2,423,549).

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

	Current Period	Prior Period
Debt Securities	76,939,749	59,981,477
Quoted on a Stock Exchange	49,959,610	41,483,412
Not-Quoted <sup>(1)</sup>	26,980,139	18,498,065
Share Certificates	562,074	592,349
Quoted on a Stock Exchange	56,322	31,479
Not-Quoted	505,752	560,870
Provision for Impairment Losses (-)	682,184	831,857
Other	1,007,631	1,271,751
<b>Total</b>	<b>77,827,270</b>	<b>61,013,720</b>

<sup>(1)</sup> Refers to the debt securities, which are not quoted on the Stock Exchange or which are not traded, while quoted, on the Stock Exchange at the end of the related period.

### f. Information related to loans:

Leasing and factoring receivables are considered as loans in the footnotes of this section.

#### f.1. Information on all types of loans and advances given to shareholders and employees of the group:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans and Other Receivables to Employees	301,478	1,142	270,296	444
<b>Total</b>	<b>301,478</b>	<b>1,142</b>	<b>270,296</b>	<b>444</b>

#### f.2. Information about the Standard Loans and Loans Under Close Monitoring and Loans Under Close Monitoring that have been restructured:

	Standard Loans	Loans Not Subject to Restructuring	Loans Under Close Monitoring	
			Restructured Loans	
			Loans with Revised Contract Terms	Refinanced
<b>Cash Loans</b>				
Non-specialized loans	355,284,508	16,643,423	15,582,803	16,424,136
Corporation Loans	144,386,368	10,084,187	9,084,951	9,854,639
Export Loans	24,803,553	726,038	140,706	353,138
Import Loans				
Loans Extended to Financial Sector	13,551,939	2,332		
Consumer Loans	64,642,959	2,365,941	4,049	1,497,092
Credit Cards	23,797,483	670,120	397,342	
Other	84,102,206	2,794,805	5,955,755	4,719,267
Specialized Loans				
Other Receivables				
<b>Total</b>	<b>355,284,508</b>	<b>16,643,423</b>	<b>15,582,803</b>	<b>16,424,136</b>

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	3,094,850		1,710,047	
Significant Increase in Credit Risk		8,564,927		4,103,792

Changes observed in the expected credit loss for the Stage 1 and Stage 2 loans calculated in accordance with TFRS 9, is mainly due to fluctuation of probability of credit defaults, and also increase in provisions allocated to loans classified as Stage 2 due to effects of COVID-19 has a role in aforementioned increase.

#### f.3. Information on Maturity analysis of cash loans:

Cash Credit	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Refinanced
Short-term Loans	96,459,288	3,112,780	1,328,494
Medium and Long-term Loans	258,825,220	13,530,643	30,678,445

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#### f.4. Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Consumer Loans-TL	1,402,573	64,145,404	731,138	66,279,115
Real Estate Loans	10,577	20,926,235	192,279	21,129,091
Vehicle Loans	18,613	1,207,802	10,151	1,236,566
General Purpose Consumer Loans	1,373,383	42,011,367	528,708	43,913,458
Other				
Consumer Loans - FC Indexed		3,557	17,585	21,142
Real Estate Loans		3,557	17,585	21,142
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Consumer Loans - FC	17,298	212,049	615	229,962
Real Estate Loans		7,011	40	7,051
Vehicle Loans		90		90
General Purpose Consumer Loans	17,298	204,948	575	222,821
Other				
Retail Credit Cards-TL	16,836,506	954,375	82,191	17,873,072
With Installments	6,703,007	954,375		7,657,382
Without Installments	10,133,499		82,191	10,215,690
Retail Credit Cards-FC	11,280			11,280
With Installments				
Without Installments	11,280			11,280
Personnel Loans-TL	19,965	139,782	1,462	161,209
Real Estate Loans		1,220	5	1,225
Vehicle Loans	57	535	5	597
General Purpose Consumer Loans	19,908	138,027	1,452	159,387
Other				
Personnel Loans- FC Indexed				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other				
Personnel Loans-FC	217	2,850	19	3,086
Real Estate Loans		64	1	65
Vehicle Loans				
General Purpose Consumer Loans	217	2,786	18	3,021
Other				
Personnel Credit Cards-TL	119,309	4,084	228	123,621
With Installments	46,399	4,084		50,483
Without Installments	72,910		228	73,138
Personnel Credit Cards-FC	185			185
With Installments				
Without Installments	185			185
Overdraft Accounts - TL (real persons)	1,711,383		21,223	1,732,606
Overdraft Accounts - FC (real persons)	82,921			82,921
<b>Total</b>	<b>20,201,637</b>	<b>65,462,101</b>	<b>854,461</b>	<b>86,518,199</b>

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## f.5. Information on commercial installments loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans with Installments-TL	7,228,878	47,943,237	846,424	56,018,539
Real Estate Loans	1,085	1,369,284	10,356	1,380,725
Vehicle Loans	170,712	5,008,855	37,829	5,217,396
General Purpose Commercial Loans	7,057,081	41,565,098	798,239	49,420,418
Other				
Commercial Loans with Installments-FC Indexed		347,994	402,860	750,854
Real Estate Loans		8,859	9,584	18,443
Vehicle Loans		20,333	19,939	40,272
General Purpose Commercial Loans		318,802	373,337	692,139
Other				
Commercial Loans with Installments-FC	291,216	6,530,944	128,478	6,950,638
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans	84,462	6,247,677	124,225	6,456,364
Other	206,754	283,267	4,253	494,274
Corporate Credit Cards-TL	6,648,846	187,429	19,505	6,855,780
With Installments	2,921,807	187,429		3,109,236
Without Installments	3,727,039		19,505	3,746,544
Corporate Credit Cards-FC	1,007			1,007
With Installments				
Without Installments	1,007			1,007
Overdraft Accounts - TL (corporate)	1,270,469		28,681	1,299,150
Overdraft Accounts - FC (corporate)	263			263
<b>Total</b>	<b>15,440,679</b>	<b>55,009,604</b>	<b>1,425,948</b>	<b>71,876,231</b>

## f.6. Distribution of credits according to users:

	Current Period	Prior Period
Public	5,495,644	4,747,562
Private	398,439,226	311,280,943
<b>Total</b>	<b>403,934,870</b>	<b>316,028,505</b>

## f.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	388,029,854	304,151,714
Foreign Loans	15,905,016	11,876,791
<b>Total</b>	<b>403,934,870</b>	<b>316,028,505</b>

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## f.8. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	2,857,404	218
Indirect Loans Granted to Subsidiaries and Associates		
<b>Total</b>	<b>2,857,404</b>	<b>218</b>

## f.9. Information on impairment provisions of Loans (Stage 3):

	Current Period	Prior Period
Loans with Limited Collectability	436,240	815,278
Loans with Doubtful Collectability	1,609,932	3,246,343
Uncollectible Loans	12,325,717	7,230,088
<b>Total</b>	<b>14,371,889</b>	<b>11,291,709</b>

## f.10. Information on non-performing loans (Net):

## f.10.1. Information on non-performing loans, which are restructured by the Group:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>			
(Gross amounts before the provisions)	132,313	878,142	1,698,715
Restructured Loans	132,313	878,142	1,698,715
<b>Prior Period</b>			
(Gross amounts before the provisions)	66,918	1,041,075	878,136
Restructured Loans	66,918	1,041,075	878,136



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## f.10.2. Information on the movement of total non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Prior Period Ending Balance</b>	<b>1,922,169</b>	<b>7,315,012</b>	<b>11,865,549</b>
Corporate and Commercial Loans	1,625,267	6,775,204	10,334,497
Retail Loans	179,964	311,177	780,003
Credit Cards	107,346	198,632	587,738
Other	9,592	29,999	163,311
<b>Additions (+)</b>	<b>3,293,412</b>	<b>1,749,016</b>	<b>625,451</b>
Corporate and Commercial Loans	2,729,797	1,547,180	597,713
Retail Loans	440,891	63,299	5,937
Credit Cards	105,235	136,490	3,707
Other	17,489	2,047	18,094
<b>Transfers from Other NPL Categories (+)</b>		<b>4,209,060</b>	<b>8,776,061</b>
Corporate and Commercial Loans		3,455,284	7,831,207
Retail Loans		552,824	558,585
Credit Cards		185,308	350,658
Other		15,644	35,611
<b>Transfers to Other NPL Categories (-)</b>	<b>4,209,060</b>	<b>8,776,061</b>	
Corporate and Commercial Loans	3,455,284	7,831,207	
Retail Loans	552,824	558,585	
Credit Cards	185,308	350,658	
Other	15,644	35,611	
<b>Collections (-)</b>	<b>186,582</b>	<b>902,298</b>	<b>2,693,161</b>
Corporate and Commercial Loans	92,141	661,126	2,249,936
Retail Loans	61,215	161,601	296,374
Credit Cards	27,214	75,945	125,488
Other	6,012	3,626	21,363
<b>Write-Offs (-) <sup>(1)</sup></b>	<b>1,028</b>	<b>805</b>	<b>96,619</b>
Corporate and Commercial Loans	912	425	78,434
Retail Loans	112	298	10,583
Credit Cards	4	82	620
Other			6,982
<b>Debt Sale (-)</b>			
Corporate and Commercial Loans			
Retail Loans			
Credit Cards			
Other			
<b>Currency Exchange Effect</b>	<b>4,464</b>	<b>181,235</b>	<b>69,031</b>
Corporate and Commercial Loans	4,204	180,518	59,710
Retail Loans	260	717	9,321
Credit Cards			
Other			
<b>Current Period Ending Balance</b>	<b>823,375</b>	<b>3,775,159</b>	<b>18,546,312</b>
Corporate and Commercial Loans	810,931	3,465,428	16,494,757
Retail Loans	6,964	207,533	1,046,889
Credit Cards	55	93,745	815,995
Other	5,425	8,453	188,671
<b>Specific Provisions (-)</b>	<b>436,240</b>	<b>1,609,932</b>	<b>12,325,717</b>
Corporate and Commercial Loans	432,622	1,438,676	10,562,130
Retail Loans	1,902	110,087	878,279
Credit Cards	55	55,112	727,220
Other	1,661	6,057	158,088
<b>Net Balance on Balance Sheet</b>	<b>387,135</b>	<b>2,165,227</b>	<b>6,220,595</b>

<sup>(1)</sup> The receivables of İş Finansal Kiralama A.Ş. which followed under nonperforming receivables account and calculated lifetime expected credit loss, have been written-off. After that, the Group's non-performing loans ratio have been decreased from 5.43% to 5.42%.

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## f.10.3. Information on foreign currency non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>			
Balance at the End of the Period	137,815	2,438,551	9,363,546
Provisions (-)	71,759	912,785	5,286,740
Net Balance on Balance Sheet <sup>(1)</sup>	66,056	1,525,766	4,076,806
<b>Prior Period</b>			
Balance at the End of the Period	138,677	4,532,552	5,438,318
Provisions (-)	58,278	1,755,399	2,387,791
Net Balance on Balance Sheet <sup>(1)</sup>	80,399	2,777,153	3,050,527

<sup>(1)</sup> In addition to the loans extended in foreign currency, loans which are monitored in Turkish Lira are included.

## f.10.4. Information on gross and net non-performing loans as per customer categories:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net)</b>	<b>387,135</b>	<b>2,165,227</b>	<b>6,220,595</b>
Loans to Individuals and Corporate (Gross)	823,375	3,775,159	18,417,843
Provisions (-)	436,240	1,609,932	12,213,995
Loans to Individuals and Corporate (Net)	387,135	2,165,227	6,203,848
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			128,469
Provisions (-)			111,722
Other Loans (Net)			16,747
<b>Prior Period (Net)</b>	<b>1,106,891</b>	<b>4,068,669</b>	<b>4,635,461</b>
Loans to Individuals and Corporate (Gross)	1,922,169	7,315,012	11,750,967
Provisions (-)	815,278	3,246,343	7,130,240
Loans to Individuals and Corporate (Net)	1,106,891	4,068,669	4,620,727
Banks (Gross)			
Provisions (-)			
Banks (Net)			
Other Loans (Gross)			114,582
Provisions (-)			99,848
Other Loans (Net)			14,734

## f.10.5. Information on interest accruals, valuation differences and related provisions calculated for non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net)</b>	<b>(877)</b>	<b>268,363</b>	<b>522,878</b>
Interest accruals and valuation differences	(4,336)	474,869	1,512,493
Provisions (-)	(3,459)	206,506	989,615
<b>Prior Period (Net)</b>	<b>64,964</b>	<b>403,659</b>	<b>317,600</b>
Interest accruals and valuation differences	121,568	694,560	730,154
Provisions (-)	56,604	290,901	412,554

## f.10.6 Outline of the liquidation policy for uncollectible loans and other receivables

In order to ensure the liquidation of non-performing loans, all possibilities evaluated to ensure maximum collection according to the legislation. Primarily, administrative initiatives are taken to deal with the borrower. Collection through legal proceedings is applied if there is no possibility of collection, liquidation or structuring for receivables through negotiations.

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**f.10.7.** Explanations on write-off policy:

Receivables classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no result is obtained, legal proceedings are applied. In case of deletion of NPLs from assets, one of the methods of destruction, receivable sale and write-off can be applied.

In the Bank's write-off policy within the framework following the amendment made in Article 53 of the Banking Law with the Law on Income Tax and amending Certain Laws No. 19.07.2019/7186, along with the "Classification of Loans and the Procedures and Principles for the Reserves to be Allocated" published in the Official Gazette No. 27.11.2019/30961, the following statements are issued:

- The portion of the receivables, which are monitored under the Fifth Group-Uncollectible Loans and allocated for lifetime expected credit loss due to the default of the debtor, can be write-off to the extent of the maximum provision amount,
- write-off is an accounting practice and does not result in the remission of the receivable,
- the receivables to be write-off must be monitored as non-performing loans for at least 1 year.

There are no receivables that have been write-off in the current period. Receivables that are proven to be uncollectible in legal follow-up process can be write-off within the instructions of Tax Procedure Law. Information on non-performing loans deducted from records in the current period is given in Section Five Note I.f.10.2.

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	1,710,047	4,103,792	11,291,709	2,054,722	3,115,431	7,060,841
Additional provisions within the period	3,206,632	6,435,669	4,017,116	1,264,618	3,290,871	5,591,903
Transfers within the period	(1,910,463)	(1,586,260)	(1,570,849)	(1,388,955)	(1,566,481)	(990,900)
Write-offs from Assets			(89,532)			(1,463,249)
Transfer to Stage 1	85,965	(77,813)	(8,152)	121,867	(115,287)	(6,580)
Transfer to Stage 2	(141,136)	151,472	(10,336)	(340,375)	346,359	(5,984)
Transfer to Stage 3	(8,658)	(623,623)	632,281	(46,968)	(1,019,624)	1,066,592
Currency Exchange Difference	152,463	161,690	109,652	45,138	52,523	39,086
<b>Provisions at the end of the period</b>	<b>3,094,850</b>	<b>8,564,927</b>	<b>14,371,889</b>	<b>1,710,047</b>	<b>4,103,792</b>	<b>11,291,709</b>

**g. Financial Assets Measured at Amortized Cost:****g.1.** Financial Assets Measured at Amortized Cost given as collateral or blocked:

Financial assets measured at Amortized cost given as collateral or blocked amount to TL 9,741,594 as of December 31, 2020 (December 31, 2019: TL 2,580,545).

**g.2.** Financial Assets Measured at Amortized Cost subject to repurchase agreements:

Financial assets measured at Amortized cost, which are subject to repurchase agreements amount to TL 7,024,998 as of December 31, 2020 (December 31, 2019: TL 465,212).

**g.3.** Information on government securities measured at Amortized cost:

	Current Period	Prior Period
Government Bonds	43,854,204	32,736,600
Treasury Bills		
Other Public Debt Securities		
<b>Total</b>	<b>43,854,204</b>	<b>32,736,600</b>

**g.4.** Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt Securities	45,604,603	33,639,301
Quoted on a Stock Exchange	43,828,009	32,779,106
Not Quoted <sup>(1)</sup>	1,776,594	860,195
Impairment Losses (-)		
<b>Total</b>	<b>45,604,603</b>	<b>33,639,301</b>

<sup>(1)</sup> Indicates unlisted debt securities, and debt securities that have not been traded at the end of the related periods while they are listed.

**g.5.** Movement of financial assets measured at amortized cost within the year:

	Current Period	Prior Period
Beginning Balance	33,639,301	29,013,507
Foreign Exchange Differences Arising on Monetary Assets	1,477,592	375,173
Purchases During the Year	16,459,781	11,617,638
Disposals through Sales and Redemption	(7,309,408)	(8,515,412)
Impairment Losses (-)		
Valuation Effect	1,337,337	1,148,395
<b>Balance at the End of the Period</b>	<b>45,604,603</b>	<b>33,639,301</b>

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Expected credit loss for financial assets measured at amortized cost:

	Current Period			Prior Period		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Provisions beginning of the period	11,748			8,564		
Additional provisions within the period	12,654			7,476		
Transfers within the period	(6,822)			(4,539)		
Write-offs from Assets						
Transfer to Stage 1						
Transfer to Stage 2						
Transfer to Stage 3						
Currency Exchange Difference	175			247		
<b>Provisions at the end of the period</b>	<b>17,755</b>			<b>11,748</b>		

## h. Information on Associates (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", credit institutions or financial institutions associates are included in the scope of consolidated financial statements. Within this context, credit institutions and financial associates are accounted in the consolidated financial statements according to TAS 28 - Investments in Associates and Joint Ventures".

**h.1.** Information on credit institution or financial institution associates that are not accounted by the equity method: None.

**h.2.** Information on credit institution or financial institution associates that are accounted by the equity method:

Title	Address (City/Country)	Bank's Share Percentage-If Different. Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
Arap Türk Bankası A.Ş.	Istanbul/Turkey	20.58	79.42

Information on financial statements of associates in the above order:

Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income <sup>(1)</sup>	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
5,861,336	1,176,982	158,816	292,839	33	100,781	164,509	

<sup>(1)</sup> Includes interest income on securities.

**h.3.** Movement of investments in consolidated associates <sup>(1)</sup>:

	Current Period	Prior Period
Beginning Balance	220,768	181,741
Movements during the period		
Purchases		
Bonus shares acquired		
Dividends received from the current year profit		
Sales		
Revaluation Increase <sup>(2)</sup>	21,406	39,027
Impairment		
<b>Balance at the end of the period</b>	<b>242,174</b>	<b>220,768</b>
Capital commitments		
Contribution in equity at the end of the period (%)		

<sup>(1)</sup> Includes the information related to associate which is a credit institution in which the Bank has direct shares.

<sup>(2)</sup> Includes the equity method accounting differences.

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h.4. Sectoral information on consolidated associates and the related carrying amounts <sup>(1)</sup>:

	Current Period	Prior Period
Banks	242,174	220,768
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations		
<b>Total</b>	<b>242,174</b>	<b>220,768</b>

<sup>(1)</sup> Includes the information related to associate which is a credit institution in which the Bank has direct shares.

h.5. Consolidated associates traded on a stock exchange: None.

h.6. Consolidated associates disposed of in the current period: None.

h.7. Consolidated associates acquired in the current period: None.

h.8. Other issues related to associates:

Due to the change in the partnership structure of Bankalararası Kart Merkezi A.Ş., which is a non-financial subsidiary of the Bank, and the loss of the significant influence within the scope of TAS 28 "Investments in Subsidiaries and Joint Ventures", the company has been classified from the Subsidiaries account to Financial Assets at Fair Value Through Other Comprehensive Income account in the current period.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., who has a 20% share of the capital of Tatilbudur Seyahat Acentalığı ve Turizm A.Ş. and is one of the companies included in the consolidation, has signed a Share Transfer Agreement with Çetin Yılmaz, who is one of the partners of Tatilbudur Seyahat Acentalığı ve Turizm A.Ş., regarding the transfer of Çetin Yılmaz's 20% share in the company capital to İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. free of charge. The transaction took place on 14.08.2020 and İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.'s share in the Tatilbudur Seyahat Acentalığı ve Turizm A.Ş. has reached 40%.

The accounting method for non-financial subsidiaries, associates and jointly controlled associates is changed in accordance with TAS 27 "Individual Financial Statements" to the equity method introduced in TAS 28. The effects of these changes are given in Section Three III.2 numbered footnotes in detail.

## i. Information on subsidiaries (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", the Bank includes credit institutions or financial institutions subsidiaries in the scope of consolidated financial statements.

## i.1. Information on the equity of major subsidiaries:

	Türkiye Sınai Kalkınma Bankası A.Ş.	Insurance/ Reinsurance Companies	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Finansal Kiralama A.Ş.	İş Yatırım Menkul Değerler A.Ş.
<b>COMMON EQUITY TIER I CAPITAL</b>					
Common Equity Tier I Capital Before Deductions	6,179,047	7,066,707	4,131,257	1,614,122	1,915,503
Deductions from Common Equity Tier I Capital (-)	78,986	227,682	1,243	5,688	77,088
<b>Total Common Equity Tier I Capital</b>	<b>6,100,061</b>	<b>6,839,025</b>	<b>4,130,014</b>	<b>1,608,434</b>	<b>1,838,415</b>
<b>ADDITIONAL TIER I CAPITAL</b>					
Additional Tier I Capital before Deductions					
Deductions from Additional Tier I Capital (-)					
<b>Total Capital</b>	<b>6,100,061</b>	<b>6,839,025</b>	<b>4,130,014</b>	<b>1,608,434</b>	<b>1,838,415</b>
<b>TIER II CAPITAL</b>					
Tier II Capital Before Deductions	2,717,143				
Deduction from Tier II Capital (-)					
<b>Total Additional Tier II Capital</b>	<b>2,717,143</b>				
<b>Total Capital and Tier II Capital</b>	<b>8,817,204</b>	<b>6,839,025</b>	<b>4,130,014</b>	<b>1,608,434</b>	<b>1,838,415</b>
Deductions from Total Capital and Additional Tier I Capital (-)					
<b>CAPITAL</b>	<b>8,817,204</b>	<b>6,839,025</b>	<b>4,130,014</b>	<b>1,608,434</b>	<b>1,838,415</b>

i.2. Information on unconsolidated subsidiaries: None.

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## i.3. Information on consolidated subsidiaries:

No	Title	Address (City/Country)	Bank's Share Percentage-If Different. Voting Rights (%) <sup>(1)</sup>	Bank's Risk Group Share Percentage (%)
1-	Anadolu Anonim Türk Sigorta Şirketi	İstanbul/Turkey	50.21	49.79
2-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/Turkey	74.81	25.19
3-	Efes Varlık Yönetim A.Ş.	İstanbul/Turkey	66.26	33.74
4-	İş Faktoring A.Ş.	İstanbul/Turkey	46.23	53.77
5-	İş Finansal Kiralama A.Ş.	İstanbul/Turkey	45.19	54.81
6-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	59.24	40.76
7-	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	35.63	64.37
8-	İş Portföy Yönetimi A.Ş.	İstanbul/Turkey	67.42	32.58
9-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	67.97	32.03
10-	İş Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	24.93	75.07
11-	İşbank AG	Frankfurt/Germany	100.00	0.00
12-	JSC İşbank	Moscow/Russia	100.00	0.00
13-	JSC İşbank Georgia	Tbilisi/Georgia	100.00	0.00
14-	Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul/Turkey	67.97	32.03
15-	Maxis Investments Ltd.	London/England	67.97	32.03
16-	Milli Reasürans T.A.Ş.	İstanbul/Turkey	87.60	12.40
17-	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	44.90	55.10
18-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/Turkey	50.02	49.98
19-	Yatırım Finansman Menkul Değerler A.Ş.	İstanbul/Turkey	48.48	51.52
20-	Yatırım Varlık Kiralama A.Ş.	İstanbul/Turkey	48.48	51.52

<sup>(1)</sup> Indirect share of the Group is considered as the Parent Bank's share percentage.

Financial statement information related to consolidated subsidiaries in the above order:

	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income <sup>(1)</sup>	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value <sup>(2)</sup>	Additional Shareholders' Equity Required
1-	11,651,496	2,385,997	307,031	438,844	175,485	510,026	449,201	3,719,500	
2-	36,087,753	1,601,893	283,990	326,451	56,441	526,939	360,692	3,697,570	
3-	223,054	42,707	9,592	83,285	93	10,431	(5,796)		
4-	4,645,186	476,570	3,004	337,177	3,538	55,292	(23,348)		
5-	12,760,612	1,717,698	24,902	873,785	6,943	197,586	84,292	2,710,290	
6-	5,225,405	4,130,954	4,303,529	7,940	7,669	266,502	297,390	2,346,061	
7-	267,841	263,814	1,412	4,024	11,961	2,050	1,736	1,425,116	
8-	187,315	166,864	8,953	9,388	15,423	59,256	37,145		
9-	8,775,444	2,184,415	132,850	276,611	799,894	977,305	420,975	6,265,040	
10-	250,107	248,110	581	26,316	28,201	27,975	64,271	569,806	
11-	16,619,872	1,940,155	205,860	373,213	5,989	59,514	77,784		
12-	1,162,816	424,924	40,219	86,512	11,400	2,647	16,796		
13-	761,827	212,555	10,780	42,569		20,760	11,640		
14-	2,950	2,131	515	205		(326)	(782)		
15-	583,260	33,944	182	3,329		7,585	(235)		
16-	5,506,298	2,638,634	673,646	185,985	128,523	348,599	312,511		
17-	603,050	464,639	590,502	493		(45,781)	52,113	2,844,000	
18-	52,430,920	6,130,769	729,654	3,336,674	19,968	709,473	736,141	4,989,600	
19-	1,494,905	175,496	12,627	71,037	9,572	44,209	16,588		
20-	432,728	190	6			17	23		

<sup>(1)</sup> Includes interest income on securities.<sup>(2)</sup> Fair value is the companies' market value.

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i.4. Movement of investments in subsidiaries <sup>(1)</sup>:

	Current Period	Prior Period
Balance at the Beginning of the Period	9,915,702	8,255,742
Movements in the Period		
Purchases <sup>(2)</sup>	482,999	8,500
Bonus Shares Acquired		
Dividends Received from the Current Year Profit		
Sales		
Revaluation Surplus/Deficit <sup>(3)</sup>	2,606,220	1,651,460
Impairment		
<b>Balance at the End of the Period</b>	<b>13,004,921</b>	<b>9,915,702</b>
Capital Commitments		
Contribution in equity at the end of the period (%)		

<sup>(1)</sup> Reveals the information related to companies subject to consolidation in which Bank directly owns share.

<sup>(2)</sup> The amount in the current period is due to the purchasing shares of Türkiye Sınai Kalkınma Bankası A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş and Milli Reasürans T.A.Ş. by cash and the amount in the previous period is due to the purchasing shares of Milli Reasürans T.A.Ş. by cash.

<sup>(3)</sup> Includes accounting differences by equity method.

i.5. Sectoral information on consolidated subsidiaries and the related carrying amounts <sup>(1)</sup>:

	Current Period	Prior Period
Banks	5,580,606	4,183,845
Insurance Companies	3,659,077	2,836,609
Factoring Companies		
Leasing Companies	442,361	331,262
Finance Companies		
Other Financial Subsidiaries	3,322,877	2,563,986
<b>Total</b>	<b>13,004,921</b>	<b>9,915,702</b>

<sup>(1)</sup> Reveals the information related to companies subject to consolidation in which Bank directly owns share.

i.6. Consolidated subsidiaries traded on stock exchange <sup>(1)</sup>:

	Current Period	Prior Period
Traded on domestic stock exchanges	7,867,084	6,065,370
Traded on foreign stock exchanges		

<sup>(1)</sup> Reveals the information related to companies subject to consolidation in which Bank directly owns share.

## i.7. Consolidated subsidiaries disposed of in the current period: None

## i.8. Subsidiaries acquired in the current period: None

## i.9. Other issues on subsidiaries:

The Bank's non-financial subsidiary Türkiye Şişe ve Cam Fabrikaları A.Ş.'s merger transaction with the companies, Anadolu Cam Sanayii A.Ş., Denizli Cam Sanayi ve Tic. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş., Soda Sanayii A.Ş. and Trakya Cam Sanayii A.Ş., by taking over was completed as of September 30, 2020. After the merger, The Bank's shares in the capital of Türkiye Şişe ve Cam Fabrikaları A.Ş. have reached 50.93%.

Assets of Numnum Yiyecek ve İçecek A.Ş. which is the subsidiary of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. one of the companies included in the consolidation, transferred to three new companies which are established by full division method. All of the shares in two newly established companies are sold for a total price of TL 24,025. Mikla Yiyecek ve İçecek A.Ş. is another new company, which was established by division, to operate remaining business operations and the share of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. in this company is 83.57% as in the divided company Numnum Yiyecek ve İçecek A.Ş.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has purchased shares in its subsidiary Ortopro Tıp Aletleri San. ve Tic. A.Ş. by paying in cash for TL 3,500 and its share ratio has increased from 90.63% to 97.22%.

In the current period, Toksöz Spor Malzemeleri Tic. A.Ş. which is a subsidiary of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has increased the capital by TL 37,500 paid all in cash. TL 30,000 of the cash capital increase was afforded by İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. whose share ratio in the company increased from 88.27% to 90.63%.

As explained in Note III.2 of Section Three, non-financial subsidiaries, associates and jointly controlled associates are accounted by using the equity method defined in TAS 28 "Investments in Subsidiaries and Associates" within the scope of TAS 27 "Individual Financial Statements".



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## j. Information on jointly controlled entities (Net):

As per the "Communiqué on Preparation of Consolidated Financial Statements of Banks", jointly controlled entities as credit institutions or financial institutions are included in the scope of consolidated financial statements. There are no jointly controlled entities which are excluded in the scope of the consolidation.

On the other hand, as explained in Note III.2 of Section Three, non-financial subsidiaries, associates and jointly controlled associates are accounted by using the equity method defined in TAS 28 "Investments in Subsidiaries and Associates" within the scope of TAS 27 "Individual Financial Statements".

## k. Information regarding finance lease receivables (Net):

### k.1. Presentation of finance lease receivables according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	3,477,055	2,916,349	2,439,094	2,075,844
1-4 Years	4,512,253	3,984,049	3,132,209	2,775,490
More than 4 Years	481,846	437,920	281,364	266,556
<b>Total</b>	<b>8,471,154</b>	<b>7,338,318</b>	<b>5,852,667</b>	<b>5,117,890</b>

### k.2. Information regarding net investments made on finance lease:

	Current Period	Prior Period
Gross Finance Lease Investment	8,471,154	5,852,667
Unearned Finance Revenue from Finance Lease (-)	1,132,836	734,777
<b>Net Finance Lease Investment</b>	<b>7,338,318</b>	<b>5,117,890</b>

### k.3. Presentation of operating lease receivables according to their remaining maturities:

As of December 31, 2020, the remaining maturities of the Group's operating lease receivable is less than 1 year the total amount is TL 12,824 (December 31, 2019: TL 15,278).

## i. Positive differences table for hedging derivative financial assets:

Part of Derivative Financial Assets at Fair Value Through Profit Loss <sup>(1)</sup>	Current Period		Prior Period	
	Net	Gross	Net	Gross
Hedging Derivative Financial Assets		262,699		67,884
Hedging Cash Flow				
Protection from Net Investment Risk Abroad				
<b>Total</b>		<b>262,699</b>		<b>67,884</b>

<sup>(1)</sup> Includes information on derivative financial assets for hedging purposes classified under derivative financial assets.

Explanations on hedging derivative financial assets:

Derivative Financial Liabilities at Fair Value through Profit/Loss	Current Period			Prior Period		
	Contract Sum	Assets	Liability	Contract Sum	Assets	Liability
Interest Rate Swap Transactions	15,214,012	262,699		16,520,430	67,884	16,545
FC	15,214,012	262,699		16,520,430	67,884	16,545
TL						
Currency Swap Transactions	4,626,754		154,049			
FC	4,626,754		154,049			
TL						



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Information on fair value hedge accounting is given below.

Current Period:

Hedging Instrument	Hedging Item	Risk Exposure	Fair Value Difference of Hedging Assets <sup>(1)</sup>	Net fair value of hedging instrument <sup>(1)</sup>		Income statement effect (profit/loss from derivative financial transactions)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Interest rate Eurobond and Greenbond	Interest Risk	(184,285)	181,026		(3,259)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Risk	(41,043)	40,450		(593)
Cross Currency Swap Transactions	Fixed Interest Rate Eurobond	Interest Risk	(54,959)	54,947		(12)

<sup>(1)</sup> The fair value of the protected assets and the hedged assets subject to hedge accounting is shown as the net market value excluding the credit risk and the accumulated interest.

Prior Period:

Hedging Instrument	Hedging Item	Risk Exposure	Fair Value Difference of Hedging Assets <sup>(1)</sup>	Net fair value of hedging instrument <sup>(1)</sup>		Income statement effect (profit/loss from derivative financial transactions)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Interest rate Eurobonds and Greenbonds	Interest rate risk	16,960	69,500	13,577	72,883
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest rate risk	(5,481)	4,597		(884)

<sup>(1)</sup> The fair value of the protected assets and the hedged assets subject to hedge accounting is shown as the net market value excluding the credit risk and the accumulated interest.

## j. Information on Tangible Assets:

Current Period	Real Estate	Right-to-Use Assets	Buildings Under Construction	Vehicles	Other MDV	Total
<b>Previous Period</b>						
Cost	6,145,347	1,512,690	224,348	36,221	2,938,507	10,857,113
Accumulated Depreciation	(64,159)	(583,856)		(20,239)	(2,194,094)	(2,862,348)
<b>Net Book Value</b>	<b>6,081,188</b>	<b>928,834</b>	<b>224,348</b>	<b>15,982</b>	<b>744,413</b>	<b>7,994,765</b>
<b>Current Period</b>						
Net Book Value at the Beginning of Period	6,081,188	928,834	224,348	15,982	744,413	7,994,765
Current Period Changes (Net) <sup>(1)</sup>	(77,636)	213,003	23,881	8,718	589,058	757,024
Depreciation Fee	(51,078)	(321,471)		(6,267)	(307,769)	(686,585)
Provision for Impairment (Net)	2,420					2,420
Foreign Exchange Differences (Net) <sup>(1)</sup>	1,130	27,211		605	3,384	32,330
End of Term Cost	6,070,841	1,804,042	248,229	42,938	3,483,315	11,649,365
Accumulated Depreciation at the End of the Period	(114,817)	(956,465)		(23,900)	(2,454,229)	(3,549,411)
<b>Net Book Value at the End of the Period</b>	<b>5,956,024</b>	<b>847,577</b>	<b>248,229</b>	<b>19,038</b>	<b>1,029,086</b>	<b>8,099,954</b>

<sup>(1)</sup> Includes the movements in cost value and accumulated depreciation items.

## k. Information on Intangible Assets:

Explanation regarding consolidation goodwill that is included in intangible assets is given in Section Three under the caption of "XII. Explanations on Goodwill and Other Intangible Assets." The table consisting movements of other intangible assets are presented below.

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	1,160,750	847,567
Change During the Period (Net) <sup>(1)</sup>	752,848	656,215
Depreciation	(324,296)	(352,303)
Impairment		
Currency Translation Differences <sup>(1)</sup>	28,712	9,271
Cost at Period End	4,183,145	3,372,579
Accumulated Depreciation at Period End	(2,565,131)	(2,211,829)
<b>Net Book Value at the End of the Period</b>	<b>1,618,014</b>	<b>1,160,750</b>

<sup>(1)</sup> The balance includes the movements in cost and accumulated depreciation items.

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(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated.)**I. Information on investment property:**

Investment properties are properties that the Group holds to earn rentals. Explanations on these subjects are given in Section Three Note XIV. Total rental income obtained from investment properties during the period is TL 124,724 (December 31, 2019: TL 177,081).

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	3,444,979	3,704,581
Change During the Period (Net) <sup>(1)</sup>	17,297	(501,456)
Revaluations Surplus/Deficit	187,355	241,854
<b>Net Book Value at the End of the Period</b>	<b>3,649,631</b>	<b>3,444,979</b>

<sup>(1)</sup> In the prior period, investment property amounting to TL 264,260 has sold to the Bank's non-financial associate Türkiye Şişe ve Cam Fabrikaları A.Ş. which is included in the risk group at a price of TL 310,000.**m. Information on deferred tax asset:**

As of December 31, 2020, the Parent Bank and the other consolidated Group companies has deferred tax asset amounting to TL 3,672,736. Such deferred tax asset is calculated based on the temporary differences between the book value of assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising, the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items.

	Current Period	Prior Period
Tangible Assets Base Differences	478,240	438,369
Provisions <sup>(1)</sup>	(3,489,533)	(2,521,953)
Finance Lease Income Accruals	16,384	11,924
Valuation of Financial Assets	(598,113)	180,161
Other	(79,714)	(59,498)
<b>Net Deferred Tax Asset</b>	<b>(3,672,736)</b>	<b>(1,950,997)</b>

<sup>(1)</sup> Comprised of employee termination benefits, actual and technical deficits of the pension fund, insurance technical provisions, the provisions for credit card bonus points, expected credit loss for Stage 1 and Stage 2 loans and other provisions.

Movement of the deferred tax asset is as follows:

	Current Period	Prior Period
Beginning Value	1,874,705	1,463,804
Deferred Tax Income/(Expense) (Net)	1,863,243	1,051,344
Deferred Tax Accounted Under Equity	(196,818)	(644,322)
Deferred Tax Accounted Under Previous Year K/Z	(13,786)	
Exchange rate differences	961	3,879
Other		
<b>Deferred Tax Asset <sup>(1)</sup></b>	<b>3,528,305</b>	<b>1,874,705</b>

<sup>(1)</sup> In the consolidated financial statements, there are deferred tax assets of TL 1,347,866 and deferred tax liabilities of TL 144,431 in the current period. Explanations on deferred tax liability are given in Section Five, Note II.j.2.**n. Information on assets held for sale and discontinued operations:**

	Current Period	Prior Period
<b>Net Balance at the Beginning of the Period</b>	<b>1,190,220</b>	<b>283,138</b>
Change during the periods (Net)	111,914	900,446
Amortized Cost	<sup>(7)</sup>	(119)
Foreign Currency Difference	481	6,755
<b>Net Book Value at the End of the Period</b>	<b>1,302,608</b>	<b>1,190,220</b>

Investment in a special purpose company whose details be given in Section Five footnote I.b.3 is classified within the scope of "IFRS-5 Assets Held for Sale and Discontinued Operations". As stated in the same footnote, in prior period the Bank's and Türkiye Sınai Kalkınma Bankası A.Ş.'s shares' nominal values in company's capital increased from TL 6 to TL 461,833 and TL 1 to TL 64,403 respectively and this amount is located in the line "Change during the periods (Net)". On the other hand, an international investment bank is authorized as a sales advisor in the prior period for the sale of the relevant company or the shares owned by the company and in this context, necessary works related to the sale and negotiations with potential investors has been initiated.

The other assets classified as "Fixed Assets Held for Sale" mostly consist of real estates. Announcements about the real estates subject to sale are made by using newspaper advertisements and similar media. Additionally, the Parent Bank's real estates subject to sale are announced on the Bank's web site.

The Group has no discontinued operations.

**o. Information on other assets of the group:**

Other assets item does not exceed 10% of the balance sheet total.

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## II. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED LIABILITIES

## a. Information on Deposits:

## a.1. The maturity structure of deposits (Current Period):

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	21,210,745		6,277,095	59,511,073	2,134,712	449,790	751,497	8,557	90,343,469
Foreign Currency Deposits	88,486,220		14,003,962	84,111,032	5,525,404	3,250,065	12,856,336	1,263	208,234,282
Residents in Turkey	77,521,647		12,178,923	72,291,088	3,506,840	1,114,563	3,613,468	878	170,227,407
Residents Abroad	10,964,573		1,825,039	11,819,944	2,018,564	2,135,502	9,242,868	385	38,006,875
Public Sector Deposits	941,849		1,272	70,444	7,829	329	195		1,021,918
Commercial Deposits	12,882,574		7,734,268	13,182,655	191,959	1,924,058	9,691		35,925,205
Other Institutions Deposits	541,979		565,554	2,396,713	123,706	2,265	26,155		3,656,372
Precious Metals Deposits	32,152,261			390,882	87,716	4,013,730	163,286		36,807,875
Interbank Deposits	1,123,809		1,803,160	1,002,743	65,260	255,227	1,454,073		5,704,272
The Central Bank of Turkey	510								510
Domestic Banks	115,744		754,461	192,488		180,729			1,243,422
Foreign Banks	998,457		1,048,699	810,255	65,260	74,498	1,454,073		4,451,242
Participation Banks	9,098								9,098
Other									
<b>Total</b>	<b>157,339,437</b>		<b>30,385,311</b>	<b>160,665,542</b>	<b>8,136,586</b>	<b>9,895,464</b>	<b>15,261,233</b>	<b>9,820</b>	<b>381,693,393</b>

## a.2. The maturity structure of deposits (Prior Period):

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	17,391,846		5,038,638	54,412,656	2,914,178	918,450	876,065	10,875	81,562,708
Foreign Currency Deposits	46,488,317		17,469,285	75,753,321	5,327,074	2,671,973	12,096,970	1,488	159,808,428
Residents in Turkey	39,951,664		16,266,859	64,762,481	3,456,218	1,304,672	3,804,364	1,072	129,547,330
Residents Abroad	6,536,653		1,202,426	10,990,840	1,870,856	1,367,301	8,292,606	416	30,261,098
Public Sector Deposits	947,893		2,499	48,966	422	1	192		999,973
Commercial Deposits	11,789,957		8,665,520	15,227,940	411,937	1,504,425	72,812		37,672,591
Other Institutions Deposits	459,012		572,741	4,072,570	1,096,957	160,474	48,199		6,409,953
Precious Metals Deposits	8,435,010			184,611	37,813	1,689,738	85,211		10,432,383
Interbank Deposits	531,001		1,853,743	1,782,719	137,895	418,051	1,181,759		5,905,168
The Central Bank of Turkey	485								485
Domestic Banks	36,422		858,050	42,937		244,518			1,181,927
Foreign Banks	493,918		995,693	1,739,782	137,895	173,533	1,181,759		4,722,580
Participation Banks	176								176
Other									
<b>Total</b>	<b>86,043,036</b>		<b>33,602,426</b>	<b>151,482,783</b>	<b>9,926,276</b>	<b>7,363,112</b>	<b>14,361,208</b>	<b>12,363</b>	<b>302,791,204</b>

## a.3. Savings deposits which are under the guarantee of Savings Deposits Insurance Fund exceeding the insurance limit:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Savings Deposits	47,354,070	44,102,037	41,824,890	36,391,606
Foreign Currency Savings Deposits	42,668,430	34,185,261	88,281,588	66,511,898
Other Deposits in the Form of Savings Deposits	17,580,279	5,898,896	17,357,298	4,305,318
Foreign Branches' Deposits Under Foreign Authorities' Insurance	16,641,572	11,930,319	1,800,626	1,266,511
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance				

## a.4. Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Saving Deposits and Other Accounts	1,683,372	1,170,490
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairperson and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	28,274	22,831
Deposits and Other Accounts Covered by Assets Generated Through the Offenses Mentioned in Article 282 of the Turkish Criminal Code Numbered 5237 and Dated 26 September 2004		
Deposits in the Banks to be Engaged Exclusively in Off-shore Banking in Turkey		

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## b. Negative Differences on Derivative Financial Liabilities Held for Trading:

Derivative Financial Liabilities at Fair Value through Profit/Loss <sup>(1)</sup>	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	212,130	265,801	162,530	196,592
Swap Transactions	1,301,626	6,432,114	518,102	1,780,176
Futures				
Options	480	37,234	559	57,320
Other		451,000		
<b>Total</b>	<b>1,514,236</b>	<b>7,186,149</b>	<b>681,191</b>	<b>2,034,088</b>

<sup>(1)</sup> Includes information related to derivative financial liabilities held for trading and classified under derivative financial liabilities. Information on derivative financial liabilities for hedging purposes is disclosed in Note II.h of Section Five.

## c. Banks and Other Financial Institutions:

### c.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the CBRT		12,010		925,967
Domestic banks and institutions	2,594,453	4,927,294	3,246,629	4,768,303
Foreign banks, institutions and funds	1,840,513	68,228,618	1,495,409	61,870,672
<b>Total</b>	<b>4,434,966</b>	<b>73,167,922</b>	<b>4,742,038</b>	<b>67,564,942</b>

### c.2. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	2,844,336	2,622,591	2,701,261	4,933,433
Medium and Long-term	1,590,630	70,545,331	2,040,777	62,631,509
<b>Total</b>	<b>4,434,966</b>	<b>73,167,922</b>	<b>4,742,038</b>	<b>67,564,942</b>

### c.3. Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.

#### Syndication loans:

Date of Use	Funds Borrowed	Maturity
May 2020	USD 207,500,000 + EUR 539,000,000	1 Year
July 2020	USD 35,000,000 + EUR 102,500,000	1 Year
November 2020	USD 238,000,000 + EUR 448,000,000	1 Year
November 2020	USD 5,000,000 + EUR 15,000,000	1 Year

#### Securitization deals:

The Parent Bank obtained funds by putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through its consolidated structured entity TIB Diversified Payment Rights Finance Company (TIB) which was established in abroad. The Parent Bank monitors securitization credits under the "Borrowings" on its financial statements as per its nature.

Information on funds received through securitization is given below.

Date	Amount	Final Maturity	Remaining Debt Amount as at December 31, 2020
June 2012	EUR 125,000,000	12 year	EUR 46,875,000
December 2013	EUR 50,000,000	12 year	EUR 25,000,000
December 2014	USD 220,000,000	14 year	USD 160,000,000
March 2015	USD 75,000,000	7-15 year	USD 30,000,000
October 2015	USD 221,200,000	10 year	USD 131,337,500
October 2016	USD 240,000,000	5-12 year	USD 99,849,913
December 2016	USD 158,800,000	10-13 year	USD 135,780,000
December 2017	USD 265,000,000	5-7 year	USD 184,000,000
December 2017	EUR 125,000,000	5 year	EUR 83,333,333
December 2017	USD 125,000,000	9 year	USD 125,000,000

#### Other Transactions:

The financing transaction amounting to USD 500 million, with a maturity of 10 years, obtained within the scope of the Diversified Payment Rights (DPR) securitization programme, which had been disclosed on August 2014, has been increased to USD 600 million by an additional funding of USD 100 million with the identical maturity profile on September 2017.

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## d. Information on Debt Securities Issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	5,095,133		7,506,622	
Asset backed security	377,032		138,244	
Bonds	1,662,744	32,364,397	1,469,342	30,177,570
<b>Total</b>	<b>7,134,909</b>	<b>32,364,397</b>	<b>9,114,208</b>	<b>30,177,570</b>

## e. Concentration of the liabilities of the Group:

Group's liabilities 53% are comprised of deposits, 11% are comprised of funds borrowed, 9% are comprised subordinated debt and marketable securities issued and 4% are comprised of debt from money markets. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations.

## f. Information on Other Liabilities:

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

## g. Information on Lease Payables (Net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	47,802	29,110	29,821	12,608
1-4 years	153,914	110,680	267,671	200,625
More than 4 years	1,181,187	778,950	1,196,153	743,651
<b>Total</b>	<b>1,382,903</b>	<b>918,740</b>	<b>1,493,645</b>	<b>956,884</b>

## h. Negative differences related to derivative financial instruments for hedging purposes:

Part of Derivative Financial Liabilities at Fair Value Through Profit Loss <sup>(1)</sup>	Current Period		Prior Period	
	Gross	Net	Gross	Net
Fair Value Hedge Purpose		154,049		16,545
Cash Flow Hedges				
Net Investment Hedge Abroad				
<b>Total</b>		<b>154,049</b>		<b>16,545</b>

<sup>(1)</sup> Includes the negative differences related to derivative financial assets for hedging purposes classified under derivative financial assets.

The transactional details for the hedging derivative financial instruments are disclosed in Note II of Section Five.

## i. Information on Provisions:

### i.1. Reserves for employee benefits:

According to the related regulation and the collective bargaining agreements, the Parent Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 7,117.17 (exact TL amount as of December 31, 2020), which is one-month salary for each service year and cannot exceed the base salary ceiling for employee termination benefits. A provision for severance pays to allocate that employees need to be paid upon retirement is calculated by estimating the present value of probable amount. A provision for severance pays to allocate that employees need to be paid upon retirement is TL 1,501,616 as of December 31, 2020 (December 31, 2019: TL 1,260,666).

Main actuarial assumptions used in calculation of severance pay liability are as follows:

- In the calculation, the discount rate is 12.40%, the inflation rate is 8%, and the real wage increase rate is 2%.
- In the calculation, the ceiling of 7,117.17 TL (full TL amount) valid as of 31.12.2020 was taken as basis.
- Retirement age is taken into account as the earliest age at which individuals can retire.
- CSO 1980 mortality table is used for probability of death for women and men.

The movements related to provision for employee termination benefits are given below:

	Current Period	Prior Period
<b>Present value of defined benefit obligation at the beginning of the period</b>	<b>1,260,666</b>	<b>1,024,853</b>
Current Service Cost	96,112	79,108
Interest Cost	144,591	157,671
Benefits paid	(79,882)	(83,745)
Loss/(Gain) due to Settlements/Reductions/Terminations	6,372	823
Prior Year Service Cost	3	5
Actuarial loss/(gain)	73,754	81,951
<b>Defined benefit obligation at the end of the period</b>	<b>1,501,616</b>	<b>1,260,666</b>

In addition to the retirement pay liability, the Bank and the Group companies included in the consolidation reserve provisions for unused vacation. As of December 31, 2020 the unused vacation provision amount is TL 119,315 (December 31, 2019: TL 95,365).

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## i.2. Provisions for exchange losses in the principal amount of foreign currency indexed loans:

Since foreign currency indexed loans are followed based on the rates on the lending date, the Parent Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of December 31, 2020, and December 31, 2019 there is no provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans.

## i.3. Specific provisions for non-cash loans, which are not indemnified and not converted into cash:

As of December 31, 2020, TL 695,465 provision (December 31, 2019: TL 538,085) is allocated for the non-cash loans of companies whose loans are followed under non-performing loans accounts.

## i.4. Information on other provisions:

## i.4.1. Liabilities arising from retirement benefits:

Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in Section Three Note XX.2, in the actuarial report which was prepared as of December 31, 2020 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund) by a licensed actuary, of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act numbered 506, the amount of actuarial and technical deficit stands at TL 4,236,111 (31.12.2019: TL 3,494,026). According to the actuarial report as at December 31, 2020 of Millî Reasürans T.A.Ş. besides the Parent Bank, the amount of actuarial and technical deficit was determined to be TL 69,561 (31.12.2019: TL 53,217). There is a provision on financial statements to compensate the deficit in mentioned period, the mentioned provision is preserved on current year financial statements as well. In the financial statements of the aforementioned period, the provision amount is as much as the amount of the aforementioned provisions and the amount of the provision is kept in the financial statements in the current period.

The above mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of December 31, 2020, in other words, it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

- 9.8% technical deficit interest rate is used.
- 34.5% total premium rate is used.
- CSO 1980 woman/man mortality tables are used.

Below table shows the cash values of premium and salary payments of the Parent Bank as of December 31, 2020, taking the health expenses within the Social Security Institution limits into account.

	December 31, 2020	December 31, 2019
Net Present Value of Total Liabilities Other Than Health	(12,863,517)	(11,295,446)
Net Present Value of Long-Term Insurance Line Premiums	5,185,068	4,695,781
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>(7,678,449)</b>	<b>(6,599,665)</b>
Net Present Value of Health Liabilities	(1,564,560)	(1,347,791)
Net Present Value of Health Premiums	3,759,175	3,404,441
<b>Net Present Value of Health Liabilities</b>	<b>2,194,615</b>	<b>2,056,650</b>
<b>Pension Fund Assets</b>	<b>1,247,723</b>	<b>1,048,989</b>
<b>Amount of Actuarial and Technical Deficit</b>	<b>(4,236,111)</b>	<b>(3,494,026)</b>

The assets of the pension fund are as follows:

	December 31, 2020	December 31, 2019
Cash and Cash Equivalents	752,948	301,165
Securities Portfolio	439,787	696,788
Other	54,988	51,036
<b>Total</b>	<b>1,247,723</b>	<b>1,048,989</b>

Health benefits that are still being paid will be determined within the framework of the Social Security Institution legislation and related regulations with the transfer.

i.4.2. Provision of credit cards and promotion of banking services applications: The Bank has recognized provisions amounting to TL 72,709 for the amount which is recognized within the framework of credit card expenses of credit card customers or promotions for banking services as of December 31, 2020. (December 31, 2019: TL 89,062)

i.4.3. As mentioned public disclosures of the Bank on December 31, 2012 and December 19, 2013; an inspection has been made by the inspectors of Tax Inspection Board to "Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı" ("İşbank Supplementary Pension Fund"), which was founded as per the provisions of the Turkish Commercial and Civil Codes, regarding the payments that fulfill İşbank's liabilities within the framework of the Articles of Foundation of the Pension Fund and the relevant legislation. As a result of this investigation, tax audit reports were prepared for the years 2007, 2008, 2009, 2010, 2011 claiming that the aforementioned liabilities should be taxed in terms of wage base, thus, they should be subject to withholding tax and stamp duty. According to this report, the total amount of tax and penalties notified to Bank was TL 74,353 for 2007 and 2008; and as of reporting date TL 151,899 for 2009, 2010 and 2011 and it was stated that the Bank applied to tax courts to cancel these tax notifications and some of the court decisions were determined in favor of the Bank and some others were determined against the Bank.

In this context, for the finalized decisions of Regional Administrative Courts related to the years 2007 and 2008 against the Bank, the Bank applied to the Constitutional Court. According to decisions made by Constitutional Court up to reporting date, there is no predictability in legal conformity for taxing the Bank's contributions to the Pension Fund in terms of wage base and for this reason it was accepted that property right of the Bank has been violated according to the 35th article of Constitution. The Court decided that the amount of tax, penalties and default interest which was paid by the Bank should be paid back to the Bank as for compensation with its legal interest.



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Besides of the Bank, an inspection was conducted by Tax Audit Committee Inspectors regarding to the contribution obligations mentioned above for the period 2007-2011 on Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı Mensupları which is founded according to Turkish Commercial Law and Civil Law, owned by "Türkiye Sınai Kalkınma Bankası A.Ş.", "Milli Reasürans T.A.Ş.", and Anadolu Anonim Türk Sigorta Şirketi. As a result of the issued report that companies a total of TL 33 million (exact amount) tax penalty notices were notified. Assessments made on the subject by the company's application in accordance with the legislation, which was suspended for Tax Administration concluded that the lack of legal basis of assessment and said assessment were filed in court against the various tax. A number of cases concluded in favor of the Bank; another part of lawsuits concluded against the Bank.

According to the decision of the Constitutional Court, it is expected that the cases related to the periods 2007, 2008, 2009, 2010 and 2011 will conclude in favor of the Bank and the litigant Group companies. In this context, the provisions amounting to TL 217,265 which had been allocated for the mentioned periods, reversed at 2015.

In the last decision of the constitutional court numbered 2016/2400 regarding the legal proceedings initiated upon the conclusion of the lawsuits amounting to TL 61,060 for the 20 periods in 2012 and 2013 against the bank; it was accepted that the predictability criterion was realized after the 2012 tax review, and it was concluded that the Bank's ownership rights were not violated for December 2012 and beyond periods. However, since the aforementioned periods were filed by making a reservation and paying taxes, the mentioned decision had no additional effect on the financial statements. In addition, at a case file, which was one of the lawsuits regarding the repayment of income tax stoppage and stamp tax which has been paid by reservation statement beginning from December 2013, of which its court decision was rendered in favor of the Bank, has been reversed by the majority of the votes of the Assembly after it was submitted to the General Assembly of Tax Courts. Regarding the mentioned issue, the legal process is ongoing.

In this process, the Group companies are acting together with the Parent Bank and in this regard TL 128,837 (December 31, 2019: TL 74,017) have been transferred to the provision expense accounts in the current period.

**i.4.4.** In 1993, Dışbank A.Ş. shares which were owned by the Bank were sold to Lapis Holding A.Ş. In 2008, it was claimed that USD 52.6 million of the amount, which was paid upfront within the context of the sale agreement, had been provided from the funds of the insolvent TYT Bank A.Ş. by the buyer and payment of the mentioned amount as well as the interest to be calculated to the Savings Deposit Insurance Fund (SDIF) was demanded.

The administrative actions initiated by the SDIF in 2008 were revoked by Council of State Administrative Law Chambers 13th upon the application of the Bank. The decisions which were in favor of the Bank were reversed by Plenary Session of the Law Chamber upon the appeal of the SDIF, Council of State Administrative Law Chambers 13th decided to reject the applications of the Bank in January 2016 due to their obligation to obey the decisions of reversal.

After the aforementioned court decisions, although the legal process was still in progress, the collection procedures were carried out within the context of Law No. 6183 and TL 298,466 including the default interest, was collected from the Bank by the SDIF at prior periods and made provision for the whole amount.

As a part of the legal process, individual application to the Constitutional Court of Republic of Turkey has been made by the Bank was not concluded positively. On the other hand, the legal process is still ongoing within the framework of the ongoing lawsuits and other available legal options.

**i.4.6.** Except the other provisions indicated above, the Group Management allocated free provision within conservatism principle, for negative circumstances which may arise from the possible changes that may arise in the economy and market conditions, amounting to TL 2,875,000 of which TL 1,125,000 provided in prior years and TL 1,750,000 was provided in the current period.

**j. Information on Tax Liability:****j.1.** Information on current tax liability:**j.1.1.** Information on tax provision:

Explanations on taxation and calculations are explained in Note XXI of Section Three. As of December 31, 2020, as a result of the net off of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 2,184,343 and as a result of the separate net off process of each partnership and tax authority, current tax asset amounting to TL 48,923 occurs.

**j.1.2.** Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	2,184,343	952,085
Tax on Securities Income	233,897	253,643
Tax on Real Estate Income	2,448	5,120
Banking Insurance Transaction Tax	261,320	234,527
Foreign Exchange Transaction Tax	18,192	7,439
Value Added Tax Payable	16,091	12,671
Other	114,029	102,588
<b>Total</b>	<b>2,830,320</b>	<b>1,568,073</b>

**i.1.3.** Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employees	3,520	3,120
Social Security Premiums - Employer	4,172	3,675
Bank Pension Fund Premiums - Employees		
Bank Pension Fund Premiums - Employer		
Pension Fund Membership Fees and Provisions-Employees	6,473	5,038
Pension Fund Membership Fees and Provisions-Employer	7	2
Unemployment Insurance - Employees	2,490	2,210
Unemployment Insurance - Employer	4,987	4,426
Other	13	8
<b>Total</b>	<b>21,662</b>	<b>18,479</b>

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## j.2. Information on deferred tax liabilities:

The Parent Bank and the consolidated Group companies have TL 144,431 deferred tax liability as of December 31, 2020. The related deferred tax debt is calculated over the temporary differences between the book values of assets and liabilities in the records and their tax base values calculated according to tax.

	Current Period	Prior Period
Tangible Assets Base Differences	105,528	76,520
Provisions	(9,776)	(3,432)
Valuation of Financial Assets	47,757	3,690
Other	922	(486)
<b>Deferred Tax Liability</b>	<b>144,431</b>	<b>76,292</b>

## k. Information on Payables for Assets Held for Sale and Discontinued Operations

The Bank does not have any payables for assets held for sale and discontinued operations.

## l. Information on subordinated loans

Bank has issued subordinated debt securities, to be included in the contribution capital calculation, with the following nominal values;

- 10 year-term in the amount of USD 1,000,000 with interest rate of 6% on October 24, 2012, 10 year-term in the amount of USD 400,000,000 with interest rate of 7.85% on December 10, 2013, 11 year-term having a call option on 6<sup>th</sup> year in the amount of USD 500,000,000 with interest rate of 7% on June 29, 2017 and 10 year-term having a call option on 5<sup>th</sup> year in the amount of USD 750,000,000 with interest rate of 7.75% on January 22, 2020 for the purpose of making available to the individuals and legal persons who are resident abroad,
- TL 1,100,000,000 on August 8, 2017, TL 800,000,000 June 19, 2019 and TL 350,000,000 September 26, 2019 (Full TL amount) each with a 10-year maturity and floating interest rates for qualified investors without being offered to the public in Turkey.

The total of the aforementioned debt securities is TL 22,138,559 as of December 31, 2020 (December 31, 2019: TL 13,546,931).

As of March 28, 2017, TSKB, the subsidiary of the Parent Bank, included in the consolidation, issued a bond with a maturity of 10 years and a nominal value of USD 300 million with an interest rate of 7.625% with an interest payment of six months and a quasi-subordinated loan. The balance sheet value of the mentioned borrowing instrument at the end of the period is TL 2,287,562. (December 31, 2019: 1,830,045)

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments to Be Included in Additional Capital Calculation				
Subordinated Loans				
Subordinated Debt Instrument				
Debt Instruments to Be Included in Contribution Capital Calculation	2,286,510	22,139,611	2,281,084	13,095,892
Subordinated Loans				
Subordinated Debt Instrument	2,286,510	22,139,611	2,281,084	13,095,892
<b>Total</b>	<b>2,286,510</b>	<b>22,139,611</b>	<b>2,281,084</b>	<b>13,095,892</b>

## m. Information on consolidated shareholders' equity:

## m.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	4,499,970	4,499,970
Preferred shares	30	30
<b>Total</b>	<b>4,500,000</b>	<b>4,500,000</b>

## m.2. Explanation as to whether the registered share capital system ceiling is applicable at bank, if so, the amount of registered share capital:

Capital System	Paid-in Capital	Ceiling
Registered Capital System	4,500,000	10,000,000

## m.3. The capital increase made in current period: None.

## m.4. Capital increase through transfer from capital reserves during the current period: None.

## m.5. Significant commitments of the Parent Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: None

## m.6. Information on shares acquired by the Company: The Parent Bank has repurchased shares amounting to TL 530,307 in accordance with the Board of Directors Decision dated August 17, 2018.

## m.7. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Group's equity: The Parent Bank's and the Group companies' balance sheets are managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level.

## m.8. Privileges Granted to Shares:

Turkish Commercial Law and related registration are kept conditionally;



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Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation),
- exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation) and

despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

**m.9.** Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	1,348,303	(62,532)	859,773	(382,751)
Valuation Difference	1,664,000	(93,702)	1,078,795	(510,696)
Deferred Tax Effect on Valuation	(335,623)	31,170	(228,123)	127,945
Foreign Exchange Differences	19,926		9,101	
<b>Total</b>	<b>1,348,303</b>	<b>(62,532)</b>	<b>859,773</b>	<b>(382,751)</b>

**n.** Information on minority interest

	Current Period	Prior Period
Balance at the beginning of the period	7,065,589	6,022,995
Distributed Dividend	(190,292)	(130,003)
Subsidiaries Profit/Loss on minority interest	1,096,310	1,021,826
Effect of change in subsidiaries equity	57,354	180,200
Effect of change in Group's minority interest	(615,243)	(29,429)
<b>Period Ending Balance</b>	<b>7,413,718</b>	<b>7,065,589</b>

**III. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED OFF-BALANCE SHEET ITEMS**

**a.** Explanations to Liabilities Related to Off-Balance Sheet Items:

**a.1.** Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 37,915,127 and commitment to pay for cheque leaves amounts to TL 2,641,068. The amount of commitment for the forward purchase of assets is TL 3,277,288 and for the forward sale of assets is TL 3,295,419.

**a.2.** The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

The Group's provisions for indemnified non-cash loans balance is TL 695,465 as of December 31, 2020 (December 31, 2019: TL 538,085) which is allocated for the non-cash loans of companies whose loans are followed under "Non-performing Loans" accounts, Commitments are shown in the table of "Off-balance sheet items".

**a.3.** Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	Current Period	Prior Period
Bank Acceptances	9,050,343	6,040,332
Letters of Credit	22,593,911	16,316,834
Other Guarantees	3,170,943	2,688,827
<b>Total</b>	<b>34,815,197</b>	<b>25,045,993</b>

**a.4.** Certain guarantee, provisional guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of Tentative Guarantees	1,546,664	914,451
Letters of Certain Guarantees	49,123,966	42,252,919
Letters of Advance Guarantees	9,454,770	9,011,022
Letters of Guarantee Given to Customs Offices	6,556,617	3,236,625
Other Letters of Guarantee	21,389,193	16,132,322
<b>Total</b>	<b>88,071,210</b>	<b>71,547,339</b>

**a.5.** Total Non-cash Loans:

	Current Period	Prior Period
Non-cash Loans against Cash Risks	22,889,316	18,989,874
With Original Maturity of 1 Year or Less	3,590,697	4,831,681
With Original Maturity More Than 1 Year	19,298,619	14,158,193
Other Non-cash Loans	99,997,091	77,603,458
<b>Total</b>	<b>122,886,407</b>	<b>96,593,332</b>

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## a.6. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	189,630	0.47	331,934	0.40	165,814	0.51	78,134	0.12
Farming and Livestock	155,107	0.39	68,163	0.08	141,388	0.44	16,894	0.03
Forestry	27,935	0.07	9	0.00	17,966	0.06	17	0.00
Fishery	6,588	0.01	263,762	0.32	6,460	0.01	61,223	0.09
Industry	11,570,309	28.83	49,646,367	59.99	10,047,167	31.01	36,088,890	56.21
Mining and Quarrying	182,761	0.46	638,665	0.77	222,368	0.69	511,873	0.80
Manufacturing Industry	7,177,334	17.89	42,317,411	51.13	5,557,865	17.16	30,176,635	47.01
Electricity, Gas, Water	4,210,214	10.48	6,690,291	8.09	4,266,934	13.16	5,400,382	8.40
Construction	4,445,354	11.08	11,176,868	13.51	3,936,383	12.15	10,400,674	16.20
Services	23,731,693	59.14	21,466,661	25.94	18,063,990	55.76	17,075,360	26.60
Wholesale and Retail Trade	15,100,474	37.63	10,399,723	12.57	10,643,561	32.86	8,187,144	12.75
Hotel and Restaurant Services	329,800	0.82	1,025,193	1.24	352,326	1.09	728,812	1.14
Transport and Communications	2,391,187	5.96	4,047,046	4.89	2,037,173	6.29	4,130,266	6.43
Financial Institutions	3,999,311	9.97	3,902,525	4.72	3,454,633	10.66	2,370,223	3.69
Real Estate and Rental Services	1,286,329	3.21	1,539,488	1.86	1,003,655	3.10	937,813	1.46
Self-Employment Services	383,396	0.96	102,698	0.12	311,050	0.96	254,673	0.40
Education Services	57,331	0.14	1,426	0.00	64,814	0.20	1,708	0.00
Health and Social Services	183,865	0.45	448,562	0.54	196,778	0.60	464,721	0.73
Other	191,389	0.48	136,202	0.16	181,778	0.57	555,142	0.87
<b>Total</b>	<b>40,128,375</b>	<b>100.00</b>	<b>82,758,032</b>	<b>100.00</b>	<b>32,395,132</b>	<b>100.00</b>	<b>64,198,200</b>	<b>100.00</b>

## a.7. Non-cash Loans classified under Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash Loans</b>	<b>38,533,065</b>	<b>80,454,231</b>	<b>1,595,310</b>	<b>2,303,801</b>
Letters of Guarantee	37,967,717	46,315,150	1,595,310	2,193,033
Bank Acceptances	84,800	8,946,640		18,903
Letters of Credit	454,945	22,047,101		91,865
Endorsements				
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees	9,355			
Other Guaranties and Warranties	16,248	3,145,340		

## b. Information on derivative financial instruments:

The derivative transactions of the Group mainly consist of money and interest swaps and forward foreign exchange purchase and sale transactions. In addition to these, money, interest and security options and futures transactions are also performed. Although the Group's derivative transactions accounted for trading purposes, there are derivative transactions that are accounted for trading purposes, as all the conditions required to be defined as an item suitable for financial risk hedge accounting are not fulfilled, although they provide economic hedging. On the other hand, derivative transactions, which are carried out to protect against changes in the fair values of financial instruments and have all the necessary conditions for their evaluation within the scope of hedge accounting, are classified as hedging purposes.

## c. Explanations Related to Contingencies and Commitments:

The balance of the "Other Irrevocable Commitments" account, which comprised the letters of guarantees, guarantees and commitments submitted by the Group pursuant to its own internal affairs, and guarantees given to third parties by other institutions in favor of the Parent Bank and the commitments due to housing loans extended within the scope of unfinished house projects followed, amounts to TL 13,123,558.

The cheques given to customers is presented under off balance sheet commitments, as per the related regulations is amounting to TL 2,641,068 in case the cheques presented for payment to beneficiaries are not covered, the Parent Bank will be obliged to pay the uncovered amount up to TL 1,345 (in exact TL amount) for the cheques that are subject to the Law numbered 3167 on "the Regulation of Payments by Cheque and Protection of Cheque Holders", and up to TL 2,225 (in exact TL amount) for the cheques that are subject to the "Cheque Law" numbered 5941. The uncollected amount will be followed under "Indemnified Non-Cash Loans."

## d. Explanations related to transactions made on behalf of or on the account of others:

It is explained in Note X under Section Four.

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## IV. DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED INCOME STATEMENT

## a. Interest Income

## a.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans <sup>(1)</sup>				
Short-term Loans	5,585,757	1,010,925	7,331,060	1,154,921
Medium and Long-term Loans	18,118,672	9,229,416	17,423,428	8,724,143
Interest on Non-performing Loans	718,313	104,940	948,843	94,031
Premiums Received from State Resource Utilization Support Fund				
<b>Total</b>	<b>24,422,742</b>	<b>10,345,281</b>	<b>25,703,331</b>	<b>9,973,095</b>

<sup>(1)</sup> Includes fee and commission income on cash loans.

## a.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey		3,006		
Domestic Banks	372,578	31,273	232,872	65,338
Foreign Banks	12,265	69,700	218,028	193,967
Foreign Head Offices and Branches				
<b>Total</b>	<b>384,843</b>	<b>103,979</b>	<b>450,900</b>	<b>259,305</b>

## a.3. Information on interest income from securities:

	Current Period		Current Period	
	TL	FC	FC	FC
Financial Assets at Fair Value through Profit and Loss	41,768	16,589	66,658	6,627
Financial Assets at Fair Value through Other Comprehensive Income	5,731,532	1,277,397	5,211,180	904,274
Financial Assets Measured at Amortized Cost	4,314,904	183,466	3,944,090	126,966
<b>Total</b>	<b>10,088,204</b>	<b>1,477,452</b>	<b>9,221,928</b>	<b>1,037,867</b>

## a.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Received from Affiliates and Subsidiaries	292,070	

## b. Interest Expense

## b.1. Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	459,129	1,163,241	652,615	1,347,680
Central Bank of Turkey		1,667		2,738
Domestic Banks	263,899	126,911	401,149	129,501
Foreign Banks	195,230	1,034,663	251,466	1,215,441
Foreign Head Offices and Branches				
Other Institutions	1,757	720,852	3,811	903,869
<b>Total <sup>(1)</sup></b>	<b>460,886</b>	<b>1,884,093</b>	<b>656,426</b>	<b>2,251,549</b>

<sup>(1)</sup> Includes fee and commission expenses from cash loans.

## b.2. Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	36,112	65,199

## b.3. Information on interest paid on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Securities Issued	1,284,341	3,449,048	2,152,510	2,642,579

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## b.4. Information on Interest Expense on Deposits According to Maturity Structure:

Current Period	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
<b>TL</b>								
Bank Deposits	74	114,903	67,871	4,170	772			187,790
Savings Deposits	1	516,129	5,217,171	212,256	50,900	95,003	817	6,092,277
Public Sector Deposits		571	4,704	363	9	11		5,658
Commercial Deposits	24	875,858	1,224,253	35,415	138,972	5,388		2,279,910
Other Institutions Deposits	1	33,334	239,748	31,626	7,996	385		313,090
Deposits with 7 Days' Notice								
<b>Total</b>	<b>100</b>	<b>1,540,795</b>	<b>6,753,747</b>	<b>283,830</b>	<b>198,649</b>	<b>100,787</b>	<b>817</b>	<b>8,878,725</b>
<b>FC</b>								
Foreign Currency Deposits	838	38,181	318,262	25,402	15,603	160,392	12	558,690
Bank Deposits	5,902	1,743	2,065	1,940	2,553	15,237		29,440
Deposits with 7 Days' Notice								
Precious Metals Deposits			2,332	453	12,719	1,105		16,609
<b>Total</b>	<b>6,740</b>	<b>39,924</b>	<b>322,659</b>	<b>27,795</b>	<b>30,875</b>	<b>176,734</b>	<b>12</b>	<b>604,739</b>
<b>TOTAL</b>	<b>6,840</b>	<b>1,580,719</b>	<b>7,076,406</b>	<b>311,625</b>	<b>229,524</b>	<b>277,521</b>	<b>829</b>	<b>9,483,464</b>

Prior Period	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
<b>TL</b>								
Bank Deposits		178,126	123,118	81	1,449	910		303,684
Savings Deposits		313,781	8,356,242	849,297	118,412	125,482	1,330	9,764,544
Public Sector Deposits		450	8,621	35		12		9,118
Commercial Deposits	17	951,617	2,055,076	222,323	89,649	163,793		3,482,475
Other Institutions Deposits		71,575	589,640	448,182	9,440	248		1,119,085
Deposits with 7 Days' Notice								
<b>Total</b>	<b>17</b>	<b>1,515,549</b>	<b>11,132,697</b>	<b>1,519,918</b>	<b>218,950</b>	<b>290,445</b>	<b>1,330</b>	<b>14,678,906</b>
<b>FC</b>								
Foreign Currency Deposits	727	163,875	1,233,022	104,168	65,241	209,726	22	1,776,781
Bank Deposits	4,235	3,935	8,993	4,577	7,396	10,531		39,667
Deposits with 7 Days' Notice								
Precious Metals Deposits		858	1,865	98	10,728	789		14,338
<b>Total</b>	<b>4,962</b>	<b>168,668</b>	<b>1,243,880</b>	<b>108,843</b>	<b>83,365</b>	<b>221,046</b>	<b>22</b>	<b>1,830,786</b>
<b>TOTAL</b>	<b>4,979</b>	<b>1,684,217</b>	<b>12,376,577</b>	<b>1,628,761</b>	<b>302,315</b>	<b>511,491</b>	<b>1,352</b>	<b>16,509,692</b>

## c. Explanations on dividend income:

	Current Period	Prior Period
Financial Assets with Fair Value Differences Recognized in Profit/Loss	7,507	9,749
Financial Assets with Fair Value Differences Recognized in Comprehensive Income	23,381	9,721
Other	169	1,349
<b>Total</b>	<b>31,057</b>	<b>20,819</b>

## d. Information on trading profit/losses (Net):

	Current Period	Prior Period
<b>Profit</b>	<b>694,246,386</b>	<b>529,061,005</b>
Securities Trading Gains	42,701,725	17,579,583
Gains on Derivative Financial Instruments <sup>(1)</sup>	29,789,564	35,365,769
Foreign Exchange Gains	621,755,097	476,115,653
<b>Losses (-)</b>	<b>695,453,155</b>	<b>533,694,925</b>
Securities Trading Losses	41,473,540	17,149,515
Losses on Derivative Financial Instruments <sup>(1)</sup>	39,928,485	40,336,567
Foreign Exchange Losses	614,051,130	476,208,843
<b>Trading Income/Losses (Net)</b>	<b>(1,206,769)</b>	<b>(4,633,920)</b>

<sup>(1)</sup> Income arising from foreign currency changes related to derivative transactions amounting TL 10,143,156 and the losses amounting TL 19,824,032 and the amount of net loss is TL 9,680,876 (December 31, 2019: profit TL 30,910,020 loss TL 35,780,431 and net loss amount TL 4,870,411)

## Türkiye İş Bankası A.Ş.

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**d. Information on other operating income:**

As at reporting period, TL 8,835,512 of other operating income sources from inclusion and classification of operations of insurance and reinsurance companies; 91% of which is from insurance premiums. (December 31, 2019: TL 7,186,461 ,93%). The remaining amount mainly consists of expected credit loss reversals or collections from Stage 3 loans, and income from fees received from customers in return for various banking services and sales of fixed assets.

**e. Information on expected credit loss and other provision expense:**

	Current Period	Prior Period
Expected Credit Loss	11,379,112	8,570,651
Expected Credit Loss for 12 Months (Stage 1)	1,631,142	602,233
Significant Increase in Credit Risk (Stage 2)	4,648,360	1,151,702
Non-Performing Loans (Stage 3)	5,099,610	6,816,716
Impairment Losses on Marketable Securities	20,047	1,485
Financial Assets at Fair Value through Profit and Loss	2,129	1,485
Financial Assets at Fair Value Through Other Comprehensive Income	17,918	
Impairment Losses on Associates, Subsidiaries and Joint-Ventures		
Associates		
Subsidiaries		
Jointly Controlled Entities		
Other <sup>(1)</sup>	2,750,881	664,147
<b>Total</b>	<b>14,150,040</b>	<b>9,236,283</b>

<sup>(1)</sup> Includes provision expense for impairment of financial assets at fair value through profit or loss and free provision expense amounting to TL 1,750,000.

**f. Other operating expenses:**

	Current Period	Prior Period
Reserve for Employee Termination Benefits	168,124	154,623
Bank Pension Fund Deficit Provisions	758,429	627,201
Impairment Losses on Tangible Assets		
Depreciation Expenses of Tangible Assets	686,592	650,956
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	324,296	352,303
Impairment Losses on Investments Accounted Under Equity Method		
Impairment Losses on Assets to be Disposed	5,320	
Depreciation Expenses of Assets to be Disposed		
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations	1,306	435
Other Operating Expenses	3,739,903	3,030,987
Leasing Expenses Related to Exceptions to TFRS 16	132,158	122,386
Repair and Maintenance Expenses	265,704	248,109
Advertisement Expenses	249,311	251,738
Other Expenses	3,092,730	2,408,754
Loss on Sale of Assets	1,854	46,345
Other	9,192,141	7,397,662
<b>Total</b>	<b>14,877,965</b>	<b>12,260,512</b>

<sup>(1)</sup> The Group's expenditure within the scope of donation, aid and social responsibility projects in the current period is TL 104,006 (31.12.2019: TL 65,742).

In the table above, TL 7,247,084 of the operating expenses in the "Other" group arises from the insurance and reinsurance companies because of the classification of their activities in the "Other" group, and significant portion of the related expenses is compensation expenses paid (December 31, 2019: TL 5,831,689). The Group's fees, taxes, duties and fund expenses amounting to TL 560,848 are other expense items in the current period "Other" group.

**g. Information on provision for taxes from continuing and discontinued operations**

The Group's profit before tax arises from continuing operations. As of 31.12.2020, the profit before tax consists of TL 29,062,715 of net interest income, TL 4,919,413 of net fees and commission income, and the total of personnel expenses and other operating expenses is TL 21,179,158.

**g1. Explanations on net profit/loss of continued and discontinued operations:**

As of 31.12.2020, the Group's tax provision amounting to TL 2,915,351 consists of current tax provision of TL 4,778,594 and deferred tax income of TL 1,863,243. The Group does not have any discontinued operations.

**g2. Explanations on net profit/loss of continued and discontinued operations:**

The net profit of the Group from its ongoing operations as of 31.12.2020 is TL 7,751,752.

Türkiye İş Bankası A.Ş.

# Notes to the Consolidated Financial Statements For the Year Ended December 31, 2020

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## h. Information on net period profit/loss:

**h.1.** Income and expenses resulting from ordinary banking activities: There is no specific issue required to be disclosed for the Group's performance for January 1, 2020-December 31, 2020.

**h.2.** Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

**h.3.** "The Other" item which is located at the bottom "Fees and Commissions Received" in the income statement consist of various fees and commissions received from transactions such as credit card transactions, capital market transactions and insurance-reinsurance transactions.

**h.4.** Net profit/loss of Minority Interest:

	Current Period	Prior Period
Net Profit/Loss of Non-controlling Interest	1,096,310	1,021,826

## i. Explanation on other items in income statement

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

## V. DISCLOSURES AND FOOTNOTES ON CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The paid-in capital is TL 4,500,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 5,336,963 the balance of extraordinary reserves is TL 178,599 and the balance of statutory reserves is TL 38,549,266.

The details of revaluation surplus account of securities are shared in the Note Section V-II-I-9. TL (304,453) of this amount is the deferred tax effect on marketable securities at fair value through other comprehensive income (December 31, 2019: TL (100,178)).

## VI. DISCLOSURES AND FOOTNOTES ON THE CONSOLIDATED STATEMENTS OF CASH-FLOWS

The consolidated operating profit of TL 34,258,222 before the changes in operating assets and liabilities mostly comprised of TL 41,826,344 of interest received from loans and securities, and TL 18,786,386 of interest paid on deposits, money market transactions and funds borrowed by the Bank. An important part of other revenues, TL 5,760,716 consists of premium collections of insurance companies. The account "Other" classified under operating profit other than fees and commissions paid, cash payments to personnel and service suppliers and taxes paid consists of other operating expenses and foreign exchange gains/losses accounts is TL (8,265,460) (December 31, 2019: TL (5,916,139)).

Net Increase (Decrease) in Other Liabilities account classified in changes of assets and liabilities resulting from the changes in Funds Provided Under Repurchase Agreements, miscellaneous payables, other liabilities and taxes, duties, charges, and premiums is decreased by TL 33,362,942 (December 31, 2019: TL 890,902 decrease).

The Net Cash Provided from Other Investing Activities account includes net cash flows from the sale of intangible assets and declined by TL 752,504 (December 31, 2019: TL 656,217 decrease).

The effect of changes in foreign exchange rates on cash and cash equivalents is on the positive side TL (1,239,044) (31.12.2019: TL 909,669) as of December 31, 2020. Due to the high rate of turnover of related foreign currency assets, the difference between the last 30 days' arithmetic average of currency exchange rates and the year-end currency exchange rate is used to calculate the effect of change in foreign exchange rate. Under the same assumption, the effect of change in foreign exchange rate on cash and cash equivalents is calculated.

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, money market operations as well as demand deposits and time deposits up to 3 months are defined as cash and cash equivalents.

### Cash and cash equivalents at beginning of period:

	December 31, 2019	December 31, 2018
Cash	29,663,454	23,065,119
Cash in TL and Foreign Currency	5,519,980	4,857,428
Central Bank of Turkey and Other	24,143,474	18,207,691
Cash Equivalents	18,075,154	11,574,069
Receivables from Money Market Operations	1,166,865	753,146
Banks' Demand Deposits and Time Deposits Up to 3 Months	16,908,289	10,820,923
<b>Total Cash and Cash Equivalents</b>	<b>47,738,608</b>	<b>34,639,188</b>

The total amount resulting from the transactions made in the previous period shows the total cash and cash equivalents as of the beginning of the current period.

### Cash and Cash equivalents as of end of the period:

	December 31, 2020	December 31, 2019
Cash	32,519,831	29,663,454
Cash in TL and Foreign Currency	9,136,817	5,519,980
Central Bank of Turkey and Other	23,383,014	24,143,474
Cash Equivalents	19,801,714	18,075,154
Receivables from Money Market Operations	2,179,919	1,166,865
Banks' Demand Deposits and Time Deposits Up to 3 Months	17,621,795	16,908,289
<b>Total Cash and Cash Equivalents</b>	<b>52,321,545</b>	<b>47,738,608</b>

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## VII. DISCLOSURES AND FOOTNOTES ON THE GROUP'S RISK GROUP

## a. Information on the volume of transactions relating to the Group's risk group, incomplete loan and deposit transactions and period's profit and loss:

## a.1. Information on loans held by the Group's risk group:

Current Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	218	5,999,538			2,963,240	884,605
Balance at the end of the period	2,857,404	9,877,588			1,232,269	495,030
Interest and commission income received	292,070	1,638			103,258	2,309

Prior Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	278	5,830,957			447,270	530,059
Balance at the end of the period	218	5,999,538			2,963,240	884,605
Interest and commission income received		497			213,567	2,354

## a.2. Information on deposits held by the Group's risk group:

Current Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period		Current Period		Current Period	
Deposits						
Balance at the beginning of the period		932,049		8,896		7,802,825
Balance at the end of the period		7,520,649		157,226		1,153,201
Interest expense on deposits		36,073		4,833		76,599

Prior Period:

Group's Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Prior Period		Prior Period		Prior Period	
Deposits						
Balance at the beginning of the period		581,002		178,624		2,597,067
Balance at the end of the period		932,049		8,896		7,802,825
Interest expense on deposits		64,882		10,004		199,317

## a.3. Information on forward and option and other similar agreements made with the Group's risk group: None

## b. Disclosures for the Group's risk group:

In accordance with the relevant decision of the Banking Regulation and Supervision Agency, the special purpose entity and the mentioned company's subsidiary Türk Telekom A.Ş., are not included in the Bank's risk group, where details are disclosed in Section V, footnote I.b.3 and I.o.

## b.1. The relations of the Group with corporations in its risk group and under its control regardless of whether there are any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

## b.2. The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The transactions carried out are mainly loan and deposit transactions, The ratio of loans extended to the risk group to the overall loans is 1.04%, while the ratio to the overall assets is 0.57% the ratio of deposits of the risk group corporations to the overall deposits is 2.31%, while the ratio to overall liabilities is 1.23%, The comparable pricing method is used for the transactions.



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**b.3.** Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals and management agreements:

The Parent Bank's branches act as agents of Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches, the Bank mediates the order transmission for İş Yatırım Menkul Değerler A.Ş. and carries out agency activities of İş Portföy Yönetimi A.Ş. 30 mutual funds which are founded by the Anadolu Hayat Emeklilik A.Ş. are managed by İş Portföy Yönetimi A.Ş. Securities purchases, when required, are made by İş Finansal Kiralama A.Ş., a subsidiary of the Bank, through leasing.

If requested, the cash and non-cash loan needs of the risk group companies are met in accordance with the limits imposed by Banking Law and the prevailing market conditions.

**c. Total salaries and similar benefits paid to the (executive members and senior executives)**

In the current period, the net payment provided to the top management of Group amounts TL 135,024 (December 31, 2019: TL 116,469).

**VIII. DISCLOSURES ON THE GROUP'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR PARTICIPATIONS AND REPRESENTATIVE OFFICES**

The Parent Bank - Türkiye İş Bankası A.Ş.

	Number	Employees		Total Assets	Legal Capital
Domestic Branches <sup>(1)</sup>	1,205	23,193			
			<b>Country of Incorporation</b>		
Foreign Representative Offices	1	2	China		
	1	2	Egypt		
Foreign Branches	2	44	England	20,577,621	1,009
	15	204	TRNC	8,776,308	80,000
	2	37	Iraq	2,159,548	332,077
	2	30	Kosovo	1,270,258	90,298
	1	6	Bahrain	3,483,661	
Off-Shore Branches					

<sup>(1)</sup> The Branches located in Free Trade Zones in Turkey are included among domestic branches.

**İşbank AG**

	Number	Employees		Total Assets	Legal Capital
Domestic Branches <sup>(1)</sup>	9	157			
			<b>Country of Incorporation</b>		
Foreign Representative Offices					
Foreign Branches	1	7	Netherlands	1,144,794	
Off-Shore Branches					

<sup>(1)</sup> The branches of the company, which is headquartered in Germany, in Germany are shown as domestic branches

**Milli Reasürans T.A.Ş.**

	Number	Employees		Total Assets	Legal Capital
Domestic Branches	1	193			
			<b>Country of Incorporation</b>		
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches	1	12	Singapore	331,410	220,215

**JSC İşbank**

	Number	Employees		Total Assets	Legal Capital
Domestic Branches <sup>(1)</sup>	3	103			
			<b>Country of Incorporation</b>		
Foreign Representative Offices					
Foreign Branches					
Off-Shore Branches					

<sup>(1)</sup> The branches of the company, which is headquartered in Moscow, in Russia are shown as domestic branches.



## Türkiye İş Bankası A.Ş.

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## JSC İşbank Georgia

	Number	Employees		
Domestic Branches <sup>(1)</sup>	2	64		
			Country of Incorporation	
Foreign Representative Offices				
				Total Assets
Foreign Branches				Legal Capital
Off-Shore Branches				

<sup>(1)</sup> The branches of the company, which is headquartered in Tiflis, in Georgia are shown as domestic branches.

## Number of employees of consolidated companies that does not have agencies and branches abroad:

	Employees
Anadolu Anonim Türk Sigorta Şirketi	1,361
Anadolu Hayat Emeklilik A.Ş.	1,066
Efes Varlık Yönetimi A.Ş.	139
İş Faktoring A.Ş.	112
İş Finansal Kiralama A.Ş.	138
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	69
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	10
İş Portföy Yönetimi A.Ş.	66
İş Yatırım Menkul Değerler A.Ş.	375
İş Yatırım Ortaklığı A.Ş.	6
Maxis Girişim Sermayesi Yatırım Ortaklığı A.Ş.	3
Maxis Investments Ltd <sup>(1)</sup>	9
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	11
Türkiye Sınai Kalkınma Bankası A.Ş.	389
Yatırım Finansman Menkul Değerler A.Ş.	115

<sup>(1)</sup> The Company, which is headquartered in London, does not have any branch or representative office beside its head office. Yatırım Varlık Kiralama A.Ş. which is included to scope of consolidation during the current period does not have any employees.

## IX. SUBSEQUENT EVENTS

The General Directorate was authorized by the Board of Directors of the Bank on 27.07.2020 to purchase 100% share of Moka Ödeme Kuruluşu A.Ş. for USD 3.8 million and to carry out all transactions related to the process. The process regarding the issue was completed and the 100% share of MOKA Ödeme Kuruluşu A.Ş. was transferred to the Bank in January 2021.

Within the scope of the decision of the Board of Directors dated 08.10.2020 regarding the issuance of debt instruments, the Bank has issued a commercial paper with a nominal value of TL 336,533 after December 31, 2020.

Türkiye Sınai Kalkınma Bankası A.Ş., issued bond abroad in the amount of USD 350 million with fixed rate (5.875%) and 5-year term on January 14, 2021.

Türkiye İş Bankası A.Ş.

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## SECTION SIX: OTHER EXPLANATIONS

### I. EXPLANATIONS ON THE GROUP'S CREDIT RATINGS:

#### Türkiye İş Bankası A.Ş.

	Rating	Outlook (*)
<b>MOODY'S</b>		
Long-term Foreign Currency Deposit	B3	Negative
Long-term Local Currency Deposit	B3	Negative
Long-term Foreign Currency Senior Debt	B3	Negative
Short-term Foreign Currency Deposit	Not-Prime	-
Short-term Local Currency Deposit	Not-Prime	-
<b>FITCH RATINGS</b>		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Stable
Viability Rating	b+	-
Support Rating	5	-
<b>STANDARD &amp; POOR'S</b>		
Long-term Counterparty Credit Rating	B+	Negative
Short-term Counterparty Credit Rating	B	-
Long-term National Scale Rating	trA+	-
Short-term National Scale Rating	trA-1	-

The dates below given are on which the credit ratings were last updated:

Moody's: 10.12.2020, Fitch Ratings: 01.09.2020, Standard & Poor's: 17.08.2018

#### İş Finansal Kiralama A.Ş.

	Rating	Outlook
<b>FITCH RATINGS</b>		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	B+	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
National Long-term Rating	A+ (tur)	Stable
Support Rating	4	-

Türkiye İş Bankası A.Ş.

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The date below given is on which the credit rating was last updated for İş Finansal Kiralama A.Ş.:

Fitch Ratings: 02.09.2020

## Türkiye Sınai Kalkınma Bankası A.Ş.

	Rating	Outlook <sup>(*)</sup>
<b>MOODY'S</b>		
Baseline Credit Assessment	caa1	-
Long-term Foreign Currency Issuer Rating	B3	Negative
Short-term Foreign Currency Issuer Rating	Not-Prime	-
Long-term Local Currency Issuer Rating	B3	Negative
Short-term Local Currency Issuer Rating	Not-Prime	-
Senior Unsecured Debt Foreign Currency Issuer Rating	B3	Negative
Foreign Currency GMTN Program Rating	(P)B3	-
<b>FITCH RATINGS</b>		
Long-term Foreign Currency Issuer Default Rating	B+	Negative
Long-term Local Currency Issuer Default Rating	BB-	Negative
Short-term Foreign Currency Issuer Default Rating	B	-
Short-term Local Currency Issuer Default Rating	B	-
Long-term National Rating	AA(tur)	Stable
Support Rating	4	-
Support Rating	B	-
Subordinated Debt Rating	B-	-
Financial Capacity Rating	b+	-

The dates below given are on which the credit ratings were last updated for TSKB:

Moody's: 11.09.2020, Fitch Ratings: 01.09.2020

### <sup>(\*)</sup> Outlook:

"Stable" indicates that the current rating will not be changed in the short term; "positive" indicates that the current rating is very likely to be upgraded and "negative" indicates that the current rating is very likely to be downgraded.

## SECTION SEVEN: EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

### I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:

The consolidated financial statements and disclosures for the year ended December 31, 2020 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst&Young Global Limited) and the independent auditor's report dated February 8, 2021, is presented preceding the consolidated financial statements.

### II. EXPLANATIONS AND FOOTNOTES OF THE INDEPENDENT AUDITORS REPORT

There are no significant issues or necessary disclosures or notes in relation to the Group's operations other than those mentioned above.

# Financial Highlights and Key Ratios for the Five-Year Period

<b>UNCONSOLIDATED</b>					
<b>ASSETS (TL thousand)</b>	<b>2016/12</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Cash and Equivalents	3,742,497	3,363,250	4,888,627	5,661,559	9,463,666
Banks and Receivables from Interbank Money Markets <sup>(1)</sup>	30,913,211	35,060,422	43,630,394	60,525,991	74,974,753
Securities (Net) <sup>(2)</sup>	51,309,768	57,351,543	68,133,659	84,246,760	109,485,041
Loans <sup>(3)</sup>	203,143,845	239,408,795	260,316,291	270,360,084	345,150,130
Associates and Subsidiaries (Net)	11,890,718	13,802,243	17,638,720	21,070,554	26,002,383
Fixed Assets (Net)	4,838,475	5,162,561	5,996,958	8,478,257	9,161,214
Other Assets <sup>(4)</sup>	7,235,720	8,094,719	15,782,955	17,716,266	19,665,245
<b>Total Assets</b>	<b>313,074,234</b>	<b>362,243,533</b>	<b>416,387,604</b>	<b>468,059,471</b>	<b>593,902,432</b>
<b>LIABILITIES (TL thousand)</b>	<b>2016/12</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Deposits	177,359,976	203,752,032	245,268,846	295,922,002	368,876,491
Funds Borrowed and Interbank Money Market Placements <sup>(5)</sup>	78,872,749	92,457,257	94,468,343	86,102,534	116,407,089
Provisions <sup>(6)</sup>	4,470,748	8,808,734	6,256,462	7,042,357	10,224,590
Other Liabilities	14,961,459	14,241,243	20,673,329	20,119,113	30,612,810
Shareholders' Equity	37,409,302	42,984,267	49,720,624	58,873,465	67,781,452
<b>Total Liabilities</b>	<b>313,074,234</b>	<b>362,243,533</b>	<b>416,387,604</b>	<b>468,059,471</b>	<b>593,902,432</b>
<b>INCOME STATEMENT (TL thousand)</b>	<b>2016/12</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Interest Income <sup>(7)</sup>	22,327,585	27,655,465	38,840,381	43,042,350	42,516,332
Interest Expenses <sup>(7)</sup>	11,490,304	14,447,809	21,788,130	23,183,222	17,274,293
Net Interest Income	10,837,281	13,207,656	17,052,251	19,859,128	25,242,039
Net Trading Income	-816,736	-1,878,444	-4,071,660	-6,397,400	-3,341,357
Net Fees and Commissions Income	2,840,357	3,373,715	4,405,201	5,569,128	5,617,613
Dividend Income	682,673	11,072	6,425	9,098	21,487
Other Operating Income	1,313,972	1,146,647	1,912,307	3,146,751	2,436,205
<b>Total Operating Income</b>	<b>14,857,547</b>	<b>15,860,646</b>	<b>19,304,524</b>	<b>22,186,705</b>	<b>29,975,987</b>
Operating Expenses <sup>(8)</sup>	6,506,124	7,395,787	8,039,721	9,792,544	11,796,986
<b>NET OPERATING PROFIT/LOSS <sup>(9)</sup></b>	<b>8,351,423</b>	<b>8,464,859</b>	<b>11,264,803</b>	<b>12,394,161</b>	<b>18,179,001</b>
Provision for Losses on Loans and Other Receivables <sup>(10)</sup>	2,597,641	2,633,246	6,343,674	8,325,906	12,729,920
Profit/Loss from subsidiaries Based on Equity Method	-	1,610,386	2,808,736	2,806,196	3,406,471
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>5,753,782</b>	<b>7,441,999</b>	<b>7,729,865</b>	<b>6,874,451</b>	<b>8,855,552</b>
Provision for Taxes	1,052,576	1,240,720	960,780	806,864	2,044,635
<b>NET PERIOD PROFIT/LOSS</b>	<b>4,701,206</b>	<b>6,201,279</b>	<b>6,769,085</b>	<b>6,067,587</b>	<b>6,810,917</b>
<b>KEY RATIOS</b>	<b>2016/12</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Interest Earning Assets <sup>(11)</sup> / Total Assets	91.1%	91.5%	89.3%	89.0%	89.4%
Interest Earning Assets <sup>(11)</sup> / Interest Bearing Liabilities	111.3%	111.9%	109.4%	109.0%	109.4%
Securities / Total Assets	16.4%	15.8%	16.4%	18.0%	18.4%
Loans / Total Assets	64.9%	66.1%	62.5%	57.8%	58.1%
Loans / Deposits	114.5%	117.5%	106.1%	91.4%	93.6%
Retail Loans / Total Loans	24.9%	23.8%	22.4%	23.6%	25.0%
NPL Ratio	2.4%	2.2%	4.1%	6.5%	5.6%
Coverage Ratio	77.5%	86.0%	58.7%	54.7%	63.7%
Demand Deposits / Total Deposits	24.6%	26.3%	24.4%	28.4%	41.7%
Shareholders' Equity / Total Liabilities	11.9%	11.9%	11.9%	12.6%	11.4%
Capital Adequacy Standard Ratio	15.2%	16.7%	16.5%	17.9%	18.7%
Return on Average Assets <sup>(12)</sup>	1.6%	1.8%	1.7%	1.4%	1.3%
Return on Average Equity <sup>(12)</sup>	13.6%	15.4%	14.8%	11.4%	10.9%
Cost / Income <sup>(13)</sup>	43.8%	42.3%	36.4%	39.2%	35.3%
<b>OTHER INFORMATION (TL thousand)</b>	<b>2016/12</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Regulatory Capital	40,996,321	50,559,960	58,950,530	69,198,849	84,540,460
Core Capital	35,505,450	42,474,633	49,052,634	57,971,231	66,666,192
Free Capital <sup>(14)</sup>	24,295,964	29,874,011	29,896,338	30,903,681	38,469,439
Demand Deposits	43,598,933	53,501,377	59,961,577	84,040,178	153,998,446

<sup>(1)</sup> Changes in accounting policy were applied retrospectively; accordingly, the financial statements of the year 2017 were restated due to the changes in the valuation methodology of associates and subsidiaries.

<sup>(2)</sup> Includes balances at the Central Bank and required reserves.

<sup>(3)</sup> 2019/12 and 2020/12 balances do not include the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

<sup>(4)</sup> Excludes Non-performing Loans. 2018/12 period includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

<sup>(5)</sup> Includes general provisions after 2017/12 period, and includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss in 2019/12 and 2020/12 periods.

<sup>(6)</sup> Includes Turkish Lira and foreign currency securities issued and subordinated debts.

<sup>(7)</sup> Due to the change in accounting policy, general provisions are not classified in this item after 2017/12 period.

<sup>(8)</sup> Fees and Commissions Received from Cash Loans are shown in Interest Income, Fees and Commissions Given to Cash Loans are shown in Interest Expenses.

<sup>(9)</sup> Includes Personnel Expenses.

<sup>(10)</sup> Net Operating Profit / Loss = Total Operating Income - Operating Expenses

<sup>(11)</sup> Named as "Provision for Losses on Loans and Other Receivables" prior to the 2018/12 period.

<sup>(12)</sup> Interest earning assets include Turkish Lira and foreign currency required reserves.

<sup>(13)</sup> Averages are calculated by using restated year-end figures for 2017/12 period and by using quarterly balances for the other periods.

<sup>(14)</sup> Operating Income = Total Operating Income + Profit/Loss from Subsidiaries Based on Equity Method

<sup>(15)</sup> Free Capital = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Net Non-performing Loans)

<b>CONSOLIDATED</b>					
<b>ASSETS (TL thousand)</b>	<b>2016/12*</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Cash and Equivalents	3.770.953	3.395.184	4.931.787	5.700.435	9.504.086
Banks and Receivables from Interbank Money Markets <sup>(1)</sup>	39.186.809	44.638.342	51.202.701	70.109.172	84.380.175
Securities (Net) <sup>(2)</sup>	59.622.108	66.218.177	77.942.727	97.304.703	128.082.066
Loans, Factoring Receivables and Lease Receivables <sup>(3)</sup>	230.824.082	275.721.584	303.495.889	316.028.505	403.934.870
Associates and Subsidiaries (Net)	6.010.149	7.387.455	9.418.560	11.190.991	13.052.096
Fixed Assets (Net)	9.921.047	10.342.126	11.975.301	13.826.688	14.706.181
Other Assets <sup>(4)</sup>	24.485.116	30.054.547	40.940.392	50.891.344	64.492.789
<b>Total Assets</b>	<b>373.820.264</b>	<b>437.757.415</b>	<b>499.907.357</b>	<b>565.051.838</b>	<b>718.152.263</b>
<b>LIABILITIES (TL thousand)</b>	<b>2016/12*</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Deposits	179.159.438	207.880.492	248.981.402	302.791.204	381.693.393
Funds Borrowed and Interbank Money Market Placements <sup>(5)</sup>	110.736.096	130.496.873	137.945.969	130.065.019	167.635.067
Provisions <sup>(6)</sup>	14.813.554	17.044.695	15.161.685	17.860.585	24.027.066
Other Liabilities	27.300.009	34.210.740	42.203.408	48.633.563	69.935.017
Shareholders' Equity	41.811.167	48.124.615	55.614.893	65.701.467	74.861.720
<b>Total Liabilities</b>	<b>373.820.264</b>	<b>437.757.415</b>	<b>499.907.357</b>	<b>565.051.838</b>	<b>718.152.263</b>
<b>INCOME STATEMENT (TL thousand)</b>	<b>2016/12*</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Interest Income <sup>(7)</sup>	25.061.299	31.108.967	44.078.656	48.453.830	47.960.977
Interest Expenses <sup>(7)</sup>	12.639.534	16.277.297	24.492.384	25.654.752	18.898.262
<b>Net Interest Income</b>	<b>12.421.765</b>	<b>14.831.670</b>	<b>19.586.272</b>	<b>22.799.078</b>	<b>29.062.715</b>
Net Trading Income	-417.002	-946.253	-2.293.686	-4.633.920	-1.206.769
Net Fees and Commissions Income	2.148.533	2.733.423	3.756.035	4.611.770	4.919.413
Dividend Income	318.223	18.258	19.655	20.819	31.057
Other Operating Income	6.716.704	6.765.642	8.120.963	10.942.888	11.733.929
<b>Total Operating Income</b>	<b>21.188.223</b>	<b>23.402.740</b>	<b>29.189.239</b>	<b>33.740.635</b>	<b>44.540.345</b>
Operating Expenses <sup>(8)</sup>	11.314.488	12.862.111	14.656.126	17.512.911	21.179.158
<b>NET OPERATING PROFIT/LOSS<sup>(9)</sup></b>	<b>9.873.735</b>	<b>10.540.629</b>	<b>14.533.113</b>	<b>16.227.724</b>	<b>23.361.187</b>
Provision for Losses on Loans and Other Receivables <sup>(10)</sup>	2.835.495	3.016.417	7.012.853	9.236.283	14.150.040
Profit/Loss from subsidiaries Based on Equity Method	12.871	842.068	1.569.036	1.462.479	1.455.956
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>7.051.111</b>	<b>8.366.280</b>	<b>9.089.296</b>	<b>8.453.920</b>	<b>10.667.103</b>
Provision for Taxes	1.353.214	1.660.614	1.517.912	1.422.289	2.915.351
<b>NET PERIOD PROFIT/LOSS</b>	<b>5.697.897</b>	<b>6.705.666</b>	<b>7.571.384</b>	<b>7.031.631</b>	<b>7.751.752</b>
<b>KEY RATIOS</b>	<b>2016/12*</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Interest Earning Assets <sup>(11)</sup> / Total Assets	88,1%	88,2%	86,4%	85,8%	85,8%
Interest Earning Assets <sup>(11)</sup> / Interest Bearing Liabilities	113,6%	114,1%	111,7%	112,0%	112,2%
Securities / Total Assets	15,9%	15,1%	15,6%	17,2%	17,8%
Loans / Total Assets	59,9%	61,0%	59,1%	54,5%	54,6%
Loans / Deposits	125,0%	128,5%	118,6%	101,6%	102,7%
Retail Loans / Total Loans	22,7%	21,4%	19,8%	20,8%	22,1%
NPL Ratio	2,3%	2,1%	4,1%	6,4%	5,6%
Coverage Ratio	76,1%	84,1%	56,5%	53,5%	62,1%
Demand Deposits / Total Deposits	24,9%	26,3%	24,8%	28,4%	41,2%
Shareholders' Equity / Total Liabilities	11,2%	11,0%	11,1%	11,6%	10,4%
Capital Adequacy Standard Ratio	14,3%	15,2%	15,3%	16,4%	17,0%
Return on Average Assets <sup>(12)</sup>	1,7%	1,7%	1,6%	1,3%	1,2%
Return on Average Equity <sup>(12)</sup>	14,5%	14,9%	14,8%	11,8%	11,2%
Cost / Income <sup>(13)</sup>	42,2%	42,2%	35,9%	39,8%	36,0%
<b>OTHER INFORMATION (TL thousand)</b>	<b>2016/12*</b>	<b>2017/12*</b>	<b>2018/12</b>	<b>2019/12</b>	<b>2020/12</b>
Regulatory Capital	45.092.524	54.979.844	64.189.820	75.055.619	90.577.700
Core Capital	38.967.938	45.054.873	51.413.549	60.581.141	69.037.761
Free Capital <sup>(14)</sup>	24.755.176	29.638.672	28.971.576	31.093.535	38.572.660
Demand Deposits	44.601.611	54.724.559	61.655.721	86.043.036	157.339.437

<sup>(1)</sup> Accounting policy changes made in 2017 and 2018 were applied retrospectively; accordingly, the financial statements of 2016 and 2017 were restated.

- The financial statements of the year 2016 were restated due to the change in the calculation policy of the outstanding claims of the insurance and reinsurance companies, which are in the scope of consolidation.

- The financial statements of the year 2017 were restated due to the change in the valuation policy of associates and subsidiaries.

<sup>(1)</sup> Includes balances at the Central Bank and required reserves.

<sup>(2)</sup> 2019/12 and 2020/12 balances do not include the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

<sup>(3)</sup> Excludes Non-performing Loans. 2018/12 period includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss.

<sup>(4)</sup> Includes general provisions after 2017/12 period, and includes the loan granted to the special purpose entity, which is classified under Other Financial Assets at Fair Value Through Profit and Loss in 2019/12 and 2020/12 periods.

<sup>(5)</sup> Includes Turkish Lira and foreign currency securities issued and subordinated debts.

<sup>(6)</sup> Due to the change in accounting policy, general provisions are not classified in this item after 2017/12 period.

<sup>(7)</sup> Fees and Commissions Received from Cash Loans are shown in Interest Income, Fees and Commissions Given to Cash Loans are shown in Interest Expenses.

<sup>(8)</sup> Includes Personnel Expenses.

<sup>(9)</sup> Net Operating Profit / Loss = Total Operating Income - Operating Expenses

<sup>(10)</sup> Named as "Provision for Losses on Loans and Other Receivables" prior to the 2018/12 period.

<sup>(11)</sup> Interest earning assets include Turkish Lira and foreign currency required reserves.

<sup>(12)</sup> Averages are calculated by using quarterly balances whereas the restated year-end balances are used in the calculation of Return on Average Assets for the 2017/12 period, and Return on Average Equity for 2016/12 and 2017/12 periods.

<sup>(13)</sup> Cost and income are netted against "Insurance Technical Income / Expense". Operating Income = Total Operating Income + Profit/Loss from Subsidiaries Based on Equity Method.

<sup>(14)</sup> Free Capital = Shareholders' Equity - (Fixed Assets + Non-Financial Associates and Subsidiaries + Net Non-performing Loans)

## Direct and Indirect Subsidiaries (\*)

Name	31/12/20	
	Direct Share	Bank's Risk Group Share Percentage
Anadolu Hayat Emeklilik A.Ş.	62.00%	83.00%
Arap Türk Bankası A.Ş.	20.58%	20.58%
İş Finansal Kiralama A.Ş.	27.79%	58.24%
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	50.51%	63.89%
İş Merkezleri Yönetim ve İşletim A.Ş.	86.33%	100.00%
İş Net Elektronik Bilgi Üret. Dağ. Tic. ve İlet. Hizm. A.Ş.	100.00%	100.00%
İş Yatırım Menkul Değerler A.Ş.	65.65%	70.69%
İşbank AG	100.00%	100.00%
JSC İşbank Georgia	100.00%	100.00%
JSC İşbank	100.00%	100.00%
Kredi Kayıt Bürosu A.Ş.	9.09%	9.09%
Kültür Yayınları İş Türk A.Ş.	99.17%	100.00%
Milli Reasürans T.A.Ş.	87.60%	87.60%
Trakya Yatırım Holding A.Ş.	100.00%	100.00%
Türkiye Sınai Kalkınma Bankası A.Ş.	47.23%	50.92%
Türkiye Şişe ve Cam Fabrikaları A.Ş.	50.93%	57.02%

## INDIRECT SUBSIDIARIES

31/12/20

Name	Direct Share	Bank's Risk Group Share Percentage
Anadolu Anonim Türk Sigorta Şirketi	0.00%	64.31%
Anavarza Otelcilik A.Ş.	0.00%	50.00%
Automotive Glass Alliance Rus AO	0.00%	100.00%
Automotive Glass Alliance Rus Trading OOO	0.00%	100.00%
Batı Karadeniz Elektrik Dağıtım ve Tic. A.Ş.	0.00%	65.00%
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	0.00%	99.80%
Cam Elyaf Sanayii A.Ş.	0.00%	100.00%
Camiş Ambalaj Sanayii A.Ş.	0.00%	100.00%
Camiş Egypt Mining Ltd. Co.	0.00%	99.70%
Camiş Elektrik Üretim A.Ş.	0.00%	100.00%
Camiş Madencilik A.Ş.	0.00%	100.00%
Casaba Yönetim İşl.İmal.İth.İhr.Paz.Sağ.Tem.Güv.Ulş.Tic.ve San.A.Ş.	0.00%	100.00%
CJSC Brewery Pivdenna	0.00%	100.00%
Convera Uluslararası Yazılım Arge Teknoloji Yatırımları A.Ş.	0.00%	100.00%
Covision Medical Technologies Limited	0.00%	100.00%
Covision Medical Technologies San. Tic. A.Ş.	0.00%	100.00%
Cromital SPA	0.00%	100.00%
Çayırova Cam Sanayii A.Ş.	0.00%	100.00%
Efes Varlık Yönetim A.Ş.	0.00%	100.00%
Erişim Müşteri Hizmetleri A.Ş.	0.00%	100.00%
Glasscorp S.A.	0.00%	100.00%
Gullseye Lojistik Teknolojileri A.Ş.	0.00%	100.00%
İş Faktoring A.Ş.	0.00%	100.00%
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	0.00%	57.52%
İş Portföy Yönetimi A.Ş.	0.00%	100.00%
İş Yatırım Ortaklığı A.Ş.	0.00%	38.66%
JSC Mina	0.00%	100.00%
Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.	0.00%	100.00%
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	0.00%	50.00%
Koridor Incorporated	0.00%	74.66%
Livewell Giyilebilir Sağlık Ürün Hizm. A.Ş.	0.00%	100.00%
M4 Otelcilik ve Turizm A.Ş.	0.00%	40.00%
Madencilik Sanayii ve Ticaret A.Ş.	0.00%	100.00%
Maxi Digital GmbH	0.00%	100.00%
Maxis Girişim Sermayesi Portföy Yönetimi AŞ.	0.00%	100.00%
Maxis Investments Ltd.	0.00%	100.00%
Maxitech Inc.	0.00%	100.00%
Merefa Glass Company Ltd.	0.00%	100.00%

## Direct and Indirect Subsidiaries (\*)

INDIRECT SUBSIDIARIES	31/12/20	
	Direct Share	Bank's Risk Group Share Percentage
Mikla Yiyecek ve İçecek A.Ş.	0.00%	83.57%
Miltaş Turizm İnşaat Ticaret A.Ş.	0.00%	88.00%
Nevotek Bilişim Ses ve İletişim Sistemleri San. ve Tic. A.Ş.	0.00%	95.37%
Nevotek Interporation	0.00%	100.00%
Nevotek Middle East FZ Limited Liability Company	0.00%	100.00%
000 Energosystems	0.00%	100.00%
000 Posuda	0.00%	100.00%
000 Ruscam Glass Packaging Holding	0.00%	100.00%
000 Ruscam Management Company	0.00%	100.00%
Ortopro Tıbbi Aletler San. Tic. A.Ş.	0.00%	97.22%
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	0.00%	100.00%
Pacific Soda LLC	0.00%	50.00%
Pasabahçe Bulgaria EAD	0.00%	100.00%
Pasabahçe Egypt Glass Manufacturing SAE	0.00%	100.00%
Paşabahçe (Shanghai) Trading Co. Ltd	0.00%	100.00%
Paşabahçe Glass Gmbh	0.00%	100.00%
Paşabahçe Investment BV	0.00%	100.00%
Paşabahçe Mağazaları A.Ş.	0.00%	100.00%
Paşabahçe Spain SL	0.00%	100.00%
Paşabahçe SRL	0.00%	100.00%
Paşabahçe USA Inc	0.00%	100.00%
Radore İnternet Hizmetleri A.Ş.	0.00%	25.50%
Radore Veri Merkezi Hizmetleri A.Ş.	0.00%	25.50%
Richard Fritz Holding Gmbh	0.00%	100.00%
Richard Fritz Kft	0.00%	100.00%
Richard Fritz Prototype Spare Parts Gmbh	0.00%	100.00%
Richard Fritz Spol S.R.O.	0.00%	100.00%
Rudnik Krecnjaka "Vijenac" D.O.O	0.00%	50.00%
SC Glass Trading BV	0.00%	100.00%
Sisecam Chemicals USA Inc	0.00%	100.00%
Softtech (Shanghai) Technology Co. Ltd.	0.00%	100.00%
Softtech Ventures Teknoloji A.Ş.	0.00%	100.00%



INDIRECT SUBSIDIARIES	31/12/20	
Name	Direct Share	Bank's Risk Group Share Percentage
Softtech Yazılım Teknolojileri Araştırma Gel. ve Paz. Tic. A.Ş.	0.00%	100.00%
Şişecam Automotive Bulgaria EAD	0.00%	100.00%
Şişecam Bulgaria EOOD	0.00%	100.00%
Şişecam Chem Investment Bv	0.00%	100.00%
Şişecam Çevre Sistemleri A.Ş.	0.00%	90.00%
Şişecam Dış Ticaret A.Ş.	0.00%	100.00%
Şişecam Elyaf Sanayii A.Ş.	0.00%	100.00%
Şişecam Enerji A.Ş.	0.00%	100.00%
Şişecam Flat Glass Holding B.V.	0.00%	100.00%
Şişecam Flat Glass India Private Limited	0.00%	100.00%
Şişecam Flat Glass Italy S.r.l.	0.00%	100.00%
Şişecam Flat Glass South Italy SRL	0.00%	100.00%
Şişecam Glass Packaging B.V.	0.00%	100.00%
Şişecam Otomotiv A.Ş.	0.00%	100.00%
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	0.00%	100.00%
Şişecam Soda Lukavac DOO	0.00%	100.00%
Şişecam Trading co.	0.00%	100.00%
Tatilbudur Kurumsal Hizmetler Turizm ve Ticaret A.Ş.	0.00%	40.00%
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş.	0.00%	40.00%
Toksöz Spor Malzemeleri Tic. A.Ş.	0.00%	90.63%
Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.	0.00%	100.00%
Trakya Glass Bulgaria Ead	0.00%	100.00%
Trakya Glass Rus AO	0.00%	100.00%
Trakya Glass Rus Trading OOO	0.00%	100.00%
Trakya Investment BV	0.00%	100.00%
TRSG Glass Holding BV	0.00%	70.00%
TSKB Gayrimenkul Değerleme A.Ş.	0.00%	100.00%
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	0.00%	89.53%
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	0.00%	99.85%
Yatırım Finansman Menkul Değerler A.Ş.	0.00%	98.42%
Yatırım Varlık Kiralama A.Ş.	0.00%	100.00%

(\*) Includes the direct and indirect subsidiaries in which İşbank's share is equal to or exceeds five percentage points.

## Changes in Share Percentages in Subsidiaries

DIRECT AND INDIRECT SUBSIDIARIES					
COMPANIES	Direct Share of İşbank December 2019	Direct Share of İşbank December 2020	Bank's Risk Group Share Percentage December 2019	Bank's Risk Group Share Percentage December 2020	Reason
<b>Firms that entered to Bank's Risk Group in 2020</b>					
Gullseye Lojistik Teknolojileri A.Ş.	-	0.00%	-	100.00%	Acquisition
Livewell Giyilebilir Sağlık A.Ş.	-	0.00%	-	100.00%	Acquisition
Mikla Yiyecek ve İçecek A.Ş.	-	0.00%	-	83.57%	New company establishment through division
Softtech Ventures Teknoloji A.Ş.	-	0.00%	-	100.00%	New company establishment
<b>Firms whose share ratio changed in Bank's Risk Group in 2020</b>					
İş Finansal Kiralama A.Ş.	27.79%	27.79%	58.29%	58.24%	Sale of Shares in Borsa İstanbul
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	47.90%	50.51%	63.70%	63.89%	Purchasing shares from our bank's group company and transferring the shares from Borsa İstanbul to the subsidiary portfolio
İş Net Elektronik Bilgi Üret. Dağ. Tic. ve İlet. Hizm. A.Ş.	94.65%	100.00%	100.00%	100.00%	Purchasing shares from our bank's group companies
Milli Reasürans T.A.Ş.	77.06%	87.60%	77.06%	87.60%	Purchasing non-group shares of our bank
Türkiye Sınai Kalkınma Bankası A.Ş.	41.44%	47.23%	50.92%	50.92%	Purchasing a share from our bank's group company
Türkiye Şişe ve Cam Fabrikaları A.Ş.	67.54%	50.93%	75.81%	57.02%	Our direct share ratio decreased to 49.61% after the Şişecam merger, and our direct share ratio increased to 50.93% due to the transfer of the shares from Borsa İstanbul to the subsidiary portfolio.
Casaba Yönetim İşl.İmal.İth.İhr.Paz.Sağ. Tem.Güv.Ulş.Tic.ve San.A.Ş.	0.00%	0.00%	50.00%	100.00%	Our group share increased to 100% due to the acquisition of the non-group shares, which are in the capital of the parent company Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., by one of our group companies.
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	0.00%	0.00%	57.67%	57.52%	Sale of shares of our bank's group company in Borsa İstanbul
Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.	0.00%	0.00%	50.00%	100.00%	Our bank's group company purchases non-group shares
M4 Otelcilik ve Turizm A.Ş.	0.00%	0.00%	20.00%	40.00%	Share purchase from a partner
Ortopro Tıbbi Aletler San. Tic. A.Ş.	0.00%	0.00%	90.63%	97.22%	Share purchase from a partner
Tatilbudur Kurumsal Hizmetler Turizm ve Ticaret A.Ş.	0.00%	0.00%	20.00%	40.00%	Share purchase from a partner
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş.	0.00%	0.00%	20.00%	40.00%	Share purchase from a partner
Toksöz Spor Malzemeleri Tic. A.Ş.	0.00%	0.00%	88.27%	90.63%	Share increase through cash capital increase

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	0.00%	0.00%	86.23%	89.53%	The use of pre-emptive rights not used in the purchase of shares from Borsa Istanbul and cash capital increase by our Bank's group company
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COMPANIES	Direct Share of İşbank December 2019	Direct Share of İşbank December 2020	Bank's Risk Group Share Percentage December 2019	Bank's Risk Group Share Percentage December 2020	Reason
<b>Firms that were removed from Bank's Risk Group in 2020</b>					
Bankalararası Kart Merkezi A.Ş.	9.98%	4.89%	9.98%	4.89%	Removed from the list due to losing its subsidiary qualification
AC Glass Holding BV	0.00%	-	100.00%	-	Merger
Anadolu Cam Investment BV	0.00%	-	100.00%	-	Merger
Anadolu Cam Sanayii A.Ş.	0.00%	-	77.27%	-	Merger
Denizli Cam Sanayii ve Ticaret A.Ş.	0.00%	-	51.00%	-	Merger
Istanbul Investment BV	0.00%	-	100.00%	-	Merger
Nude Design Investment BV	0.00%	-	100.00%	-	Merger
Nude Glass Investment BV	0.00%	-	100.00%	-	Merger
Num Num Yiyecek ve İçecek A.Ş.	0.00%	-	83.57%	-	Merger
Paşabağçe Cam Sanayii ve Ticaret A.Ş.	0.00%	-	99.47%	-	Merger
Soda Sanayii A.Ş.	0.00%	-	62.02%	-	Merger
Trakya Cam Sanayii A.Ş.	0.00%	-	70.35%	-	Merger

#### Firms whose title changed in Bank's Risk Group in 2020

Old Title	New Title	Reason
İş Altınhas İnşaat Taahhüt ve Tic. A.Ş.	Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş.	Title Change
Topkapı Yatırım Holding A.Ş.	Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş.	Title Change

## Additional Information Regarding the Related Legislation

### Duties İşbank Board of Directors' members perform outside the Bank

Name-Surname	Position in Bank	Duties outside the bank
Fusun Tümsavaş	Chairperson	Vice Chairperson of the Board of Türkiye İş Bankası A.Ş. Members Supplementary Pension Fund, Chairperson of Anadolu Anonim Türk Sigorta Şirketi
Yusuf Ziya Toprak	Vice Chairperson	None
Adnan Bali	Member of the Board	Chairperson of the Board of Türkiye İş Bankası A.Ş. Members Supplementary Pension Fund, Chairperson of the Board of Softtech Ventures Teknoloji A.Ş., Chairman of Şişecam Group, Member of the Board of Directors of Vehbi Koç Foundation, Member of the High Advisory Board of Darüşşafaka Society, The Institute of International Finance (IIF), Institut International d'Etudes Bancaires (IIEB) and Member of the Board of Directors of The Banks Association of Turkey
Feray Demir	Member of the Board	Member of the Board of Türkiye İş Bankası A.Ş. Members Supplementary Pension Fund
Ersin Önder Çiftçioğlu	Member of the Board	None
Fazlı Bulut	Member of the Board	None
Durmuş Öztekin	Member of the Board	None
Recep Hakan Özyıldız	Member of the Board	Atatürk University Faculty of Political Sciences Part-Time Instructor
Mustafa Rıdvan Selçuk	Member of the Board	Independent Auditor of BDD Bağımsız Denetim ve Danışmanlık A.Ş., Partner of Girişim YMM Ltd. Şti.
Ahmet Gökhan Sungur	Member of the Board	None
Sadrettin Yurtsever	Member of the Board	None

### Independence declaration of Mr. Ahmet Gökhan Sungur who is an Independent Member of the Board

Mr. Ahmet Gökhan Sungur was nominated as Independent Member of the Board to the Corporate Governance Committee that performs the tasks of the Nomination Committee and Corporate Governance Committee's "Evaluation Report of Independent Member Nominee" dated 29.01.2020 was submitted to the Board on 30.01.2020. Independence declaration of Mr. Ahmet Gökhan Sungur who was elected as an Independent Member of the Board at the Ordinary General Meeting dated 31.03.2020 is quoted below:

"As per the requirements of the legislation, Corporate Governance Principles of Capital Markets Board and the Articles of Incorporation of İşbank, due to my nomination as an "independent member" to the Board of Directors of İşbank, I hereby declare to the committee, İşbank shareholders and all the related parties that;

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) İşbank and (ii) the subsidiaries of İşbank, and (iii) shareholders who control the management of İşbank or who have significant influence in İşbank and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Bank (including tax audit, legal audit, internal audit), and in the companies that the Bank purchase products and services from or sells products and services to within the framework of the agreements signed during the timeframe of selling/ purchasing of the products and services,
- I possess the vocational education, knowledge and experience necessary to fulfill the duties I will assume in connection with being an independent board member,
- I am not working fulltime in public institutions and organizations,
- I am considered as a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- I have high ethical standards, goodwill and experience necessary to contribute to İşbank's activities, Maintaining my objectivity in conflicts of interest between İşbank and its shareholders and deciding independently by taking into account the rights of stakeholders,
- I am capable of dedicating sufficient time to be able to observe the Bank's activities and to fulfill the requirements of the duties I undertake,
- I have not been a member of the Board of Directors of İşbank for more than 6 years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by İşbank or by the shareholders who control the management of İşbank and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors,
- I still have all the qualifications as per the Corporate Governance Principles to be an independent member and I will protect all these conditions during the duty term in case of being appointed as independent member. I will inform Board of Directors of İşbank and the Capital Markets Board (simultaneously) about the situation in writing including its reasons in case of losing my independency. And thus, I am independent."

### Remuneration

- Benefits paid to key management personnel in 2020 amount to TL 33,722 thousands. Moreover, cost of allowance, travel, accommodation, representation, as well as the opportunities in cash and in kind, insurance and similar guarantees for key management personnel in the same year amount to TL 6,288 thousands.

### Other Issues

- The actions required with respect to the decisions made at Ordinary General Shareholders' Meeting of 2020 were performed.
- No custom audits were carried out at İşbank within the scope of Articles 207, 438 and 439 of the Turkish Commercial Code in 2019. Our bank is subject to public auditing, especially public institutions such as BRSA, CMB, Competition Board, Central Bank. If there is a situation that needs to be disclosed to the public regarding the audits of the aforementioned public institutions in our Bank, they are disclosed via KAP platform.

## Amendments in the Articles of Incorporation in 2020 (\*)

ARTICLE	OLD	NEW
5	<p><b>Capital</b></p> <p>The Corporation has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and adopted the registered capital system as per the Capital Market Board permission dated 6.3.1997 and Nr.2683. The maximum level of registered capital of the Corporation is TRY 10,000,000,000 (ten billion).</p> <p>The issued and fully paid capital of the Corporation is TL 4,500,000,000 (four billion five hundred million) and TL 1,000 of it is composed of Group (A) shares each of which worth 1 Kurus, TL 29,000 of it is composed of Group (B) shares each of which worth 1 Kurus and TL 4,499,970,000 of it is composed of Group (C) shares each of which worth 4 Kurus.</p> <p>The registered capital maximum level permission granted by the Capital Market Board is valid between 2016 and 2020 (5 years). Even if the registered capital maximum level is not reached by the end of 2020; the Board of Directors, in order to be able to resolve for another capital increase after 2020, is obliged to obtain permission from the Capital Markets Board for the previously permitted or a new maximum level amount and then obtain authorization from the General Assembly for a new time period which shall not be more than five years. Unless such authorization is received, a capital increase cannot be made by a resolution of the Board of Directors.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the maximum level of the registered capital in accordance with the provisions of the Capital Market Law and the relevant legislation, whenever it deems necessary.</p> <p>However, no new shares can be issued unless all the issued shares are sold and their values are collected.</p> <p>All the shares of the Corporation are strictly required to be issued in return for cash; all of them must be registered.</p>	<p><b>Capital</b></p> <p>The Corporation has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and adopted the registered capital system as per the Capital Market Board permission dated 6.3.1997 and Nr.2683. The maximum level of registered capital of the Corporation is TRY 10,000,000,000 (ten billion).</p> <p>The issued and fully paid capital of the Corporation is TL 4,500,000,000 (four billion five hundred million) and TL 1,000 of it is composed of Group (A) shares each of which worth 1 Kurus, TL 29,000 of it is composed of Group (B) shares each of which worth 1 Kurus and TL 4,499,970,000 of it is composed of Group (C) shares each of which worth 4 Kurus.</p> <p>The registered capital maximum level permission granted by the Capital Market Board is valid between 2020 and 2024 (5 years). Even if the registered capital maximum level is not reached by the end of 2024; the Board of Directors, in order to be able to resolve for another capital increase after 2024, is obliged to obtain permission from the Capital Markets Board for the previously permitted or a new maximum level amount and then obtain authorization from the General Assembly for a new time period which shall not be more than five years. Unless such authorization is received, a capital increase cannot be made by a resolution of the Board of Directors.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the maximum level of the registered capital in accordance with the provisions of the Capital Market Law and the relevant legislation, whenever it deems necessary.</p> <p>However, no new shares can be issued unless all the issued shares are sold and their values are collected.</p> <p>All the shares of the Corporation are strictly required to be issued in return for cash; all of them must be registered.</p>

(\*) At the Annual General Meeting convened on 31 March 2020, Article 5 of the Articles of Incorporation was amended to reflect the modified duration of the Bank's authorized capital ceiling.

# Information to Shareholders

**Corporate Title:** Türkiye İş Bankası Anonim Şirketi

**Trade Registry Number:** 431112

**Address:** İş Kuleleri 34330 Levent/İstanbul

**Website:** www.isbank.com.tr

**Contact Information of Branches:** Please visit www.isbank.com.tr

## Annual General Meeting:

As per the decision of the Board of Directors of İşbank, the Annual General Meeting of the Bank will be held at 14:00 on 31 March 2021, Wednesday in the İş Kuleleri Headquarters Auditorium, 34330 Levent-İstanbul.

## Independent Auditor:

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member firm of Ernst & Young Global Limited

İstanbul Head Office

Orjin Maslak Plaza, Eski Büyükdere Cad.

Maslak Mah. No: 27, 34485, Sarıyer, İstanbul

Telephone: +90 (212) 315 30 30

Fax: +90 (212) 230 82 91

## Company Announcements and Financial Data:

İşbank's financial statements, independent auditor's reports, annual reports, press releases and disclosures of material events are available on the Bank's corporate website under the title of Investor Relations, in both Turkish and English.

## Investor Relations and Sustainability Division:

Neşe Gülden Sözdinler, Division Head

İş Kuleleri Kule: 1

Kat: 15, 34330

Levent/İstanbul

Telephone: +90 (212) 316 16 02

E-mail: investorrelations@isbank.com.tr

## Dividend Payments:

İşbank's dividend payment policy is set out in detail in article 58 of the Bank's articles of incorporation. Information about the policy is provided in this annual report. The said information is also available on the Bank's corporate website under the title of Investor Relations, in Turkish and English.

## Company Share Information:

İşbank's Group A, Group B shares are listed on the Main Market with the symbols of ISATR and ISBTR; İşbank's Group C shares are listed on the Stars Market with the symbol of ISCTR. İşbank's Group C shares are traded on London Stock Exchange as Global Depositary Receipts, being subject to "Regulation S"; they are also traded on over-the-counter markets in the USA as American Depositary Receipts, being subject to "Rule 144A".





[www.isbank.com.tr](http://www.isbank.com.tr)

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