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

Türkiye Garanti Bankası Anonim Şirketi
and Its Financial Subsidiaries

Publicly Announced Consolidated Financial Statements, Related Disclosures and Independent Auditors' Report Thereon

as of and for the Nine-Month Period Ended

30 September 2020

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

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Convenience Translation of the Review Report
Originally Prepared and Issued in Turkish to English

Independent Auditor's Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Türkiye Garanti Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together "the Group") as at 30 September 2020 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the nine month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 2.9.4 of Section Five, the accompanying consolidated interim financial information as at 30 September 2020 includes a general reserve of TL 4,330,000 thousand which TL 1,830,000 thousands was recognized as expense in the current period and TL 2,500,000 thousands had been recognized as expense in prior periods, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Türkiye Garanti Bankası A.Ş. and its financial subsidiaries as at 30 September 2020, and its consolidated financial performance and its consolidated cash flows for the nine month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the interim activity report included in section seven of the accompanying consolidated interim financial information is not consistent, in all material respects, with the reviewed consolidated interim financial information and explanatory notes.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated interim financial information and IFRS.

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

Murat Alsan, SMMM
Partner

27 October 2020
İstanbul, Turkey

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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The consolidated financial report for the nine-month period 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, is comprised of the following sections:

1. General Information about Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations, and Risk Management Applications of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Limited Review Report
7. Interim Activity Report

The consolidated subsidiaries and structured entities in the scope of this consolidated financial report are the followings:

Subsidiaries
1. Garanti Bank International NV
2. Garanti Emeklilik ve Hayat AŞ
3. Garanti Holding BV
4. Garanti Finansal Kiralama AŞ
5. Garanti Faktoring AŞ
6. Garanti Yatırım Menkul Kıymetler AŞ
7. Garanti Portföy Yönetimi AŞ

Structured Entities
1. Garanti Diversified Payment Rights Finance Company
2. RPV Company

The consolidated financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira (TL).**

Süleyman Sözen	**Recep Baştuğ**	**Aydın Güler**	**Hakan Özdemir**
Board of Directors Chairman	General Manager	Executive Vice President Responsible of Financial Reporting	Financial Reporting and Accounting Director

Jorge Saenz - Azcunaga Carranza	**Avni Aydın Düren**	**Belkıs Sema Yurdum**
Audit Committee Member	Audit Committee Member	Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

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SECTION TWO

Consolidated Interim Financial Statements

SECTION THREE

Accounting Policies

SECTION FOUR

Consolidated Financial Position and Results of Operations and Risk Management

SECTION FIVE
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SECTION SIX
Limited Review Report

SECTION SEVEN
Interim Activity Report

1 General Information

1.1 History of parent bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (the Bank) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 as a "private bank" and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946.

Following the acquisition on 27 July 2015, Banco Bilbao Vizcaya Argentaria SA (BBVA)'s stake in the Bank reached to 39.90% and BBVA become the main shareholder. Accordingly, the Bank was moved to the "Foreign Deposit Banks" category from the "Private Deposit Bank" category by the Banking Regulation and Supervision Agency (the BRSA).

The Bank provides banking services through 894 domestic branches, 8 foreign branches and 2 representative offices (31 December 2019: 904 domestic branches, 8 foreign branches and 2 representative offices). The Bank's head office is located in Istanbul.

1.2 Parent bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on its risk group

As of 30 September 2020, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group (the Group) and it is the main shareholder.

On 22 March 2011, BBVA had acquired; 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 representing 6.29% ownership. BBVA, purchasing 24.89% shares of the Bank, had joint control on the Bank's management together with group of companies under Doğuş Holding AŞ (the Doğuş Group).

Subsequently, on 7 April 2011, BBVA had acquired 503.160.000 shares at a nominal value of TL 5,032 and increased its ownership in the Bank's share capital to 25.01%.

In accordance with the terms of the agreement between BBVA and the Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 and 62.538.000.000 shares by the Doğuş Group to BBVA, was completed on 27 July 2015. Following the acquisition, BBVA's stake in the Bank reached to 39.90% and BBVA became the main shareholder. The Bank was moved to "Foreign Deposit Banks" category from "Private Deposit Bank" category by the BRSA.

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreement share transfer had been finalized. After the share transfer BBVA's interest in the share capital of the Bank is at 49.85%.

As of balance sheet date, the Doğuş Group's interest in the share capital of the Bank is at 0.05%.

BBVA Group

BBVA is operating for more than 160 years, providing variety of widespread financial and non-financial services to 79 million retail and commercial customers.

The Group's headquarter is in Spain, where the Group has concrete leadership in retail and commercial markets. BBVA adopting innovative, and customer and community oriented management style, besides banking, operates in insurance sector in Europe and portfolio management, private banking and investment banking in global markets.

BBVA which is the largest financial institution in Mexico and also the market leader in South America, operates in more than 30 countries with more than 125 thousand employees.

(Thousands of Turkish Lira (TL))

1.3 Information on parent bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and, if any, shareholdings in the bank

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Süleyman Sözen	Chairman	29.05.1997	University	40 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	28 years
Recep Baştuğ	Member and CEO	06.09.2019	University	31 years
Sait Ergun Özen	Member	14.05.2003	University	34 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	33 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	29 years
Javier Bernal Dionis	Member	27.07.2015	Master	31 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	30 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	40 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	29 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	32 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	31 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	29 years
Betül Ebru Edin	EVP-Corporate, Investment Banking and Global Markets	25.11.2009	University	27 years
Işıl Akdemir Evlioğlu	EVP- Customer Solutions and Digital Banking	01.03.2020	Master	15 years
Selahattin Güldü	EVP-Commercial Banking	20.04.2018	University	30 years
Didem Başer	EVP- Talent and Culture	01.03.2020	Master	26 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	30 years
Ali Temel	Head of Credit Risk Management	03.02.2016	University	30 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	21 years
Cemal Onaran	EVP-SME Banking	17.01.2017	University	30 years

The top management listed above does not hold any material unquoted shares of the Bank.

1.4 Information on parent bank's qualified shareholders

Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Banco Bilbao Vizcaya Argentaria SA	2,093,700	49.85%	2,093,700	-

1.5 Summary information on parent bank's activities and services

Activities of the Bank as stated at the third clause of its Articles of Association are as follows:

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits set forth by the Banking Law;
- Providing attorneyship, insurance agency, brokerage and freight services in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by Turkish government and other official and private institutions on the condition that completion of the necessary approvals and permits by Capital Markets Board of Turkey,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

The Bank's activities are not limited to those disclosed in that third clause, but whenever the Board of Directors deems any operations other than those stated above to be of benefit to the Bank, it is recommended in the general meeting, and the launching of the related project depends on the decision taken during the General Assembly which results in a change in the Articles of Association and on the approval of this decision by the Ministry of Industry and Commerce. Accordingly, the approved decision is added to the Articles of Association.

The Bank is not a specialized bank but deals with all kinds of banking activities. Deposits are the main sources of the lending to the customers. The Bank grants loans to companies operating in various sectors while aiming to maintain the required level of efficiency.

The Bank also grants non-cash loans to its customers; especially letters of guarantee, letters of credit and acceptance credits.

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

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial subsidiaries are subject to consolidation whereas as per the Turkish Accounting Standards and Turkish Financial Reporting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation.

1.7 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries

None.

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 30 September 2020

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 30 September 2020			PRIOR PERIOD 31 December 2019		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**39,781,734**	**88,896,372**	**128,678,106**	**34,725,166**	**74,235,255**	**108,960,421**
1.1	**Cash and Cash Equivalents**	**5.1.1**	**11,950,420**	**66,267,370**	**78,217,790**	**14,200,209**	**57,897,826**	**72,098,035**
1.1.1	Cash and Balances with Central Bank		5,326,164	40,211,412	45,537,576	3,285,977	38,739,329	42,025,306
1.1.2	Banks		1,188,502	25,918,004	27,106,506	747,860	18,834,329	19,582,189
1.1.3	Money Market Placements		5,501,803	467,941	5,969,744	10,205,763	453,693	10,659,456
1.1.4	Expected Credit Losses (-)		66,049	329,987	396,036	39,391	129,525	168,916
1.2	**Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)**	**5.1.2**	**1,382,351**	**6,704,461**	**8,086,812**	**692,738**	**4,526,562**	**5,219,300**
1.2.1	Government Securities		816,642	1,826,056	2,642,698	370,765	91,126	461,891
1.2.2	Equity Securities		519,599	30,652	550,251	303,272	30,148	333,420
1.2.3	Other Financial Assets		46,110	4,847,753	4,893,863	18,701	4,405,288	4,423,989
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI**	**5.1.3**	**21,889,923**	**13,543,148**	**35,433,071**	**18,274,036**	**10,369,493**	**28,643,529**
1.3.1	Government Securities		21,712,344	8,999,746	30,712,090	18,192,222	6,627,521	24,819,743
1.3.2	Equity Securities		70,081	242,250	312,331	32,328	350,053	382,381
1.3.3	Other Financial Assets		107,498	4,301,152	4,408,650	49,486	3,391,919	3,441,405
1.4	**Derivative Financial Assets**	**5.1.4**	**4,559,040**	**2,381,393**	**6,940,433**	**1,558,183**	**1,441,374**	**2,999,557**
1.4.1	Derivative Financial Assets Measured at FVTPL		4,033,747	2,361,941	6,395,688	1,133,910	1,424,303	2,558,213
1.4.2	Derivative Financial Assets Measured at FVOCI		525,293	19,452	544,745	424,273	17,071	441,344
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)**		**220,159,253**	**146,034,995**	**366,194,248**	**180,738,392**	**115,539,328**	**296,277,720**
2.1	**Loans**	**5.1.5**	**206,264,866**	**139,706,821**	**345,971,687**	**166,976,048**	**110,530,551**	**277,506,599**
2.2	**Lease Receivables**	**5.1.6**	**1,616,035**	**5,973,433**	**7,589,468**	**1,326,634**	**4,857,520**	**6,184,154**
2.3	**Factoring Receivables**	**5.1.7**	**2,001,036**	**982,623**	**2,983,659**	**1,809,179**	**620,984**	**2,430,163**
2.4	**Other Financial Assets Measured at Amortised Cost**	**5.1.8**	**22,304,422**	**10,847,529**	**33,151,951**	**20,732,279**	**6,988,063**	**27,720,342**
2.4.1	Government Securities		22,205,553	10,814,686	33,020,239	20,591,464	6,967,172	27,558,636
2.4.2	Other Financial Assets		98,869	32,843	131,712	140,815	20,891	161,706
2.5	**Expected Credit Losses (-)**		**12,027,106**	**11,475,411**	**23,502,517**	**10,105,748**	**7,457,790**	**17,563,538**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.1.9**	**996,655**	**23,080**	**1,019,735**	**1,424,822**	**27,436**	**1,452,258**
3.1	Asset Held for Resale		996,655	23,080	1,019,735	1,424,822	27,436	1,452,258
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES**		**159,014**	**6,055**	**165,069**	**149,767**	**4,087**	**153,854**
4.1	**Associates (Net)**	**5.1.10**	**44,994**	**7**	**45,001**	**35,747**	**6**	**35,753**
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		44,994	7	45,001	35,747	6	35,753
4.2	**Subsidiaries (Net)**	**5.1.11**	**114,020**	**6,048**	**120,068**	**114,020**	**4,081**	**118,101**
4.2.1	Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		114,020	6,048	120,068	114,020	4,081	118,101
4.3	**Joint Ventures (Net)**	**5.1.12**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**5.1.13**	**5,196,610**	**493,383**	**5,689,993**	**5,145,933**	**382,366**	**5,528,299**
VI.	**INTANGIBLE ASSETS (Net)**	**5.1.14**	**512,788**	**80,095**	**592,883**	**430,194**	**49,712**	**479,906**
6.1	Goodwill		6,388	-	6,388	6,388	-	6,388
6.2	Others		506,400	80,095	586,495	423,806	49,712	473,518
VII.	**INVESTMENT PROPERTY (Net)**	**5.1.15**	**602,010**	**-**	**602,010**	**569,719**	**-**	**569,719**
VIII.	**CURRENT TAX ASSET**		**-**	**79,860**	**79,860**	**7,649**	**78,568**	**86,217**
IX.	**DEFERRED TAX ASSET**	**5.1.16**	**2,529,451**	**20,797**	**2,550,248**	**1,861,118**	**20,892**	**1,882,010**
X.	**OTHER ASSETS (Net)**	**5.1.17**	**7,760,020**	**12,577,228**	**20,337,248**	**5,502,245**	**7,661,499**	**13,163,744**
	TOTAL ASSETS		**277,697,535**	**248,211,865**	**525,909,400**	**230,555,005**	**197,999,143**	**428,554,148**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 30 September 2020

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2020			PRIOR PERIOD 31 December 2019		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**5.2.1**	**130,478,804**	**215,185,096**	**345,663,900**	**113,245,513**	**164,031,812**	**277,277,325**
II.	**FUNDS BORROWED**	**5.2.2**	**2,145,835**	**28,159,843**	**30,305,678**	**2,687,955**	**22,934,104**	**25,622,059**
III.	**MONEY MARKET FUNDS**	**5.2.3**	**1,824,585**	**1,272,486**	**3,097,071**	**416,266**	**1,370,595**	**1,786,861**
IV.	**SECURITIES ISSUED (NET)**	**5.2.4**	**5,757,019**	**17,775,252**	**23,532,271**	**6,036,084**	**14,990,453**	**21,026,537**
4.1	Bills		4,534,466	-	4,534,466	4,825,540	-	4,825,540
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1,222,553	17,775,252	18,997,805	1,210,544	14,990,453	16,200,997
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FVTPL**	**5.2.5**	**-**	**15,591,683**	**15,591,683**	**-**	**14,342,293**	**14,342,293**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5.2.6**	**1,817,673**	**5,827,433**	**7,645,106**	**1,945,271**	**2,294,394**	**4,239,665**
7.1	Derivative Financial Liabilities Measured at FVTPL		1,682,612	5,514,301	7,196,913	1,305,445	2,199,506	3,504,951
7.2	Derivative Financial Liabilities Measured at FVOCI		135,061	313,132	448,193	639,826	94,888	734,714
VIII.	**FACTORING LIABILITIES**	**5.2.7**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES (Net)**	**5.2.8**	**1,046,861**	**191,333**	**1,238,194**	**969,316**	**165,454**	**1,134,770**
X.	**PROVISIONS**	**5.2.9**	**6,936,031**	**2,506,481**	**9,442,512**	**5,348,121**	**1,178,252**	**6,526,373**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,093,581	138,058	1,231,639	1,135,056	111,605	1,246,661
10.3	Insurance Technical Provisions (Net)		723,098	100,153	823,251	589,541	50,992	640,533
10.4	Other Provisions		5,119,352	2,268,270	7,387,622	3,623,524	1,015,655	4,639,179
XI.	**CURRENT TAX LIABILITY**	**5.2.10**	**811,499**	**64,255**	**875,754**	**1,149,548**	**102,427**	**1,251,975**
XII.	**DEFERRED TAX LIABILITY**	**5.2.10**	**-**	**35,109**	**35,109**	**-**	**29,480**	**29,480**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.2.11**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Asset Held for Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBTS**	**5.2.12**	**1,021,630**	**5,877,788**	**6,899,418**	**261,478**	**4,468,229**	**4,729,707**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		1,021,630	5,877,788	6,899,418	261,478	4,468,229	4,729,707
XV.	**OTHER LIABILITIES**	**5.2.13**	**18,074,337**	**2,783,641**	**20,857,978**	**14,252,573**	**2,283,783**	**16,536,356**
XVI.	**SHAREHOLDERS' EQUITY**	**5.2.14**	**61,052,267**	**(327,541)**	**60,724,726**	**53,554,029**	**496,718**	**54,050,747**
16.1	Paid-in Capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital Reserves		784,434	-	784,434	784,434	-	784,434
16.2.1	Share Premium		11,880	-	11,880	11,880	-	11,880
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		772,554	-	772,554	772,554	-	772,554
16.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		1,597,506	94,314	1,691,820	1,376,965	267,474	1,644,439
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		3,338,141	(771,917)	2,566,224	1,465,038	(94,917)	1,370,121
16.5	Profit Reserves		45,526,944	338,467	45,865,411	39,288,768	324,161	39,612,929
16.5.1	Legal Reserves		1,554,550	70,574	1,625,124	1,546,353	53,081	1,599,434
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		43,734,381	-	43,734,381	37,509,839	-	37,509,839
16.5.4	Other Profit Reserves		238,013	267,893	505,906	232,576	271,080	503,656
16.6	Profit/Loss		5,379,398	11,595	5,390,993	6,164,914	-	6,164,914
16.6.1	Prior Periods' Profit/Loss		195,888	11,595	207,483	-	-	-
16.6.2	Current Period's Net Profit/Loss		5,183,510	-	5,183,510	6,164,914	-	6,164,914
16.7	Minority Interest		225,844	-	225,844	273,910	-	273,910
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**230,966,541**	**294,942,859**	**525,909,400**	**199,866,154**	**228,687,994**	**428,554,148**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Off-Balance Sheet Items
At 30 September 2020

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2020			PRIOR PERIOD 31 December 2019		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**240,883,594**	**412,249,653**	**653,133,247**	**187,129,637**	**307,620,161**	**494,749,798**
I.	**GUARANTEES AND SURETIES**	**5.3.1**	**28,391,825**	**45,684,297**	**74,076,122**	**23,655,572**	**39,101,523**	**62,757,095**
1.1	Letters of guarantee		28,067,648	34,352,820	62,420,468	23,555,242	26,872,148	50,427,390
1.1.1	Guarantees subject to State Tender Law		-	1,304,614	1,304,614	-	1,252,136	1,252,136
1.1.2	Guarantees given for foreign trade operations		1,907,263	960,569	2,867,832	1,408,118	620,356	2,028,474
1.1.3	Other letters of guarantee		26,160,385	32,087,637	58,248,022	22,147,124	24,999,656	47,146,780
1.2	Bank acceptances		59,687	2,081,667	2,141,354	35,845	1,543,198	1,579,043
1.2.1	Import letter of acceptance		59,687	2,081,667	2,141,354	35,395	1,521,807	1,557,202
1.2.2	Other bank acceptances		-	-	-	450	21,391	21,841
1.3	Letters of credit		264,490	9,120,139	9,384,629	64,485	10,611,998	10,676,483
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		264,490	9,120,139	9,384,629	64,485	10,611,998	10,676,483
1.4	Guaranteed prefinancings		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Underwriting commitments		-	-	-	-	-	-
1.7	Factoring related guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	129,671	129,671	-	74,179	74,179
1.9	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**		**70,138,432**	**25,173,872**	**95,312,304**	**62,668,511**	**14,344,299**	**77,012,810**
2.1	Irrevocable commitments		69,549,886	22,792,842	92,342,728	62,458,341	12,568,282	75,026,623
2.1.1	Asset purchase and sale commitments		2,495,097	19,907,275	22,402,372	5,306,346	10,576,157	15,882,503
2.1.2	Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	2,763	2,763	-	6,336	6,336
2.1.4	Loan granting commitments		19,715,528	1,845,581	21,561,109	16,305,168	1,273,729	17,578,897
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		3,159,464	-	3,159,464	3,184,727	-	3,184,727
2.1.8	Tax and fund obligations on export commitments		148,680	-	148,680	137,121	-	137,121
2.1.9	Commitments for credit card limits		44,029,508	1,037,223	45,066,731	37,521,955	712,060	38,234,015
2.1.10	Commitments for credit cards and banking services related promotions		1,609	-	1,609	3,024	-	3,024
2.1.11	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	-	-	-	-	-
2.2	Revocable commitments		588,546	2,381,030	2,969,576	210,170	1,776,017	1,986,187
2.2.1	Revocable loan granting commitments		10,472	1,934,279	1,944,751	15,045	1,446,989	1,462,034
2.2.2	Other revocable commitments		578,074	446,751	1,024,825	195,125	329,028	524,153
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**5.3.2**	**142,353,337**	**341,391,484**	**483,744,821**	**100,805,554**	**254,174,339**	**354,979,893**
3.1	Derivative financial instruments held for risk management		4,834,128	41,274,165	46,108,293	22,373,314	43,574,257	65,947,571
3.1.1	Fair value hedges		69,986	10,419,315	10,489,301	4,835,016	16,607,942	21,442,958
3.1.2	Cash flow hedges		4,764,142	30,854,850	35,618,992	17,538,298	26,966,315	44,504,613
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		137,519,209	300,117,319	437,636,528	78,432,240	210,600,082	289,032,322
3.2.1	Forward foreign currency purchases/sales		6,729,095	9,463,513	16,192,608	7,322,962	8,764,639	16,087,601
3.2.1.1	Forward foreign currency purchases		5,319,223	2,756,728	8,075,951	3,686,017	4,409,675	8,095,692
3.2.1.2	Forward foreign currency sales		1,409,872	6,706,785	8,116,657	3,636,945	4,354,964	7,991,909
3.2.2	Currency and interest rate swaps		126,149,007	227,592,257	353,741,264	60,617,121	160,582,646	221,199,767
3.2.2.1	Currency swaps-purchases		3,453,786	86,627,295	90,081,081	9,766,706	67,104,838	76,871,544
3.2.2.2	Currency swaps-sales		55,924,874	45,544,206	101,469,080	43,894,979	29,683,702	73,578,681
3.2.2.3	Interest rate swaps-purchases		33,385,374	47,710,378	81,095,752	3,477,718	31,897,053	35,374,771
3.2.2.4	Interest rate swaps-sales		33,384,973	47,710,378	81,095,351	3,477,718	31,897,053	35,374,771
3.2.3	Currency, interest rate and security options		3,417,349	9,821,668	13,239,017	10,170,756	20,898,894	31,069,650
3.2.3.1	Currency call options		2,364,278	1,627,147	3,991,425	5,408,521	5,945,014	11,353,535
3.2.3.2	Currency put options		849,991	3,375,228	4,225,219	4,573,863	7,416,639	11,990,502
3.2.3.3	Interest rate call options		-	3,783,572	3,783,572	-	6,649,121	6,649,121
3.2.3.4	Interest rate put options		-	1,035,721	1,035,721	-	888,120	888,120
3.2.3.5	Security call options		161,542	-	161,542	87,880	-	87,880
3.2.3.6	Security put options		41,538	-	41,538	100,492	-	100,492
3.2.4	Currency futures		884,645	2,181,532	3,066,177	131,926	534,975	666,901
3.2.4.1	Currency futures-purchases		102,170	1,387,200	1,489,370	128,032	208,060	336,092
3.2.4.2	Currency futures-sales		782,475	794,332	1,576,807	3,894	326,915	330,809
3.2.5	Interest rate futures		-	23,016	23,016	-	29,604	29,604
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	23,016	23,016	-	29,604	29,604
3.2.6	Others		339,113	51,035,333	51,374,446	189,475	19,789,324	19,978,799
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**876,803,766**	**1,153,445,921**	**2,030,249,687**	**805,331,669**	**860,068,236**	**1,665,399,905**
IV.	**ITEMS HELD IN CUSTODY**		**66,933,193**	**63,668,700**	**130,601,893**	**61,688,136**	**42,938,926**	**104,627,062**
4.1	Customers' securities held		30,460,667	-	30,460,667	27,430,538	-	27,430,538
4.2	Investment securities held in custody		15,459,651	24,614,565	40,074,216	15,270,202	12,493,790	27,763,992
4.3	Checks received for collection		15,081,189	6,592,095	21,673,284	15,688,562	5,837,295	21,525,857
4.4	Commercial notes received for collection		2,436,785	1,157,651	3,594,436	2,702,936	938,150	3,641,086
4.5	Other assets received for collection		3,278,010	27,007,771	30,285,781	250,510	20,797,896	21,048,406
4.6	Assets received through public offering		-	187,867	187,867	-	144,496	144,496
4.7	Other items under custody		216,891	4,108,751	4,325,642	345,388	2,727,299	3,072,687
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**809,870,573**	**1,089,777,221**	**1,899,647,794**	**743,643,533**	**817,129,310**	**1,560,772,843**
5.1	Securities		6,307,876	2,323,796	8,631,672	4,036,323	1,563,950	5,600,273
5.2	Guarantee notes		23,550,645	19,929,136	43,479,781	23,737,421	13,743,078	37,480,499
5.3	Commodities		15,276	-	15,276	3,371	-	3,371
5.4	Warranties		-	523,596	523,596	-	377,819	377,819
5.5	Real estates		184,763,402	193,857,007	378,620,409	175,430,786	148,434,218	323,865,004
5.6	Other pledged items		595,233,374	873,143,556	1,468,376,930	540,435,632	653,010,149	1,193,445,781
5.7	Pledged items-depository		-	130	130	-	96	96
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**1,117,687,360**	**1,565,695,574**	**2,683,382,934**	**992,461,306**	**1,167,688,397**	**2,160,149,703**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss
For the period ended at 30 September 2020

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2020- 30 September 2020	PRIOR PERIOD 1 January 2019- 30 September 2019	CURRENT PERIOD 1 July 2020- 30 September 2020	PRIOR PERIOD 1 July 2019- 30 September 2019
I.	**INTEREST INCOME**	**5.4.1**	**28,203,500**	**32,583,287**	**9,884,980**	**10,484,665**
1.1	Interest income on loans		22,774,792	25,956,080	7,764,700	8,416,250
1.2	Interest income on reserve deposits		34,277	366,638	33,766	106,944
1.3	Interest income on banks		153,132	622,664	42,908	202,337
1.4	Interest income on money market transactions		354,094	230,212	251,181	145,612
1.5	Interest income on securities portfolio		4,220,184	4,639,078	1,573,662	1,374,898
1.5.1	Financial assets measured at FVTPL		92,920	62,492	35,292	28,391
1.5.2	Financial assets measured at FVOCI		2,026,590	2,301,302	780,716	673,703
1.5.3	Financial assets measured at amortised cost		2,100,674	2,275,284	757,654	672,804
1.6	Financial lease income		370,009	386,626	130,933	124,995
1.7	Other interest income		297,012	381,989	87,830	113,629
II.	**INTEREST EXPENSE (-)**	**5.4.2**	**9,922,059**	**17,493,332**	**3,285,980**	**5,292,871**
2.1	Interest on deposits		6,332,565	13,658,586	2,172,741	4,210,862
2.2	Interest on funds borrowed		1,134,605	1,347,087	308,836	257,265
2.3	Interest on money market transactions		269,156	102,270	74,839	23,008
2.4	Interest on securities issued		1,707,938	2,163,107	589,628	739,003
2.5	Lease interest expense		110,601	140,315	27,135	47,013
2.6	Other interest expenses		367,194	81,967	112,801	15,720
III.	**NET INTEREST INCOME (I - II)**		**18,281,441**	**15,089,955**	**6,599,000**	**5,191,794**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**4,865,513**	**4,637,015**	**1,678,129**	**1,662,125**
4.1	Fees and commissions received		6,041,461	6,493,581	2,109,211	2,337,463
4.1.1	Non-cash loans		564,351	537,349	205,781	173,612
4.1.2	Others		5,477,110	5,956,232	1,903,430	2,163,851
4.2	Fees and commissions paid (-)		1,175,948	1,856,566	431,082	675,338
4.2.1	Non-cash loans		15,684	11,396	5,851	3,788
4.2.2	Others		1,160,264	1,845,170	425,231	671,550
V.	**DIVIDEND INCOME**	**5.4.3**	**20,118**	**9,046**	**1,457**	**24**
VI.	**NET TRADING INCOME/LOSSES (Net)**	**5.4.4**	**2,321,948**	**(1,877,715)**	**1,248,012**	**(898,278)**
6.1	Trading account income/losses		2,081,095	220,636	395,699	(135,339)
6.2	Income/losses from derivative financial instruments		(1,443,073)	(3,013,423)	1,497,142	(598,237)
6.3	Foreign exchange gains/losses		1,683,926	915,072	(644,829)	(164,702)
VII.	**OTHER OPERATING INCOME**	**5.4.5**	**5,395,362**	**4,716,943**	**1,843,490**	**1,340,465**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**30,884,382**	**22,575,244**	**11,370,088**	**7,296,130**
IX.	**EXPECTED CREDIT LOSSES (-)**	**5.4.6**	**11,288,066**	**8,491,807**	**3,747,484**	**2,971,065**
X.	**OTHER PROVISIONS (-)**	**5.4.6**	**3,706,345**	**323,937**	**1,966,366**	**119,226**
XI.	**PERSONNEL EXPENSES (-)**		**3,267,216**	**3,137,761**	**1,093,331**	**1,043,087**
XII.	**OTHER OPERATING EXPENSES (-)**	**5.4.7**	**5,251,403**	**4,259,423**	**1,789,252**	**1,464,862**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**7,371,352**	**6,362,316**	**2,773,655**	**1,697,890**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**	**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY**		**-**	**-**	**-**	**-**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**	**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)**	**5.4.8**	**7,371,352**	**6,362,316**	**2,773,655**	**1,697,890**
XVIII.	**PROVISION FOR TAXES (±)**	**5.4.9**	**2,131,325**	**1,363,856**	**864,507**	**368,198**
18.1	Current tax charge		2,648,684	1,675,751	391,678	451,700
18.2	Deferred tax charge (+)		957,702	326,128	659,990	(14,064)
18.3	Deferred tax credit (-)		(1,475,061)	(638,023)	(187,161)	(69,438)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**5.4.10**	**5,240,027**	**4,998,460**	**1,909,148**	**1,329,692**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**	**-**	**-**
20.1	Income from assets held for sale		-	-	-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
20.3	Others		-	-	-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**	**-**	**-**
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
21.3	Others		-	-	-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERAT**	**5.4.8**	**-**	**-**	**-**	**-**
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (**	**5.4.9**	**-**	**-**	**-**	**-**
23.1	Current tax charge		-	-	-	-
23.2	Deferred tax charge (+)		-	-	-	-
23.3	Deferred tax credit (-)		-	-	-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPEF**	**5.4.10**	**-**	**-**	**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**5.4.11**	**5,240,027**	**4,998,460**	**1,909,148**	**1,329,692**
25.1	Equity holders of the bank		5,183,510	4,938,235	1,888,398	1,309,864
25.2	Minority interest		56,517	60,225	20,750	19,828
	Earnings per Share		**0.01234**	**0.01176**	**0.00450**	**0.00312**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended at 30 September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2020 - 30 September 2020	**PRIOR PERIOD 1 January 2019 - 30 September 2019**
I.	**CURRENT PERIOD PROFIT/LOSS**	**5,240,027**	**4,998,460**
II.	**OTHER COMPREHENSIVE INCOME**	**1,452,902**	**(114,764)**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**254,864**	**75,298**
2.1.1	Revaluation Surplus on Tangible Assets	232,831	3,143
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	40,096	77,070
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(18,063)	(4,915)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**1,198,038**	**(190,062)**
2.2.1	Translation Differences	1,937,760	48,939
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(138,813)	366,273
2.2.3	Gains/losses from Cash Flow Hedges	174,249	(663,536)
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(948,672)	(27,033)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	(2,116)	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	175,630	85,295
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**6,692,929**	**4,883,696**

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the period ended at 30 September 2020

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD (01/01/2019-30/09/2019)																	
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,534,923	(160,891)	99,362	2,744,795	(1,058,211)	(1,074,741)	32,977,973	6,641,652	-	46,689,296	197,546	46,886,842
II. Correction made as per TAS 8		-	-	-	-	-	-	1,855	-	(80,864)	79,009	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	1,855	-	(80,864)	79,009	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	1,534,923	(160,891)	101,217	2,744,795	(1,139,075)	(995,732)	32,977,973	6,641,652	-	46,689,296	197,546	46,886,842
IV. Total Comprehensive Income		-	-	-	-	2,768	-	72,530	48,939	297,768	(537,127)	-	-	4,938,235	4,823,113	60,583	4,883,696
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	-	-	-	-	-	-	-	5,135	-	-	5,135	-	5,135
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	6,641,652	(6,641,652)	-	-	(680)	(680)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(680)	(680)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	6,641,652	(6,641,652)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		4,200,000	11,880	-	772,554	1,537,691	(160,891)	173,747	2,793,734	(841,307)	(1,532,859)	39,624,760	-	4,938,235	51,517,544	257,449	51,774,993
CURRENT PERIOD (01/01/2020-30/09/2020)																	
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,597,962	(172,474)	217,096	3,210,286	(573,850)	(1,264,460)	39,612,929	6,164,914	-	53,776,837	273,910	54,050,747
II. Correction made as per TAS 8		-	-	-	-	-	-	1,855	-	470,282	(472,137)	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	1,855	-	470,282	(472,137)	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	1,597,962	(172,474)	218,951	3,210,286	(103,568)	(1,736,597)	39,612,929	6,164,914	-	53,776,837	273,910	54,050,747
IV. Total Comprehensive Income		-	-	-	-	208,683	-	(161,302)	1,937,760	(124,060)	(617,597)	-	207,483	5,183,510	6,634,477	58,452	6,692,929
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	-	-	-	-	-	-	-	87,568	-	-	87,568	-	87,568
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	6,164,914	(6,164,914)	-	-	(106,518)	(106,518)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106,518)	(106,518)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	6,159,477	(6,159,477)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	5,437	(5,437)	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		4,200,000	11,880	-	772,554	1,806,645	(172,474)	57,649	5,148,046	(227,628)	(2,354,194)	45,865,411	207,483	5,183,510	60,498,882	225,844	60,724,726

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
For the period ended at 30 September 2020

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2020- 30 September 2020	PRIOR PERIOD 1 January 2019 - 30 September 2019
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	**5.6**	**12,500,912**	**13,295,165**
1.1.1	Interests received		27,046,294	29,261,619
1.1.2	Interests paid		(9,914,392)	(17,534,601)
1.1.3	Dividend received		20,118	9,046
1.1.4	Fees and commissions received		6,041,461	6,493,581
1.1.5	Other income		5,395,362	4,937,579
1.1.6	Collections from previously written-off receivables		617,504	538,149
1.1.7	Cash payments to personnel and service suppliers		(7,140,488)	(6,215,262)
1.1.8	Taxes paid		(2,989,582)	(1,555,552)
1.1.9	Others		(6,575,365)	(2,639,394)
1.2	**Changes in operating assets and liabilities**	**5.6**	**(12,945,125)**	**(745,610)**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		(2,664,692)	(515,099)
1.2.2	Net (increase) decrease in due from banks		(1,657,257)	783,503
1.2.3	Net (increase) decrease in loans		(74,446,495)	(7,212,779)
1.2.4	Net (increase) decrease in other assets		(14,988,044)	(649,031)
1.2.5	Net increase (decrease) in bank deposits		(1,499,596)	(2,226,111)
1.2.6	Net increase (decrease) in other deposits		69,819,876	15,159,564
1.2.7	Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		8,271,806	(8,685,260)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		4,219,277	2,599,603
I.	**Net cash flow from banking operations**	**5.6**	**(444,213)**	**12,549,555**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	**5.6**	**(11,405,039)**	**(463,947)**
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(3,588)	-
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(754,767)	(395,023)
2.4	Sales of tangible assets		366,146	292,398
2.5	Cash paid for purchase of financial assets measured at FVOCI		(17,044,457)	(5,255,932)
2.6	Cash obtained from sale of financial assets measured at FVOCI		10,421,590	5,783,762
2.7	Cash paid for purchase of financial assets measured at amortised cost		(7,081,080)	(998,457)
2.8	Cash obtained from sale of financial assets measured at amortised cost		2,691,117	109,305
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**4,146,993**	**(3,572,661)**
3.1	Cash obtained from funds borrowed and securities issued		19,049,591	16,338,258
3.2	Cash used for repayment of funds borrowed and securities issued		(14,612,676)	(19,637,820)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	(680)
3.5	Payments for leases		(289,922)	(272,419)
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**		**4,542,841**	**(17,077)**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	**5.6**	**(3,159,418)**	**8,495,870**
VI.	**Cash and cash equivalents at beginning of period**	**5.6**	**48,006,493**	**37,697,604**
VII.	**Cash and cash equivalents at end of period (V+VI)**	**5.6**	**44,847,075**	**46,193,474**

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

3 Accounting Policies

3.1 Basis of presentation

The Bank and its consolidated financial subsidiaries prepare their consolidated financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and real estates which are presented on a fair value basis.

Prepared in accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 with No. 30673.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes 3.2 to 3.30.

3.1.1 Changes in Accounting policies and disclosures

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

3.1.2 Other

A new type of coronavirus (COVID-19), first emerging in China, has been classified by the World Health Organization as an epidemic affecting countries globally. The COVID-19 outbreak not only affects economic conditions both regionally and globally, as it causes disruptions in operations, especially in countries that are exposed to the epidemic. The effects of COVID-19 on the Bank's financial statements are regularly monitored by the risk units and the Bank's Management.

While preparing the interim financial statements dated 30 September 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

The Bank has reviewed the expected credit losses including the estimations and judgements used in the calculations together with the fair value measurements within the scope of TFRS 13 Fair Value Measurement standard. The estimates and judgements used in the calculating expected credit losses explained in footnote 3.8.

As of 30 September 2020, the Bank has no assets or liabilities that would require any adjustment in the fair value hierarchy.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

The liability side of the balance sheet is intensively composed of short-term deposits in line with the general trend in the banking sector. In addition to deposits, the Bank and its financial subsidiaries have access to longer-term borrowings via the borrowings from abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank and its financial subsidiaries are keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows.

A portion of the fixed-rate securities and loans, and the bonds are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency swaps, are accounted under net trading income/losses in the income statement. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

It may classify the financial assets and liabilities as at fair value through profit or loss at the initial recognition in order to eliminate any accounting inconsistency.

The fundamental strategy to manage the liquidity risk that may incur due to short-term structure of funding, is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The widespread and effective branch network, advantage of primary dealership and strong market share in the treasury and capital markets, are the most effective tools in the realisation of this strategy. For this purpose, serving customers by introducing new products and services continuously and reaching the customers satisfaction are very important.

Another influential factor in the management of the interest and liquidity risk on balance sheet is product diversification both on asset and liability sides.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

Purchase and sale of short and long-term financial instruments are allowed within the pre-determined limits to generate risk-free return on capital.

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

3.2.2 Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Bank's spot purchase rates for the parent Bank and with the Central Bank of Turkey's spot purchase rates for domestic financial subsidiaries, and the differences are recorded as foreign exchange gain or loss in the income statement.

During the consolidation of foreign subsidiaries, the assets and liabilities are translated into TL at exchange rates ruling at the balance sheet date, the income and expenses in income statement are translated into TL using monthly average exchange rates. Foreign exchange differences arising from the translation of income and expenses and other equity items, are recognized in "other comprehensive income/expense items to be recycled to profit or loss under the shareholders' equity.

In the current period, net investment hedge amounting to EUR 414,165,411 (31 December 2019: EUR 401,703,512) is applied in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 2,529,248 (31 December 2019: TL 1,580,575), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 30 September 2020. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 30 September 2020, Türkiye Garanti Bankası Anonim Şirketi and the following financial subsidiaries are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. The company's head office is in Istanbul. The Bank increased its shareholding to 100% through a further acquisition of 0.04% of the company's shares on 21 October 2014.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank owns 81.84% of Garanti Faktoring shares including the shares acquired in the market, T. İhracat Kredi Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

GBI was established in October 1990 to perform banking activities abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.61%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Holding was established in December 2007 in Amsterdam and all its shares was purchased by the Bank from Doğuş Holding AŞ in May 2010. On 27 January 2011 the consolidated subsidiary's legal named changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company and RPV Company are structured entities established for the parent Bank's securitization transactions, and consolidated in the accompanying consolidated financial statements. The Bank or any of its subsidiaries does not have any shareholding interests in these companies.

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit or loss

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contacts.

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in income statement at the date they incur. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or "the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "income / losses from derivative transactions" under statement of profit or loss.

Within the scope of TFRS 13 Fair Value Measurement standard; (i) if there is a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities); (ii) when the transaction or quoted price does not represent fair value; and / or (iii) when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or (iv) when the price is stale, an adjustment to the transactions or quoted prices is made and this adjustment is reflected to the fair value measurement. In this context, the point is determined within the range that is most representative of fair value under current market conditions. Beginning on 30 June 2020, the Bank started to use TLREF OIS ("Overnight Indexed Swap") curves to reflect its fair valuation more accurately for the CBRT swap transactions and made the necessary fair value measurement adjustments.

The spot legs of currency swap transactions are recorded on the balance sheet and the forward legs in the off-balance sheet accounts as commitment. In the initial phase of currency swaps, the, currency exchange transactions to realise at value dates are recorded and followed as irrevocable commitments in the off-balance sheet accounts up to their value dates.

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument. If a hybrid contract contains a host that is an asset within the scope of this standard, it is applied the standard's requirements about classification of financial assets to the entire hybrid contract. The Bank and its consolidated financial subsidiaries do not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

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

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

Total return swap; is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the reference asset. It is entered into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank and its consolidated financial subsidiaries continue to apply hedge accounting in accordance with TAS 39 in this context.

The Bank and its consolidated financial subsidiaries enter into interest rate and cross currency swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. The changes in fair values of derivative financial assets held for fair value hedges are recognised in "income/losses from derivative financial instruments". If the hedging is effective, the changes in fair value of the hedged item is presented in statement of financial position together with the fixed-rate loan, and in case of the fixed-rate financial assets at fair value through other comprehensive income, such changes are reclassified from shareholders' equity to statement of profit or loss.

Derivative financial assets measured at fair value through other comprehensive income

The Bank and its consolidated financial subsidiaries enter into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "accumulated other comprehensive income or expense to be reclassified to profit or loss" in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders' equity is removed and included in statement of profit or loss in the same period when the hedged cash flows effect the income or loss.

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

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to statement of profit or loss under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued.

While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in statement of profit or loss considering the original maturity.

3.5 Interest income and expenses

General

Interest is recorded according to the effective interest rate method (rate equalizing future cash flows of financial assets or liabilities to net present value) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. In applying the effective interest method, it is identified fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognised in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognised in the financial statements.

When applying the effective interest method, it is amortised any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument.

In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest income of the period after the acquisition is recorded as interest income in the financial statements.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related income statement line and is amortized over the estimated life of the financial asset.

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

If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

Financial lease activities

Total of minimum rental payments including interests and principals are recorded under "financial lease receivables" as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under "unearned income". When the rent payment incurs, the rent amount is deducted from "financial lease receivables"; and the interest portion is recorded as interest income in the income statement.

3.6 Fees and commissions

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

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

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

3.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from Contracts with Customers, at initial recognition, financial asset or financial liabilities are measured at fair value. At initial recognition, financial asset or a financial liability exclusive the ones at fair value through profit or loss are measured at its fair value plus or minus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of the business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation.

During assessment of the business model for management of financial assets, it must be considered all relevant evidence that is available at the date of the assessment. Such relevant evidence includes below:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Assessment of the business model is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

If cash flows are realised in a way that is different from the expectations at the date that it is assessed the business model, that does not give rise to a prior period error in the financial statements nor does it change the classification of the remaining financial assets held in that business model as long as it is considered all relevant information that was available at the time that it made the business model assessment. However, when the business model is assessed for newly originated or newly purchased financial assets, it must be considered information about how cash flows were realised in the past, along with all other relevant information.

The business models are divided into three categories. These categories are defined below:

- A business model whose objective is to hold assets in order to collect contractual cash flows: a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: it may be held financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Other business models: financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

3.7.3.2 Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

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

In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

3.7.4 Measurement categories of financial assets and liabilities

All financial assets are classified based on the business model for managing the financial assets. Accordingly, financial assets are classified in three main categories as listed below:

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

Financial investments and loans measured at amortised cost

Financial investments and loans are measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial investments measured at amortised cost: subsequent to the initial recognition, financial investments measured at amortised cost are accounted at amortised cost calculated by using the effective interest rate method. The expected losses calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.8.5.

Loans: financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers. The expected losses calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.5.11.

Financial assets measured at fair value through other comprehensive income

As per TFRS 9, financial investments are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. If the financial asset is reclassified as financial assets measured at fair value through profit or loss, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized cost by using the discounting method with effective interest rate, that approximates to fair value, for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities.

Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in accumulated other comprehensive income or expense to be reclassified to profit or loss under the shareholders' equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders' equity are recognized in income statement.

Interests calculated and/or earned by using the effective interest method during holding of financial assets measured at fair value through other comprehensive income are recorded primarily in interest income. In case of sale of such debt securities are sold before maturity date, the difference between the sales income calculated as difference between the cost in accordance with the Uniform Chart of Accounts and the sale price and the recognized interest income is transferred to "trading account income/losses".

The Bank also owns in its securities portfolio; consumer price indexed government bonds (CPI) reclassified as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortised cost. CPI's are valued and accounted based on the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Undersecretariat of Treasury's Investor Guide of CPI, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI's. The Bank determines its expected inflation rates in compliance with this guideline. The estimated inflation rate according to the Central Bank of Turkey and the Bank's expectations, maybe updated during the year when it is considered necessary.

As of 30 September 2020, due to adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets whose fair value difference is reflected in other comprehensive income, and deemed that no change is required in the fair valuation measurement as of the reporting date.

Equity instruments measured at fair value through other comprehensive income

At initial recognition, it can be made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such election is made on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the cumulative gain or loss shall be transferred to prior period's profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. TFRS 9 impairment requirements are not applicable for equity instruments.

As of 30 September 2020, due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its equity instruments whose fair value difference is recognized in other comprehensive income, and no change is required in the fair valuation measurement as of the reporting date.

Financial assets and liabilities measured at fair value through profit or loss

Financial assets valued at fair value through profit or loss are valued at their fair values and gain/loss arising on those assets is recorded in the income statement. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the income statement. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the income statement. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

It is classified certain loans and securities issued at their origination dates, as financial assets/liabilities, irrevocably at fair value through profit or loss in order to eliminate any accounting mismatch in compliance with TFRS 9.

The interest income/expense earned and the difference between the acquisition costs and the amortized costs of financial liabilities are recorded under interest income/expense in statement of profit or loss, the difference between the amortized costs and the fair values of financial liabilities are recorded under trading account income/losses in statement of profit or loss. The amount of change in the fair value of the financial liability at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income unless it creates accounting mismatch or increase the accounting mismatch. Excluding the change in credit risk of the liability, the change in the fair value of the liability shall be recognized in profit or loss.

As of 30 September 2020, due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets and liabilities which are measured at fair value through profit or loss, and deemed that no change is required in the fair valuation measurement as of the reporting date.

On the other hand, the Bank has assessed the effects of the COVID-19 outbreak with respect to its financial instruments which are classified in Level 3 as inputs for these instruments are highly dependent on estimates and judgments and deemed that no change is required as of the reporting date.

3.8 Disclosures on impairment of financial instruments

Loss allowance for expected credit losses is recognised on financial assets and loans measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from 1 January 2018. TFRS 9 impairment requirements are not applicable for equity instruments.

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, it shall be measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, it is measured loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The expected credit loss is calculated on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis.

It is constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration change in the risk of a default occurring over the expected life of the financial instrument. The aforementioned policy is presented in Note 3.8.3.

The impairment model having 3 stages based on the change in credit quality since initial recognition based on TFRS 9 is explained below.

3.8.1 Calculation of expected credit losses

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, it is used two different PDs in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the balance sheet date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Internal rating systems are used for both retail and commercial portfolios. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; (i) the behavioral data of the customer and the product in the Bank, (ii) the demographic information of the customer, and (iii) the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion factor corresponds to the factor which adjusts the potential increase of the exposure between the current date and the default date.

When expected credit losses are estimated, it is considered three scenarios (base scenario, bad scenario, good scenario). Each of these three scenarios is associated with different probability of default, loss given default and exposure at default. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. Such calculation is performed for each of three scenarios explained above.

In accordance with the BRSA Decision numbered 8970 dated 27 March 2020, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. However, according to the Bank's risk models, since the number of days past due in such loans exceed 30 days, higher probability of default and loss given default parameters are taken into consideration compared to other loans in Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, it is calculated an allowance for the lifetime expected credit losses. Including multiple scenario usage, it is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

In accordance with the BRSA Decision numbered 8948 dated 17 March 2020, starting from 17 March 2020, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. According to Bank's risk models, as loss given default is an increasing parameter with aging for Stage 3 loans is considered the same as other loans in Stage 2.

Stage 3: For the loans considered as impaired, it is accounted lifetime expected credit losses. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

It is considered a debt as default on these two below conditions;

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day. Moreover, in accordance with the BRSA Decision numbered 8948 dated 17 March 2020, starting from 17 March 2020, current definition of default in the Bank is based on a more than 180 days past due instead of a 90 days past due until 31 December 2020.

2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

For the purpose of determining significant increases in credit risk and recognising a loss allowance on a collective basis, financial instruments are grouped on the basis of shared credit risk characteristics. In this context, the methodology developed for the estimation of expected credit losses should include the risk features which meet the criteria for carrying the same credit risk characteristics. Examples of the common credit risk characteristics include, but are not limited to, the following:

- Customer type (retail or corporate / commercial)
- Product type
- Credit risk rating notes /scores
- Sector / market segmentation
- Collateral type
- Loan to value ratio
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

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

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

As of 30 September 2020, the Bank has revised the cash flow expectations and scenario weights for its commercial and corporate loans, due to the negative effects of the COVID-19 outbreak, and reflected the related effects in its expected credit losses with the best estimation approach.

In accordance with the Bank’s internal policies, TFRS 9 models are updated once a year. The related model update was made in the 4th quarter of 2019 and the Bank continues to calculate expected credit losses provision based on the mentioned updated model during 2020.

3.8.1.1 Loan commitments and non-cash loans

The expected credit losses on a loan commitment shall be discounted using the effective interest rate, or an approximation thereof, that will be applied when recognising the financial asset resulting from the loan commitment. This is because for the purpose of applying the impairment requirements, a financial asset that is recognised following a draw down on a loan commitment shall be treated as a continuation of that commitment instead of as a new financial instrument. The expected credit losses on the financial asset shall therefore be measured considering the initial credit risk of the loan commitment from the date when becoming a party to the irrevocable commitment.

Expected credit losses on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined shall be discounted by applying a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3.8.1.2 Debt instruments measured at fair value through other comprehensive income

In accordance with TFRS 9 ,the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income shall be applied. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. The expected credit loss is reflected in other comprehensive income and the accumulated amount is recycled to statement of profit/loss following the derecognition of related financial asset.

3.8.1.3 Credit cards and other revolving loans

The Bank and its financial subsidiaries subject to consolidation offer credit card and overdraft products which give ability to corporate and commercial customers demand repayment and cancel the undrawn commitment. Such products do not limit the period that entities are exposed to credit losses with the contractual notice. For this reason, it is calculated the expected credit losses for these products over a period of time reflecting the anticipation of customer behavior, the likelihood of default, and future risk mitigation procedures such as the reduction or removal of undrawn limits.

When determining the period over which it is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by normal credit risk management actions, it is considered factors such as historical information and experience about the below items:

- the period over which the entity was exposed to credit risk on similar financial instruments;
- the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk; and
- the credit risk management actions that it is expected to be taken once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

It is calculated expected credit losses on the revolving products of retail and corporate customers by considering 3 to 5 years.

It is made assessment of significant increase in credit risk of revolving loans by considering qualitative and quantitative criteria considered for other credit products as explained in disclosure 3.8.3.

3.8.2 Forward-looking macroeconomic information

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation. The incorporation of forward-looking information into the credit risk parameters consists of the following steps:

Step 1: It is made specifications and estimates of econometric models that reveal past relationships between credit risk parameters and macroeconomic variables in order to be able to generate estimates based on macroeconomic information. Macroeconomic variable prevailing during these estimates is mainly the Gross Domestic Product (GDP).

Step 2: Where macroeconomic scenarios do not include longer maturity, a process called "convergence to the mean" is applied.

Step 3: In order to estimate the ultimate parameters to be used in the calculation of the expected credit losses, it is applied the methods of credit risk parameters reflection and forward-looking impact inclusion into the parameters.

The Bank updates its macroeconomic parameters incorporated into significant increase in credit risk and expected credit loss assessments in every three months, in February, May, August and November. The Bank has assessed the adverse impacts of the COVID-19 outbreak in its models by updating the macroeconomic parameters as of 31 March 2020 in addition to the February period.

After March, the Bank is carried out its quarterly routine procedure by updating the macroeconomic parameters for the third quarter.

3.8.3 Significant increase in credit risk

Qualitative and quantitative assessments are performed regarding assessment of significant increase in credit risk.

Qualitative assessment:

It is classified the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment.

- Loans overdue more than 30 days as of the reporting date (In accordance with the BRSA Decision numbered 8970 dated 27 March 2020, as of the reporting date loans with an overdue more than 90 days instead of 30 days are taken into consideration until 31 December 2020.)
- Loans classified as watchlist,
- When there is a change in the payment plan due to refinancing, restructuring or concession, the loan is not considered as default or written off and the change is not due to any commercial reason.

Quantitative assessment:

The quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date.

The absolute and relative thresholds used for the probability of default are differentiated on the basis of segment/ loan group.

It is classified the related financial asset as stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

- Relative change in the PD: If the "relative difference" between the probability of defaults as of the reporting date and the date when the loan is initially recognized in the financial statements is above the specified threshold
- Absolute change in the PD: If the "absolute difference" between the probability of defaults as of the reporting date and the date when the loan is initially recognized in the financial statements is above the specified threshold (different from the threshold for the relative change)

3.8.4 Low credit risk

As per TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

If it is determined that a financial instrument has a low credit risk as of the reporting date, it is assumed that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

It is defined the definition of low credit risk based on the definition of High Quality Liquid Asset given in the Regulation on the Liquidity Coverage Ratio Calculation and the principles of the risk weight calculation based on the external rating note of the receivables from the Central Banks and the Central Governments in accordance with the Regulation on the Measurement and Assessment of Banks' Capital Adequacy.

The financial instruments that are defined as having low credit risk based on TFRS 9 are as follows:

- Receivables from the Central Bank of the Republic of Turkey (required reserves, free reserves, placement, etc.)
- Loans with counterparty of Treasury of the Republic of Turkey,
- Receivables (reserves, free reserves, placements, etc.)from the central banks of the branches of the Bank or its subsidiaries, securities issued or guaranteed by these central banks and securities issued / guaranteed by the treasury of these countries,
- Loans granted to the treasury of countries having rating note of AA- and above and the securities issued or guaranteed by the treasury of these countries,
- Local currency loans granted to the treasury of countries having rating below AA-, and securities in local currency issued or guaranteed by the treasury of these countries,
- Securities exported or guaranteed by multilateral development banks or international organizations having rating of AA- and above.

3.9 Disclosures about netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

3.9.2 Derecognition of financial instruments

3.9.2.1 Derecognition of financial assets due to change in the contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset.

The Bank shall assess the characteristics of the new contractual terms of the financial asset based on quantitative and qualitative criteria. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and in case a significant change is determined, it is recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and it is retained control of the asset, it is continued to recognize the remaining portion of the asset and liabilities arising from such asset.

When it is retained substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognised in its entirety and the consideration received is recognised as a liability.

3.9.2.2 Derecognition of a financial asset without any change in the contractual terms

It is derecognised the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party.

Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit or loss.

3.9.2.3 Derecognition of financial liabilities

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

3.9.3 Reclassification of financial instruments

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

3.9.4 Restructuring and refinancing of financial instruments

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

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

Changes in the original terms of a credit risk can be made in the current contract or through a new contract.

Corporate and commercial companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time)
- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing

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

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

During the follow-up period of at least two years following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.
In accordance with the BRSA Decision numbered 8970 dated 27 March 2020, The Bank will not apply the above-mentioned 30 days past due rule until 31 December 2020.

The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

3.10 Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in compliance with the Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the management’s future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

Securities purchased under resale agreements are classified under “Money Markets Placements” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period on such securities.

Securities lending transactions are classified under “Money Markets” and the related expense accruals are accounted.

3.11 Assets held for sale, assets of discontinued operations and related liabilities

According to the Turkish Financial Reporting Standard 5 (TFRS 5) “Assets Held for Sale and Discontinued Operations”, a tangible asset (or a group of assets to be disposed) classified as “asset held for sale” is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value. Assets held for sale consist of tangible assets and investments in associates to be disposed that were acquired against non-performing receivables.

A discontinued operation is a part of the business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in income statement. The Bank or its financial subsidiaries have no discontinued operations.

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, softwares, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in accordance with the Turkish Accounting Standard 38 (TAS 38) “Intangible Assets”.

The costs of other intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their initial purchase costs.

As per TAS 38, internally-generated software should be recognised as intangible assets if they meet the below listed criteria:

- The technical feasibility of completing the intangible asset so that it will be available for use,

- Availability of the Bank and its financial subsidiaries' intention to complete and use the intangible asset,

- The ability to use the intangible asset,

- Clarity in probable future economic benefits to be generated from the intangible asset,

- The availability of adequate technical, financial and other resources to complete the development phase and to start using the intangible asset,

- The availability to measure reliably the expenditure attributable to the intangible asset during the development phase.

The directly attributable development costs of intangible asset are included in the cost of such assets, however the research costs are recognised as expense as incurred.

The intangible assets are amortised over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years, and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

The cost of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

As of 1 November 2015, changing the existing accounting policy, it has been decided to apply revaluation model for properties recorded under tangible assets instead of cost model in accordance with the Turkish Accounting Standard 16 (TAS 16) "Property, Plant and Equipment". Within this framework, the revaluation difference arising from the valuations performed by independent expertise firms for all real estates registered in the ledger is accounted under revaluation surplus on tangible and intangible assets under equity. The Bank has reviewed the valuation of its real estate properties, which have significant changes in their fair value, considering the current market conditions and the changes are recognized in financial statements.

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

(Thousands of Turkish Lira (TL))

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sale price.

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

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

The depreciation rates and estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

Tangible assets	Estimated Useful Lives (Years)	Depreciation Rates (%)
Buildings	50	2
Vaults	50	2
Motor Vehicles	5-7	15-20
Other Tangible Assets	4-20	5-25

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

Useful lives of buildings are reviewed at least once a year and if current estimates are different than previous estimates, then the revised estimates are considered as accounting policy change in accordance with the Turkish Accounting Standard 8 (TAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Investment properties

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property. As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms. As of the reporting period, the Bank has reviewed the valuation of its investment properties which have significant changes in their fair value, considering the current market conditions and the changes are recognized in financial statements.

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

Based on the Bank's assessment, lease branches and buildings are recognized in compliance with TFRS 16 whereas ATM places, lease cars and other leases are considered out of TFRS 16 scope as a result of materiality assessment. Therefore, these leases are recognized under Other Operating Income.

At the commencement date, the Bank shall measure the right-of-use properties at cost in compliance with TFRS 16. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

After the commencement date, the right-of-use asset is measured applying a cost model. To apply the cost model, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The depreciation requirements in TAS 16 Property, Plant and Equipment is applied in depreciating real assets considered as right-of-use asset.

TAS 36 Impairment of Assets is applied to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

3.14 Leasing activities

Leases, in which the majority of risks and returns of the related asset belong to the lessor, are classified as operational lease. The rent payments for leases that meet the conditions of exemptions stated in TFRS 16, are recognized as expense in related periods' statement of profit or loss over the lease term in accordance with periodicity principle.

Based on TFRS 16, at the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the incremental borrowing interest rate.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the lease liability is remeasured to reflect changes to the lease payments. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The lease liability is remeasured by discounting the revised lease payments using a revised discount rate, if either there is a change in the lease term or there is a change in the assessment of an option to purchase the underlying asset. However, if there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments or if there is a change in the amounts expected to be payable under a residual value guarantee, an unchanged discount rate is used.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the incremental borrowing interest rate at the effective date of the modification. The carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

3.15 Provisions and contingent liabilities

Provisions and contingent liabilities resulted from past events, if it is probable that the commitment will be settled and a reliable estimate can be made for the amount of the obligation, are accounted for in accordance with the Turkish Accounting Standard 37 (TAS 37) "Provisions, Contingent Liabilities and Contingent Assets".

3.16 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 or its financial subsidiaries. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. 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 related period.

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

As per the existing labor law in Turkey, the entities are required to pay certain amounts to the employees retired or fired except for resignations or misbehaviors specified in the Turkish Labor Law.

Accordingly, the Bank and its financial subsidiaries subject to the labor law, reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who retired or whose employment is terminated, called up for military service or died.

(Thousands of Turkish Lira (TL))

The major actuarial assumptions used in the calculation of the total liability are as follows:

	30 September 2020	31 December 2019
Net Effective Discount Rate	3.97%	3.97%
Discount Rate	12.50%	12.50%
Expected Rate of Salary Increase	9.70%	9.70%
Inflation Rate	8.20%	8.20%

In the above table, the effective rates are presented for the Bank and its financial subsidiaries subject to the labor law, whereas the rates applied for the calculations differ according to the employee's years-in-service.

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS19.

Retirement benefit obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependents will receive on retirement.

The Bank's defined benefit plan (the "Plan") is managed by "Türkiye Garanti Bankası Anonim Şirketi Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" (the Fund) established as per the provisional article 20 of the Social Security Law no.506 and the Bank's employees are the members of this Fund.

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law no. 506. These contributions are as follows:

	30 September 2020		31 December 2019	
	Employer	Employee	Employer	Employee
Pension contributions	15.5%	10.0%	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law no.5754 ("the Law"), and b) other social rights and medical benefits provided by the Bank but not transferable to SSF.

a) Benefits transferable to SSF

The first paragraph of the provisional article 23 of Banking Law no. 5411, published in the Official Gazette on 1 November 2005, no. 25983, which requires the transfer of the members of the funds subject to the provisional article 20 of the Social Security Law no.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, no. 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette no. 26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members. Following the publication of the verdict, the Turkish Grand National Assembly ("Turkish Parliament") started to work on the new legal arrangements by taking the cancellation reasoning into account and the articles of the Law no.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette no.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund ("SDIF"), the banks and the funds, by using a technical discount rate of 9.80% taking into account the funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008.

Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional article 20 of the Social Security Law no.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette no. 27900 dated 9 April 2011 as per the decision of the Council of Ministers no. 2011/1559, and as per the letter no. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional article 20 of the Social Security and Public Health Insurance Law no.5510.

On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the article 73 and the first paragraph of the provisional Article 20 added to the law no. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

Before the completion of two-years period set by the Council of Ministers on 14 March 2011 as explained above, as per the Article no. 51 of the law no. 6645, published in the Official Gazette no. 29335 dated 23 April 2015, the Article no. 20 of the law no. 5510 was amended giving the Council of Ministers the authority to determine the date of transfer without defining any timeline.

b) Other benefits not transferable to SSF

Other social rights and payments provided in the existing trust indenture but not covered through the transfer of the funds' members and their right-holders to the SSF, are to be covered by the funds and the institutions that employ the funds' members.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS19.

The consolidated subsidiaries do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated subsidiaries are subject to the Social Security Institution in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

The Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). 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. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TFRS 9 Financial Instruments standard.

Insurance technical provisions on the consolidated financial statements consist of, reserve for unearned premiums, reserve for unexpired risk, and provision for outstanding claims and mathematical provisions.

3.18.2 Insurance technical income and expense

In insurance companies, premium income is obtained subsequent to the share of reinsurers in policy income is diminished.

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. Reinsurers' share of claims paid and outstanding loss are offset in these provisions.

3.19 Taxation

3.19.1 Corporate tax

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%. This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. As per the decisions no. 2009/14593 and 2009/14594 of the Council of Ministers published in the Official Gazette no. 27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

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

75% of earnings generated through sale of equity shares, founders' shares, redeemed shares and pre-emption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

All earnings generated through transfer of equity shares, founders' shares, redeemed shares and pre-emption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

Tax applications for foreign branches

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next seven years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October. According to the Decision of the TRNC Council of Ministers dated 25 March 2020, the prepaid taxes are calculated and paid at the rate of 15% tax on their commercial earnings of the related year. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

MALTA

The corporate earnings are subject to a 35% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The earnings of the foreign corporations' branches in Malta are also subject to the same tax rate that the resident corporations in Malta are subject to. The earnings of such branches that are transferred to their head offices are not subject to an additional tax. The taxes payable is calculated by the obligating firm and the calculation is presented in the tax declaration form that is due till the following year's month of November.

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 16.5% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. These rates will be applied as 16.5% and 25% in 2020, as 15% and 21.7% in 2021. Based on the unilateral decree for the avoidance of double taxation between Turkey and The Netherlands, the dividend taxation is nil as of 1 January 2018 under certain conditions. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for six years. Tax losses can be carried back to the prior year. Companies must file their tax returns within five months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional eleven months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

ROMANIA

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for seven years. Tax losses can be carried forward to offset against future taxable income for seven years.

Starting form 1 January 2019, based on the Government Emergency Ordinance no. 114/2018 ("GEO"), as modified by the GEO no. 19/2019, banking institutions defined as credit institutions, Romanian legal entities and Romanian branches of nonresident credit institutions became subject to the tax on certain financial asset groups. The tax on financial assets is computed by applying a tax rate on the total value of the taxpayer's certain financial asset groups, existing at the end of the computation semester, recorded as per the applicable accounting regulations. The tax rate applied shall be 0.4% or 0.2% per annum, depending on the bank's market share greater than or equal, or lower than 1%, respectively. At the same time, the value of the tax may not exceed the accounting profit realized by the bank before calculating the tax on assets. In addition, no tax shall be due by the bank incurring accounting loss before calculating the tax on assets. The first computation and payment of the tax was realised on 25 August 2019. The Ordinance provides the possibility of reducing the tax due by up to 100%, depending on certain indicators aimed at increasing financial intermediation and /or diminishing the net interest margin for RON denominated loans and deposits.

Starting from 1 January 2020, based on the GEO no. 1/2020, the tax on financial assets ceased to be effective. According to Romanian legislation, a GEO should be approved by the Parliament through a Law within 2 years since the GEO issuing.

3.19.2 Deferred taxes

According to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes"; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

As explained in note 3.19.1, this rate is determined as 22% to be applied to corporate earnings for the taxation periods of 2018, 2019 and 2020. In addition, the Council of Ministers is authorized to reduce the corresponding rate 22% to 20%. As deferred tax assets or liabilities within the scope of TAS 12, are calculated by using the tax rates based on the effective tax rates or tax rates (and tax laws) expected to enter into force as of the reporting period (balance sheet date), to be applied in the periods when the assets turn into income or the debts are paid, the Bank made deferred tax calculation according to the rates of 22% or 20% corresponding to the maturity of the assets and liabilities as of 30 September 2020.

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

The deferred tax assets and liabilities of the Bank and its consolidated subsidiaries are reported as net in their individual financial statements.

In compliance with TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are presented on the asset and liability sides of financial statements separately, without any offsetting.

The carrying amount of deferred tax assets is 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.

Furthermore, the deferred tax assets are not subject to profit distribution or capital increase as per the BRSA's related circular in cases where there are net asset balances after netting deferred tax assets with deferred tax liabilities.

3.19.3 Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "Disguised Profit Distribution by Way of Transfer Pricing". "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

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

3.20 Funds borrowed

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

In cases where such funds are valued at their amortised costs but this application results in measurement or accounting mismatch due to having the related financial instruments valued using different methods or the related gains or losses are recognized differently, such fundings are reclassified as financial liabilities at their fair values through profit or loss at initial recognition in order to prevent such mismatch. The interest expenses paid during holding the related financial liabilities and the difference between the amortized cost and the acquisition cost are recorded as interest expense in statement of profit or loss and the difference between the fair values and the amortized costs of the financial liabilities are recorded under trading account income/losses.

3.21 Share and share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for "share premium" under shareholders' equity.

3.22 Confirmed bills of exchange and acceptances

Payments of the confirmed bills of exchange and acceptances are made simultaneously with the payments of the customers. Confirmed bills of exchange and acceptances are recorded in "off-balance sheet accounts" as possible debts and commitments, if any.

3.23 Government incentives

As of 30 September 2020, the Bank or its financial subsidiaries do not have any government incentives or grants (2019: None).

3.24 Segment reporting

The Bank operates in corporate, commercial, retail and investment banking. Accordingly, the banking products served to customers are; custody services, time and demand deposits, accumulating deposit accounts, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Miles&Smiles Card, FlexiCard, MoneyCard, BusinessCard, Shop & Fly, virtual cards under the brand names of Visa and Mastercard and also American Express credit cards and "Paracard" debit cards with Maestro, Electron, Visa and Mastercard brand names, are available.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers' needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

The Bank provides corporate banking products to international and national holdings in Turkey by coordinating regional offices, suppliers and intermediaries, utilizing cross-selling techniques. Mainly, it provides services through its commercial and mixed type of branches to export-revenue earning sectors like tourism and textile and exporters of Turkey's traditional agricultural products.

(Thousands of Turkish Lira (TL))

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules.

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and digital banking.

Information on the business segments on a consolidated basis is as follows:

Current Period	**Retail Banking**	**Corporate / Commercial Banking**	**Investment Banking**	**Other**	**Total Operations**
Total Operating Profit	8,502,440	8,279,366	5,262,859	8,819,599	30,864,264
Other	-	-	-	-	-
Total Operating Profit	**8,502,440**	**8,279,366**	**5,262,859**	**8,819,599**	**30,864,264**
Net Operating Profit	3,204,022	609,692	4,442,781	(905,261)	7,351,234
Dividend Income	-	-	-	20,118	20,118
Net Operating Profit	**3,204,022**	**609,692**	**4,442,781**	**(885,143)**	**7,371,352**
Provision for Taxes	-	-	-	2,131,325	2,131,325
Net Profit	**3,204,022**	**609,692**	**4,442,781**	**(3,016,468)**	**5,240,027**
Segment Assets	89,153,797	237,809,881	133,306,878	65,473,775	525,744,331
Investments in Associates and Subsidiaries	-	-	-	165,069	165,069
Total Assets	**89,153,797**	**237,809,881**	**133,306,878**	**65,638,844**	**525,909,400**
Segment Liabilities	234,650,593	120,648,636	81,360,791	28,524,654	465,184,674
Shareholders' Equity	-	-	-	60,724,726	60,724,726
Total Liabilities and Shareholders' Equity	**234,650,593**	**120,648,636**	**81,360,791**	**89,249,380**	**525,909,400**

(Thousands of Turkish Lira (TL))

Prior Period	**Retail Banking**	**Corporate / Commercial Banking**	**Investment Banking**	**Other**	**Total Operations**
Total Operating Profit	9,457,818	8,152,123	(4,647,065)	9,603,322	22,566,198
Other	-	-	-	-	-
Total Operating Profit	**9,457,818**	**8,152,123**	**(4,647,065)**	**9,603,322**	**22,566,198**
Net Operating Profit	4,127,924	2,580,901	(4,898,864)	4,543,309	6,353,270
Dividend Income	-	-	-	9,046	9,046
Net Operating Profit	**4,127,924**	**2,580,901**	**(4,898,864)**	**4,552,355**	**6,362,316**
Provision for Taxes	-	-	-	1,363,856	1,363,856
Net Profit	**4,127,924**	**2,580,901**	**(4,898,864)**	**3,188,499**	**4,998,460**
Segment Assets	76,596,027	184,036,880	117,882,897	49,884,490	428,400,294
Investments in Associates and Subsidiaries	-	-	-	153,854	153,854
Total Assets	**76,596,027**	**184,036,880**	**117,882,897**	**50,038,344**	**428,554,148**
Segment Liabilities	187,757,054	94,836,117	67,163,417	24,746,813	374,503,401
Shareholders’ Equity	-	-	-	54,050,747	54,050,747
Total Liabilities and Shareholders’ Equity	**187,757,054**	**94,836,117**	**67,163,417**	**78,797,560**	**428,554,148**

3.25 Profit reserves and profit appropriation

Retained earnings as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement explained to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the ordinary General Assembly Meeting dated 17 July 2020, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 6,158,841 thousands, and the table considering the distribution made based on the decision is presented in note 5.10.2.

3.26 Earnings per share

Earnings per share disclosed in the statement of profit or loss, are calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period concerned.

	Current Period	*Prior Period*
Distributable net profit/loss	5,183,510	4,938,235
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.01234	0.01176

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

There are no bonus shares issued in 2020 (2019: None).

3.27 Related parties

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/subsidiary with them, associated companies and joint ventures and the Fund providing post-employment benefits are considered and referred to as related parties in accordance with TAS 24 “Related Parties”. The transactions with related parties are disclosed in detail in Note 5.7.

3.28 Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey; and cash equivalents include money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

3.29 Other disclosures

The Bank classified the amounts related to gains / losses on cash flow hedges and also the shares of investments valued by equity method recognized in other comprehensive income in the previous period financial statements, in accordance with Accounting Policies, Turkish Accounting Standards ("TAS 8") Regarding Changes and Errors in Accounting Estimates. The effect of the related adjustments is presented in the second section, Equity Change Table for the dates of 31 December 2019, 31 December 2018 and 30 September 2019.

The related classification has no effect on the consolidated statement of profit or loss and consolidated statement of other comprehensive income in current and previous periods.

(Thousands of Turkish Lira (TL))

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

The consolidated capital items calculated as per the "Regulation on Equities of Banks" published on 5 September 2013, are presented below:

4.1.1 Components of consolidated total capital (*)

	Current Period	*Prior Period*
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	45,865,411	39,612,929
Other Comprehensive Income according to TAS	8,613,264	5,868,434
Profit	5,390,993	6,164,914
Current Period Profit	5,183,510	6,164,914
Prior Period Profit	207,483	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	6,694	913
Minority Interest	91,379	78,543
Common Equity Tier I Capital Before Deductions	**64,952,175**	**56,710,167**
Deductions From Common Equity Tier I Capital		
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 (-)	4,031,117	2,382,649
Leasehold Improvements on Operational Leases (-)	125,614	169,881
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	566,731	449,529
Net Deferred Tax Asset/Liability (-)	138	-
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 I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
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 (-)	-	
Total Deductions from Common Equity Tier I Capital	**4,723,600**	**3,002,059**
Total Common Equity Tier I Capital	**60,228,575**	**53,708,108**
ADDITIONAL TIER I CAPITAL		
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)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
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 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 (-)	-	-
Items to be Deducted from Tier I Capital During the Transition Period		
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 Assessment of Capital Adequacy Ratios 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 Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**60,228,575**	**53,708,108**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	6,756,880	4,693,480
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	4,531,181	3,756,696
Total Deductions from Tier II Capital	**11,288,061**	**8,450,176**
Deductions from Tier II Capital		
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	-	-

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
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 (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**11,288,061**	**8,450,176**
Total Equity (Total Tier I and Tier II Capital)	**71,516,636**	**62,158,284**
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	53	109
Other items to be Defined by the BRSA (-)	2,259	7,821
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
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 (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	**71,514,324**	**62,150,354**
Total Risk Weighted Assets	**423,730,200**	**349,007,519**
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**14.21**	**15.39**
Consolidated Tier I Capital Ratio (%)	**14.21**	**15.39**
Consolidated Capital Adequacy Ratio (%)	**16.88**	**17.81**
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.188	4.635
a) Capital Conservation Buffer Ratio (%)	2.500	2.500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.188	0.135
c) Systemically Important Banks Buffer Ratio (%)	1.500	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 (%)	8.213	9.808
Amounts Lower Than Excesses as per Deduction Rules		
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	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2,591,220	1,903,531

(Thousands of Turkish Lira (TL))

	Current Period	***Prior Period***
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	10,777,060	6,235,618
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4,531,181	3,756,696
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) According to "Bank Capital Regulation" article 10 paragraph 4, which published on Official Gazette dated 5th September 2013 and numbered 28756, banks also calculate their consolidated capital with their consolidated insurance company investments as unconsolidated financial institutions if 9th article's 4th paragraph's (c) and (ç) items apply. Lesser of consolidated capital calculated according to 1st and 4th paragraphs is considered the consolidated capital according to this regulation. As the consolidated capital calculated including the insurance subsidiary is lesser, the consolidated capital is calculated according to consolidated financial statements including the insurance subsidiary.

Within the context of the measures that are announced by BRSA on 23 March 2020, in capital adequacy ratio calculation until 31 December 2020, spot purchase exchange rate used in preparation of financial statements as of 31 December 2019, may be considered in the calculation of Turkish Lira equivalent of credit risk exposures in foreign currencies, and negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which acquired before 23 March 2020 may not be included in capital calculation.

The Bank does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 30 September 2020. In case of applying the measures, consolidated capital adequacy ratio rises to 18.81% as of 30 September 2020.

The Bank plans its Common Equity Tier 1 (CET1) Capital by considering 10% as the minimum target while considering its additional CET 1 requirements during the phase-in period due to aforementioned regulations.

(Thousands of Turkish Lira (TL))

4.1.2 Items included in capital calculation

Current Period	***Information about instruments included in total capital calculation***		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479	ISIN: TRSGRANE2915	ISIN: TRSGRAN23013
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the "Regulation on Equities of Banks" and "the Communique Regarding the Capital Instruments that will be included in own funds of banks" within the legislation of Capital Markets Board of Turkey.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the "Regulation on Equities of Banks" and "the Communique Regarding the Capital Instruments that will be included in own funds of banks" within the legislation of Capital Markets Board of Turkey.
Regulatory treatment			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	5,754 (31 December 2019: 4,441)	253 (31 December 2019: 253)	750
Nominal value of instrument (TL million)	5,754 (31 December 2019: 4,441)	253 (31 December 2019: 253)	750
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 – USD 750,000,000	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
Interest/dividend payment			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	6.1250%	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-

Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
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, type of instrument convertible into	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-
Write-down feature	Yes	Yes	Yes
If bonds can be written-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), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.	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 or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.	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 or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.
If bond can be written-down, full or partial	Partially or fully	Partially or fully	Partially or fully
If bond can be written-down, permanent or temporary	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

(Thousands of Turkish Lira (TL))

4.1.3 Reconciliation of capital items to balance sheet

Current Period	***Carrying value***	***Amount of correction***	***Value at capital report***	***Explanation of differences***
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	4,258,044	330,797	4,588,841	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,691,820*	-	*1,691,820*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*2,566,224*	*330,797*	*2,897,021*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	45,865,411	-	45,865,411	
Profit or Loss	5,390,993	-	5,390,993	
Prior Periods' Profit/Loss	*207,483*	-	*207,483*	
Current Period Net Profit/Loss	*5,183,510*	-	*5,183,510*	
Minority Interest	225,844	(134,465)	91,379	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		692,483	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**60,724,726**		**60,228,575**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**60,228,575**	
Subordinated Debts			6,756,880	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,531,181	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**11,288,061**	
Deductions from Total Capital (-)			2,312	Deductions from Capital as per the Regulation
Total			**71,514,324**	

(Thousands of Turkish Lira (TL))

Prior Period	***Carrying value***	***Amount of correction***	***Value at capital report***	***Explanation of differences***
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	3,014,560	472,138	3,486,698	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,644,439*	-	*1,644,439*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*1,370,121*	*472,138*	*1,842,259*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	39,612,929	-	39,612,929	
Profit or Loss	6,164,914	-	6,164,914	
Prior Periods' Profit/Loss	-	-	-	
Current Period Net Profit/Loss	*6,164,914*	-	*6,164,914*	
Minority Interest	273,910	(195,367)	78,543	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		619,410	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**54,050,747**		**53,708,108**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**53,708,108**	
Subordinated Debts			4,693,480	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			3,756,696	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**8,450,176**	
Deductions from Total Capital (-)			7,930	Deductions from Capital as per the Regulation
Total			**62,150,354**	

(Thousands of Turkish Lira (TL))

4.2 Consolidated credit risk

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4.3 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2020, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency short position amounts to TL 39,375,795 (31 December 2019: TL 25,733,470), net 'off-balance sheet' foreign currency long position amounts to TL 49,783,441 (31 December 2019: TL 29,974,139), while net foreign currency close position amounts to TL 10,407,646 (31 December 2019: TL 4,240,669).

The foreign currency position risk is measured by "standard method" and "value-at-risk (VaR) model". Measurements by standard method are carried out monthly, whereas measurements by "VaR" are done daily for the Bank. The foreign currency exchange risk is managed through transaction, dealer, desk and stop-loss limits approved by the board of directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

The Bank's effective exchange 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:

	EUR	**USD**
The Bank's foreign currency purchase rate at balance sheet date	8.9962	7.6720
Foreign currency rates for the days before balance sheet date;		
Day 1	9.1684	7.8175
Day 2	9.0344	7.7575
Day 3	8.8507	7.6168
Day 4	8.8629	7.6135
Day 5	8.9571	7.6730
Last 30-days arithmetical average rate	8.8583	7.5178

(Thousands of Turkish Lira (TL))

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	16,176,252	14,697,380	9,337,780	40,211,412
Banks	14,614,903	8,693,489	2,609,612	25,918,004
Financial Assets Measured at Fair Value through Profit/Loss	178,525	4,773,598	1,752,338	6,704,461
Money Market Placements	224,755	243,186	-	467,941
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,717,512	7,787,581	2,038,055	13,543,148
Loans (*)	74,377,398	62,179,335	10,826,880	147,383,613
Investments in Associates, Subsidiaries and Joint-Ventures	4,756	-	1,299	6,055
Financial Assets Measured at Amortised Cost	484,323	10,363,206	-	10,847,529
Derivative Financial Assets Held for Hedging Purpose	7,274	12,211	-	19,485
Tangible Assets	282,905	290	209,057	492,252
Intangible Assets (**)	-	-	-	-
Other Assets (***)	2,306,553	6,503,279	(168,512)	8,641,320
Total Assets	**112,375,156**	**115,253,555**	**26,606,509**	**254,235,220**
Liabilities				
Bank Deposits	291,098	26,043	15,813	332,954
Foreign Currency Deposits	73,772,331	106,182,161	14,946,818	194,901,310
Money Market Funds	1,167,898	104,391	197	1,272,486
Other Fundings	14,528,359	13,391,714	239,770	28,159,843
Securities Issued (****)	1,511,627	37,733,096	-	39,244,723
Miscellaneous Payables	558,661	391,853	125,768	1,076,282
Derivative Financial Liabilities Held for Hedging Purpose	90,286	729,134	-	819,420
Other Liabilities (*****)	2,125,033	5,387,927	20,291,037	27,803,997
Total Liabilities	**94,045,293**	**163,946,319**	**35,619,403**	**293,611,015**
Net 'On Balance Sheet' Position	**18,329,863**	**(48,692,764)**	**(9,012,894)**	**(39,375,795)**
Net 'Off-Balance Sheet' Position	**(13,567,499)**	**51,808,113**	**11,542,827**	**49,783,441**
Derivative Assets	12,626,102	84,471,426	19,836,290	116,933,818
Derivative Liabilities	26,193,601	32,663,313	8,293,463	67,150,377
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	**87,178,444**	**91,635,420**	**22,961,655**	**201,775,519**
Total Liabilities	**74,830,485**	**134,916,665**	**17,761,839**	**227,508,989**
Net 'On Balance Sheet' Position	**12,347,959**	**(43,281,245)**	**5,199,816**	**(25,733,470)**
Net 'Off-Balance Sheet' Position	**(9,993,898)**	**43,385,166**	**(3,417,129)**	**29,974,139**
Derivative Assets	11,786,083	69,718,270	2,243,021	83,747,374
Derivative Liabilities	21,779,981	26,333,104	5,660,150	53,773,235
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 720,736 included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) As per the principles of "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis", Intangible Assets have not been included in the currency risk measurement.

(***) Includes expected credit losses in accordance with TFRS 9.

(****) Includes securities issued having qualification of subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(*****) The gold deposits of TL 19,950,832 included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.4 Consolidated interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on- and off-balance sheet. Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the Weekly Assessment Committee and Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

The Bank's interest rate risk is measured by using, economic value, economic capital, net interest income, income at risk, market price sensitivity of marketable securities portfolio, duration-gap and sensitivity analysis.

The results are supported by the sensitivity and scenario analysis performed periodically against the possible instabilities in the markets. Furthermore, the interest rate risk is monitored according to the limits approved by the board of directors.

(Thousands of Turkish Lira (TL))

4.4.1 Interest rate sensitivity of assets, liabilities and off balance sheet items (based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	14,640,968	-	-	-	-	30,896,608	45,537,576
Banks	10,990,699	133,845	9,986	-	67,567	15,904,409	27,106,506
Financial Assets Measured at Fair Value through Profit/Loss	40,651	4,604,094	2,219,679	108,157	65,861	1,048,370	8,086,812
Money Market Placements	5,724,818	243,123	-	-	-	1,803	5,969,744
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,782,214	3,239,270	9,473,189	9,373,690	7,033,382	4,531,326	35,433,071
Loans	73,567,587	58,154,263	103,721,337	88,412,799	16,230,382	16,458,446	356,544,814
Financial Assets Measured at Amortised Cost	4,053,742	5,691,763	5,149,256	8,625,212	4,476,713	5,155,265	33,151,951
Other Assets (**)	18,040	184,339	179,678	63,680	8,697	13,624,492	14,078,926
Total Assets	**110,818,719**	**72,250,697**	**120,753,125**	**106,583,538**	**27,882,602**	**87,620,719**	**525,909,400**
Liabilities							
Bank Deposits	250,457	-	-	-	-	918,706	1,169,163
Other Deposits	143,742,872	29,603,740	13,983,504	2,323,894	176,307	154,664,420	344,494,737
Money Market Funds	1,548,335	1,363,676	64,110	93,507	-	27,443	3,097,071
Miscellaneous Payables	-	-	-	-	-	15,044,018	15,044,018
Securities Issued (***)	5,852,061	1,534,868	6,754,844	13,879,286	17,442,087	560,226	46,023,372
Other Fundings	798,317	19,647,397	6,014,558	2,928,453	916,953	-	30,305,678
Other Liabilities	25,187	65,894	169,330	611,090	220,594	84,683,266	85,775,361
Total Liabilities	**152,217,229**	**52,215,575**	**26,986,346**	**19,836,230**	**18,755,941**	**255,898,079**	**525,909,400**
On Balance Sheet Long Position	**-**	**20,035,122**	**93,766,779**	**86,747,308**	**9,126,661**	**-**	**209,675,870**
On Balance Sheet Short Position	**(41,398,510)**	**-**	**-**	**-**	**-**	**(168,277,360)**	**(209,675,870)**
Off-Balance Sheet Long Position	**33,998,537**	**37,263,930**	**17,161,574**	**7,933,516**	**16,781,085**	**-**	**113,138,642**
Off-Balance Sheet Short Position	**(15,471,436)**	**(30,520,208)**	**(15,970,128)**	**(23,696,563)**	**(24,769,394)**	**-**	**(110,427,729)**
Total Position	**(22,871,409)**	**26,778,844**	**94,958,225**	**70,984,261**	**1,138,352**	**(168,277,360)**	**2,710,913**

(*) Interest accruals are included in non-interest bearing column.
(**) Includes expected credit losses in accordance with TFRS 9.
(***) Includes securities issued having qualification of subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(Thousands of Turkish Lira (TL))

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	18,669,286	-	-	-	-	23,356,020	42,025,306
Banks	7,607,129	204,673	38,001	-	49,666	11,682,720	19,582,189
Financial Assets at Fair Value through Profit/Loss	162,932	2,122	4,559,767	115,734	47,443	331,302	5,219,300
Money Market Placements	10,473,078	-	183,057	-	-	3,321	10,659,456
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,836,846	8,269,584	3,779,897	3,814,246	6,329,726	4,613,230	28,643,529
Loans	67,919,914	30,635,241	84,522,740	75,044,373	13,170,396	14,828,252	286,120,916
Financial Assets Measured at Amortised Cost	1,705,276	2,031,797	9,178,118	1,719,979	5,550,466	7,534,706	27,720,342
Other Assets (**)	53,957	57,055	140,555	50,327	5,246	8,275,970	8,583,110
Total Assets	**108,428,418**	**41,200,472**	**102,402,135**	**80,744,659**	**25,152,943**	**70,625,521**	**428,554,148**
Liabilities							
Bank Deposits	288,927	53,348	3,981	-	-	2,322,495	2,668,751
Other Deposits	153,121,106	22,127,458	19,178,055	3,062,930	153,616	76,965,409	274,608,574
Money Market Funds	356,594	480,547	475,017	388,149	80,041	6,513	1,786,861
Miscellaneous Payables	-	-	-	-	-	12,120,716	12,120,716
Securities Issued (***)	11,574,256	2,785,827	444,060	12,166,439	12,748,182	379,773	40,098,537
Other Fundings	2,382,353	7,074,999	12,603,169	3,162,191	399,347	-	25,622,059
Other Liabilities	21,599	51,352	154,743	569,144	223,363	70,628,449	71,648,650
Total Liabilities	**167,744,835**	**32,573,531**	**32,859,025**	**19,348,853**	**13,604,549**	**162,423,355**	**428,554,148**
On Balance Sheet Long Position	**-**	**8,626,941**	**69,543,110**	**61,395,806**	**11,548,394**	**-**	**151,114,251**
On Balance Sheet Short Position	**(59,316,417)**	**-**	**-**	**-**	**-**	**(91,797,834)**	**(151,114,251)**
Off-Balance Sheet Long Position	**18,673,764**	**27,453,300**	**7,880,591**	**6,934,931**	**11,888,589**	**-**	**72,831,175**
Off-Balance Sheet Short Position	**(2,004,557)**	**(15,559,267)**	**(9,269,957)**	**(23,424,918)**	**(20,239,414)**	**-**	**(70,498,113)**
Total Position	**(42,647,210)**	**20,520,974**	**68,153,744**	**44,905,819**	**3,197,569**	**(91,797,834)**	**2,333,062**

(*) Interest accruals are included in non-interest bearing column.
(**) Includes expected credit losses in accordance with TFRS 9.
(***) Includes subordinated securities issued and financial liabilities measured at FVTPL and presented under subordinated debts in balance sheet .

(Thousands of Turkish Lira (TL))

4.4.2 Average interest rates on monetary financial instruments (%)

Current Period	**EUR**	**USD**	**JPY**	**TL**
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.12)	(1.55)	-	3.19
Banks	(0.47)-3.40	0.02-4.44	-	5.85-13.00
Financial Assets at Fair Value through Profit/Loss	1.84	5.38-10.00	-	3.00-12.35
Money Market Placements	-	0.08	-	12.00
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.63-4.35	3.25-11.88	-	8.98-14.90
Loans (*)	0.12-15.00	0.15-15.00	-	10.50-18.75
Financial Assets Measured at Amortised Cost	1.38	5.31	-	11.99
Liabilities				
Bank Deposits	0.01	-	-	8.83
Other Deposits	0.02-9.00	0.05-3.60	-	6.00-9.40
Money Market Fundings	(0.50)	2.62	-	7.00-13.75
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.77	-	9.25-12.90
Other Fundings	0.30-5.50	0.30-4.46	-	5.79-19.97

Prior Period	**EUR**	**USD**	**JPY**	**TL**
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.01-4.50	1.53-5.25	-	8.64-13.00
Financial Assets at Fair Value through Profit/Loss	1.74	3.30-5.50	-	3.00-20.40
Money Market Placements	-	1.62	-	8.94-11.38
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.63-11.88	3.25-11.88	-	11.59-24.14
Loans	0.12-15.00	1.84-15.00	-	9.90-33.35
Financial Assets Measured at Amortised Cost	1.41	5.19	-	16.22
Liabilities				
Bank Deposits	(0.46)	1.70-1.75	-	8.68-14.50
Other Deposits	0.05-7.00	0.75-3.75	0.17	7.00-22.00
Money Market Fundings	0.06-0.18	2.62-3.68	-	6.50-22.20
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.83	-	12.16
Other Fundings	0.30-5.50	2.41-5.08	-	10.50-19.97

(*) Lease receivables and factoring receivables are included.

(Thousands of Turkish Lira (TL))

4.5 Consolidated position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

Accounting policies for equity shares in associates and subsidiaries are disclosed in Note 3.3.

4.5.2 Comparison of carrying, fair and market values of equity shares

Current Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**137,754**	**-**	**-**
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,555**	**-**	**-**
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	**-**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**-**	**-**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**896**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**42**	**-**	**-**
	Quoted Securities	-	-	-

Prior Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**126,415**	**-**	**-**
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,555**	**-**	**-**
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	**-**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**-**	**-**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**-**	**-**
	Quoted Securities	-	-	-

4.5.3 Realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals

Current Period			Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio		**Gains/Losses in Current Period**	**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	52,472	-	52,472
3	Other Shares	-	287,787	287,787	-	-	-
	Total	**-**	**287,787**	**287,787**	**52,472**	**-**	**52,472**

(Thousands of Turkish Lira (TL))

Prior Period		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	22,270	-	22,270
3	Other Shares	-	205,079	205,079	-	-	-
	Total	**-**	**205,079**	**205,079**	**22,270**	**-**	**22,270**

4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	165,069	165,069	13,206
	Total	**165,069**	**165,069**	**13,206**

	Prior Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	153,854	153,854	12,308
	Total	**153,854**	**153,854**	**12,308**

4.6 Liquidity risk management and consolidated liquidity coverage ratio

Liquidity risk is managed by Asset and Liability Management department (ALMD), Weekly Review Committee and Asset and Liability Committee (ALCO) in line with liquidity and funding policies and risk appetite approved by the board of directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure. Under stressed conditions, liquidity risk is managed within the contingency funding plan framework.

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

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

ALMD, performs daily liquidity management by ensuring compliance with regulatory and internal liquidity limits and monitoring related early warning indicators in case of probable liquidity squeezes. The medium and long term liquidity and funding management is performed by ALMD in accordance with ALCO decisions.

Head of Risk management defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with international standards, presents measurement results periodically to related departments, committees and senior management. Head of Risk management coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations. Head of Risk management analyses, develops and revises relevant liquidity risk measurement in accordance with changing market conditions and the Bank's structure. Head of risk management department reviews assumptions and parameters used in liquidity risk analysis.

The liquidity risk analysis and the important liquidity indicators are reported monthly to related senior management. Additionally, analysis and monitored internal ratios related to liquidity risk are presented in ALCO report. Internal liquidity metrics are monitored with limit and alert levels approved by the board of directors and reported regularly to related parties.

Decentralized management approach is adopted in liquidity management. Each subsidiary controlled by the Bank performs daily, medium and long term liquidity management independently from the Bank by the authorities in each subsidiary responsible for managing liquidity risk. In addition, within the scope of consolidated risk management, liquidity and funding risk of each subsidiary in control are monitored via the liquidity risk management methods identified by the Bank by considering the operations, risk profile and regulations of the related subsidiary.

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity.

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

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of customer deposits, interbank and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed. Additionally, in order to have a healthy liquidity buffer, most of the securities which are eligible as collateral at CBRT issued by Republic of Turkey Treasury and have active secondary market are comprised in the Bank's assets.

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

Liquidity risk exposed by the Bank is managed by establishing risk appetite, risk mitigation according to the liquidity and funding policies (diversification of funding sources, holding high quality liquid assets reserve) and effective control environment and closely monitoring by limits. For those risks that cannot be reduced, the adoption of the current level of risk, reduction or termination of the activities that cause the risk is considered.

In liquidity risk stress testing framework, the level of the Bank's ability to cover cash outflows in liquidity crisis scenario based on the Bank's current cash flow structure, by high quality liquid assets is calculated. Scenario analysis are performed by assessing changing balance sheet structure, liquidity requirements and market conditions.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of policy regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists "Liquidity Contingency Plan" in the Bank approved by the Board of Directors including mechanisms to prevent increase in liquidity risk scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators, and probable scenarios where liquidity risk crisis and possible actions that can be taken.

In the scope of contingency plan within the framework of intraday liquidity risk management procedure, situations requiring the activation of contingency plan and indicating an intraday liquidity stress, and intraday liquidity metrics are monitored and intraday liquidity risk stress testing is performed.

The Bank's liabilities consist of TL and foreign currency funding, of which a large portion is USD/EUR. Deposits and capital constitute most of TL funding. For the reasons like real person customers cannot use foreign currency credit but are able to deposit foreign currency funds, TL and foreign currency deposit and credit amount may differ. Long term funding obtained from foreign banks and creditors are mainly in foreign currency. For these reasons overall foreign currency liabilities are usually more than foreign currency assests and unused portion of USD, Euro and gold are used in TL funding via currency swap transactions. In the recent period, swap deals are made in domestic market. On the other hand, repo lines by open market operations and Borsa Istanbul ("OMO / BİST") aren't used to full extent, unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also T.C. Eurobonds aren't used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored.

The Bank keeps liquidity buffer in high level by taking liquidity risk increased periods into consideration. With this approach, the effect of volatility in the markets due to the adverse effects of COVID-19 outbreak on the Bank's liquidity need is in minimum level.

Also there is an increase in loan demands within the effects of COVID-19 outbreak and customers prefers to extend their existing loans maturities. On the other hand, the Banks is well-prepared for similar scenarios that matured loans are not presented as cash out flow in the Bank's internal liquidity metrics and therefore this not create a significant effect from the point of the Bank. On the contrary, the Bank takes actions to improve the deposit volume and this liquidity is used for the increase in loan demands.

4.6.1 Liquidity coverage ratio

Liquidity Coverage Ratio (LCR), aims for the banks having the ability to cover 30 days of liquidity needs with their own cash and high quality liquid assets that are easy to convert to cash during liquidity shortages in the markets. With that perspective and according to "Regulation for Banks' Liquidity Coverage Ratio Calculations" (the Regulation) terms LCR ratio is calculated by having high quality liquid assets divided by net cash outflows. In both bank-only and consolidated basis, LCR ratio should be at least 80% for foreign currency and 100% for total.

Items in balance sheet and off balance sheet items are taken into account after being multiplied by the coefficients advised in the Regulation. In both bank-only and consolidated LCR calculations cash inflows are limited by 75% of cash outflows and cash inflows from high quality liquid assets aren't included.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. High quality liquid assets are composed of 8.05% cash, 30.32% deposits in central banks and 61.63% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 78.54% deposits, 7.59% funds borrowed and money market borrowings and 10.46% securities issued.

In consolidated LCR calculations, cash outflows are mainly consist of deposits, secured and unsecured borrowings, securities issued and off balance sheet items.

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

(Thousands of Turkish Lira (TL))

Current Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	**FC**	**TL+FC**	**FC**
High-Quality Liquid Assets				108,858,320	56,006,007
1	Total high-quality liquid assets (HQLA)	109,053,075	56,006,007	108,858,320	56,006,007
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	246,358,206	143,784,856	22,387,668	14,324,053
3	Stable deposits	44,963,050	1,088,646	2,248,152	54,432
4	Less stable deposits	201,395,156	142,696,210	20,139,516	14,269,621
5	Unsecured wholesale funding, of which:	86,493,464	49,661,054	43,207,745	22,843,182
6	Operational deposits	-	-	-	-
7	Non-operational deposits	70,439,817	45,338,254	31,554,703	19,685,366
8	Unsecured funding	16,053,647	4,322,800	11,653,042	3,157,816
9	Secured wholesale funding	2,201,959	52,837	446,795	-
10	Other cash outflows of which:	139,800,686	47,804,497	22,163,320	17,877,016
11	Outflows related to derivative exposures and other collateral requirements	10,544,512	12,888,624	10,544,512	12,888,624
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	129,256,174	34,915,873	11,618,808	4,988,392
14	Other revocable off-balance sheet commitments and contractual obligations	939,472	422,909	46,974	21,145
15	Other irrevocable or conditionally revocable off-balance sheet obligations	11,869,694	11,523,300	593,485	576,165
16	**Total Cash Outflows**	**487,663,481**	**253,249,453**	**88,845,987**	**55,641,561**
Cash Inflows					
17	Secured receivables	45,550	-	-	-
18	Unsecured receivables	35,953,803	19,242,494	25,569,151	14,354,765
19	Other cash inflows	1,125,865	22,341,880	1,070,814	22,316,714
20	**Total Cash Inflows**	**37,125,218**	**41,584,374**	**26,639,965**	**36,671,479**
				Upper Limit Applied Values	
21	**Total HQLA**			**108,858,320**	**56,006,007**
22	**Total Net Cash Outflows**			**62,206,022**	**19,357,812**
23	**Liquidity Coverage Ratio (%)**			**175.01%**	**296.34%**

(*) The average of last three months' simple averages of daily figures.

The table below presents the last three months'consolidated Liquidity Ratios:

Period	**TL+FC**	**FC**
31 July 2020	164.77%	206.71%
31 August 2020	176.88%	342.32%
30 September 2020	183.37%	339.99%

(Thousands of Turkish Lira (TL))

	Prior Period	**Total Unweighted Value (Average)** (*)		**Total Weighted Value (Average)** (*)	
		TL+FC	**FC**	**TL+FC**	**FC**
High-Quality Liquid Assets				102,661,331	58,434,851
1	Total high-quality liquid assets (HQLA)	102,726,999	58,434,851	102,661,331	58,434,851
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	198,936,623	112,578,951	18,090,913	11,218,920
3	Stable deposits	36,054,970	779,512	1,802,748	38,976
4	Less stable deposits	162,881,653	111,799,439	16,288,165	11,179,944
5	Unsecured wholesale funding, of which:	70,651,966	42,091,670	38,814,766	21,585,616
6	Operational deposits	-	-	-	-
7	Non-operational deposits	53,075,112	36,215,435	25,042,213	16,891,126
8	Unsecured funding	17,576,854	5,876,235	13,772,553	4,694,490
9	Secured wholesale funding	117,697	-	99,823	-
10	Other cash outflows of which:	113,273,786	35,261,409	14,940,052	10,840,072
11	Outflows related to derivative exposures and other collateral requirements	5,207,995	6,681,664	5,207,995	6,681,664
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	108,065,791	28,579,745	9,732,057	4,158,408
14	Other revocable off-balance sheet commitments and contractual obligations	640,495	477,354	32,025	23,868
15	Other irrevocable or conditionally revocable off-balance sheet obligations	11,864,302	11,635,436	593,215	581,772
16	**Total Cash Outflows**	**395,484,869**	**202,044,820**	**72,570,794**	**44,250,248**
Cash Inflows					
17	Secured receivables	29,136	-	-	-
18	Unsecured receivables	32,700,272	15,165,901	22,708,645	11,362,322
19	Other cash inflows	204,131	4,450,127	178,217	4,446,090
20	**Total Cash Inflows**	**32,933,539**	**19,616,028**	**22,886,862**	**15,808,412**
				Upper Limit Applied Values	
21	**Total HQLA**			**102,661,331**	**58,434,851**
22	**Total Net Cash Outflows**			**49,683,933**	**28,441,834**
23	**Liquidity Coverage Ratio (%)**			**207.25%**	**207.18%**

(*) The average of last three months' simple averages of daily figures.

The table below presents the last three months' consolidated Liquidity Ratios of the year 2019 :

Period	**TL+FC**	**FC**
31 October 2019	206.61%	220.36%
30 November 2019	202.15%	193.72%
31 December 2019	212.98%	207.47%

(Thousands of Turkish Lira (TL))

4.6.2 Maturity analysis of liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	24,849,086	20,688,490	-	-	-	-	-	45,537,576
Banks	23,896,428	2,997,216	135,308	9,982	-	67,572	-	27,106,506
Financial Assets at Fair Value through Profit/Loss	767,871	37,719	4,609,039	2,117,396	476,050	67,471	11,266	8,086,812
Money Market Placements	-	5,726,558	243,186	-	-	-	-	5,969,744
Financial Assets Measured at Fair Value through Other Comprehensive Income	312,331	1,001,271	92,018	5,167,837	19,821,032	9,038,582	-	35,433,071
Loans	832,771	40,416,389	37,456,198	99,945,696	118,476,413	34,028,146	25,389,201	356,544,814
Financial Assets Measured at Amortised Cost	-	256,456	340,415	2,931,376	21,071,426	8,552,278	-	33,151,951
Other Assets (*)	16,633,362	3,048,672	1,791,729	1,068,300	991,428	1,842,407	(11,296,972)	14,078,926
Total Assets	**67,291,849**	**74,172,771**	**44,667,893**	**111,240,587**	**160,836,349**	**53,596,456**	**14,103,495**	**525,909,400**
Liabilities								
Bank Deposits	918,600	250,563	-	-	-	-	-	1,169,163
Other Deposits	157,897,900	142,164,059	30,754,806	11,956,170	1,538,867	182,935	-	344,494,737
Other Fundings	-	4,674,706	7,440,255	14,322,487	3,866,368	1,862	-	30,305,678
Money Market Funds	32,171	1,530,934	1,364,816	64,756	104,394	-	-	3,097,071
Securities Issued (**)	-	712,840	474,795	6,706,448	17,404,193	20,725,096	-	46,023,372
Miscellaneous Payables	13,995,163	485,169	65,649	197,668	6,425	317	293,627	15,044,018
Other Liabilities (***)	4,042,260	1,549,152	998,249	813,033	1,843,678	5,450,287	71,078,702	85,775,361
Total Liabilities	**176,886,094**	**151,367,423**	**41,098,570**	**34,060,562**	**24,763,925**	**26,360,497**	**71,372,329**	**525,909,400**
Liquidity Gap	**(109,594,245)**	**(77,194,652)**	**3,569,323**	**77,180,025**	**136,072,424**	**27,235,959**	**(57,268,834)**	**-**
Net Off-Balance Sheet Position	**-**	**450,329**	**197,372**	**552,538**	**1,432,984**	**396,013**	**-**	**3,029,236**
Derivative Financial Assets	-	51,996,957	48,907,768	18,870,914	6,522,753	2,122,308	-	128,420,700
Derivative Financial Liabilities	-	51,546,628	48,710,396	18,318,376	5,089,769	1,726,295	-	125,391,464
Non-Cash Loans	**-**	**22,579,015**	**3,057,151**	**1,083,703**	**3,626,457**	**193,058**	**138,849,042**	**169,388,426**
Prior Period								
Total Assets	**47,136,807**	**84,274,331**	**26,606,890**	**82,867,835**	**126,441,307**	**44,101,992**	**17,124,986**	**428,554,148**
Total Liabilities	**103,366,813**	**150,350,913**	**28,660,549**	**38,494,851**	**25,635,961**	**19,996,329**	**62,048,732**	**428,554,148**
Liquidity Gap	**(56,230,006)**	**(66,076,582)**	**(2,053,659)**	**44,372,984**	**100,805,346**	**24,105,663**	**(44,923,746)**	**-**
Net Off-Balance Sheet Position	**-**	**287,376**	**(858,366)**	**359,378**	**1,070,563**	**207,299**	**-**	**1,066,250**
Derivative Financial Assets	-	51,261,495	28,040,734	19,898,125	8,708,458	2,186,048	-	**110,094,860**
Derivative Financial Liabilities	-	50,974,119	28,899,100	19,538,747	7,637,895	1,978,749	-	**109,028,610**
Non-Cash Loans	**-**	**16,323,278**	**1,895,379**	**2,290,557**	**2,677,487**	**78,732**	**116,504,472**	**139,769,905**

(*) Includes expected credit losses in accordance with TFRS 9.
(**) Includes subordinated securities issued and financial liabilities measured at FVTPL.
(***) Shareholders' Equity is included in "Other liabilities" line under "Undistributed" column.

(Thousands of Turkish Lira (TL))

4.6.3 Contractual maturity analysis of liabilities according to remaining maturities

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4.7 Consolidated leverage ratio

The leverage ratio table prepared in accordance with the communiqué "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette no. 28812 dated 5 November 2013 is presented below.

The Bank's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods, is 8.62% (31 December 2019: 9.00%). While the capital increased by 12.83% mainly as a result of increase in net profits, total risk amount increased by 17.90%. Therefore, the current period leverage ratio decreased by 38 basis points compared to prior period.

		Current Period(***)	***Prior Period***(***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	487,120,593	429,195,982
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" (**)	(454,252)	(641,834)
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(19,109,399)	(17,115,298)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts	17,999,784	8,459,363
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	1,752,371	1,266,554
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
7	Total risk amount	693,844,047	588,511,215

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

(**) The consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 30 June 2020 for the current period and 31 December 2019 for the prior period, are considered.

(***) Amounts in the table are three-month average amounts.

(Thousands of Turkish Lira (TL))

		Current Period(*)	*Prior Period*(*)
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	514,824,892	421,127,587
2	(Assets deducted in determining Tier I capital)	(688,615)	(620,064)
3	Total on-balance sheet risks (sum of lines 1 and 2)	514,136,277	420,507,523
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	6,098,994	3,098,333
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	19,284,607	17,151,727
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	25,383,601	20,250,060
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	288,721	451,081
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	288,721	451,081
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	155,787,819	148,569,105
11	(Adjustments for conversion to credit equivalent amounts)	(1,752,371)	(1,266,554)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	154,035,448	147,302,551
Capital and total risks			
13	Tier I capital	59,787,996	52,990,193
14	Total risks (sum of lines 3, 6, 9 and 12)	693,844,047	588,511,215
Leverage ratio			
15	Leverage ratio	8.62%	9.00%

(*) Amounts in the table are three-month average amounts.

4.8 Fair values of financial assets and liabilities

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4.9 Transactions carried out on behalf of customers and items held in trust

None.

4.10 Risk management objectives and policies

The notes under this caption are prepared as per the "Regulation on Calculation of Risk Management Disclosures" published in the Official Gazette no. 29511 dated 23 October 2015.

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

Risk Management ensures that; risk management policies and principles are applied and adopted throughout the Bank and its consolidated subsidiaries and that risk management system is maintained and improved which pursues risk-return relationship, and measures all risks together and which is in compliance with applicable regulation, bank strategies and policies and where limits determined in connection with the risk appetite approved by the Board of Directors are not breached. Risk Management defines, measures, reports, monitors the risks and ensure the activities executed in order to control these risks thoroughly and timely; also monitors the results.

Policies and procedures regarding risk management are established for consolidated subsidiaries. Policies and procedures are prepared in compliance with applicable legislations that the subsidiaries subject to and the parent Bank's risk management strategy, reviewed regularly and revised if necessary.

The parent Bank ensures that risk management system is applied in subsidiaries where risks are defined, measured, monitored and controlled.

Risk management activities are structured under the responsibility of the Board of Directors. Management of various risks that the Bank may be exposed to, including oversight of corporate risk management policies and practices, capital adequacy, planning and liquidity adequacy, is the responsibility of the Risk Committee, which consists of members of the Board of Directors. Accordingly, the Risk Management, which performs risk management functions, reports to the Board of Directors via the Risk Committee, whereas the Internal Audit Department, performing internal audit functions, the Internal Control Unit, performing internal control functions, and the Compliance Department, which implements compliance controls and performs activities to prevent laundering proceeds of crime, and financing of terrorism, report directly to the Board of Directors. Senior managements responsibility is to report to Board of Directors about the significant risk the Bank encounters, ensure the compliance with the risk management about own duties, eliminate the risks, deficiencies and errors occurring in the units responsible or take the necessary measures, participate in design and implementation of internal capital adequacy assessment process (ICAAP); participate in process of assessing the adequacy and appropriateness of the underlying assumptions, data sources and principles used to measure the assumptions and risks associated with the models. The Bank's main approach for the implementation of risk management model is establishing risk culture throughout the Bank, and aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for decision making and implementation mechanisms process by all employees.

The Bank manages all exposed crisis situations within the framework of business continuity policy and business continuity program formed by strategic goals which designate The Bank's business continuity vision and principles; takes necessary actions.

Compliant with legislation, the Bank measures and monitors risks that exposed to, considering methods suitable with international standards. Risk measuring and reporting are performed via advanced methods and risk management softwares. Risk based detailed reports are prepared for management of significant risks, in order to determine strategies and take decisions, in this scope, reports are prepared for board of directors, relevant committees and senior management.

The Bank's risk appetite framework determines the risk level that the board of directors is prepared to accept in order to accomplish the goals and strategies with the consideration of the capacity of the institution to safely absorbs those risks and the Bank monitors regularly risk appetite metrics regarding capital, liquidity, income recurrence and risk based limits.

Risks that the Bank is exposed is managed by providing effective control environment and following closely within limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that causes the risk.

The Risk Management function conducts the ICAAP report, to be sent to the BRSA by coordinating relevant parties. Stress test report is also reported to the BRSA, which evaluates how adverse effects on macroeconomic parameters, in the scope of determined scenarios, affect the Bank's three year budget plan and results, and certain ratios, including capital adequacy.

Training programs for employees, risk reports to the board of directors, senior management and committees, risk appetite framework established by the Bank and ICAAP generate significant inputs to ensure that risk management culture is widely embraced.

The effects of developments in COVID-19 on Bank's risk profile and risk appetite framework are closely monitored within risk measurement, reporting and management processes.

(Thousands of Turkish Lira (TL))

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	*Prior Period*	*Current Period*
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	349,618,270	295,632,577	27,969,462
2	Of which standardised approach (SA)	349,618,270	295,632,577	27,969,462
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	12,856,804	4,877,729	1,028,544
5	Of which standardised approach for counterparty credit risk (SA-CCR)	12,856,804	4,877,729	1,028,544
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	19,377	25,340	1,550
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk		-	-
12	Securitisation exposures in banking book		-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	16,238,813	10,614,225	1,299,105
17	Of which standardised approach (SA)	16,238,813	10,614,225	1,299,105
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	44,996,936	37,857,648	3,599,755
20	Of which basic indicator approach	44,996,936	37,857,648	3,599,755
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**423,730,200**	**349,007,519**	**33,898,416**

(*) Excluding equity investments in funds and amounts below the thresholds for deductions from capital.

4.10.2 Linkages between financial statements and risk amounts

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.3 Consolidated credit risk

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.4 Consolidated counterparty credit risk

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.5 Consolidated securitisations

Not prepared in compliance with the "Regulation on disclosures regarding risk management to be Announced to Public by Banks".

4.10.6 Consolidated market risk

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.7 Consolidated operational risk

Not prepared in compliance with the "Regulation on disclosures regarding risk management to be Announced to Public by Banks".

4.10.8 Consolidated banking book interest rate risk

Not prepared in compliance with the "Regulation on disclosures regarding risk management to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and Cash Equivalents

5.1.1.1 Cash and balances with Central Bank

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	2,624,595	7,193,989	1,594,582	2,749,223
Central Bank of Turkey	2,701,569	31,466,306	1,691,395	33,942,897
Others	-	1,551,117	-	2,047,209
Total	**5,326,164**	**40,211,412**	**3,285,977**	**38,739,329**

Balances with the Central Bank of Turkey

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	2,701,569	10,777,816	1,691,395	10,531,841
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	20,688,490	-	23,411,056
Total	**2,701,569**	**31,466,306**	**1,691,395**	**33,942,897**

The reserve deposits kept as per the Communique no. 2005/1 "Reserve Deposits" of the Central Bank of Turkey in Turkish Lira, foreign currencies and gold, are included in the table above.

5.1.1.2 Banks

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic banks	588,973	118,073	502,368	41,583
Foreign banks	599,529	25,799,931	245,492	18,792,746
Foreign head office and branches	-	-	-	-
Total	**1,188,502**	**25,918,004**	**747,860**	**18,834,329**

The placements at foreign banks include blocked accounts amounting TL 3,811,567 (31 December 2019: TL 2,818,396) of which TL 3,598,479 (31 December 2019: TL 2,657,254) and TL 213,088 (31 December 2019: TL 161,142) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits.

Furthermore, there are restricted deposits at various domestic banks amounting TL 538,694 (31 December 2019: TL 413,230) as required for insurance activities.

Due from foreign banks

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.1.1.3 Receivables from reserve repo transactions

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**5,501,803**	**-**	**10,205,763**	**-**
Central Bank of Turkey	-	-	-	-
Banks	5,501,803	-	10,205,763	-
Others	-	-	-	-
Foreign Transactions	-	467,941	-	**453,693**
Central banks	-	-	-	-
Banks	-	467,941	-	453,693
Others	-	-	-	-
Total	**5,501,803**	**467,941**	**10,205,763**	**453,693**

5.1.1.4 Expected credit losses for cash and cash equivalents

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**168,916**	**-**	**-**	**168,916**
Additions during the Period (+)	831,768	-	-	831,768
Disposal (-)	(652,952)	-	-	(652,952)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	48,304	-	-	48,304
Balances at End of Period	**396,036**	**-**	**-**	**396,036**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**79,352**	**114**	**-**	**79,466**
Additions during the Period (+)	424,971	3	-	424,974
Disposal (-)	(346,430)	(115)	-	(346,545)
Transfer to Stage1	2	(2)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	11,021	-	-	11,021
Balances at End of Period	**168,916**	**-**	**-**	**168,916**

5.1.2 Financial assets at fair value through profit/loss

5.1.2.1 Financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	136,513	-	23,712	-
Assets Subject to Repurchase Agreements	34,350	-	26,860	-
Total	**170,863**	**-**	**50,572**	**-**

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Government Securities	816,642	1,826,056	370,765	91,126
Equity Securities	519,599	30,652	303,272	30,148
Other Financial Assets (*)	46,110	4,847,753	18,701	4,405,288
Total	**1,382,351**	**6,704,461**	**692,738**	**4,526,562**

(*) Financial assets measured at fair value through profit or loss include loan amounting to USD 710,682,828 (31 December 2019:USD 710,182,828) provided to a special purpose entity. As detailed in Note 5.1.9.2, according to the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. After the capital increase, USD 154,885,708 of the related loan, which corresponds to the share of receivables in the Bank, has been paid off.

(Thousands of Turkish Lira (TL))

This loan is classified under financial assets measured at fair value through profit/loss as per TFRS 9.The fair value of this loan is determined by the independent valuation company based on the weighted average of different methodologies (discounted cash flows, similar market multipliers, same sector transaction multipliers, market value and analyst reports). Upon the result of the independent valuation, the Bank management also evaluated the discounted cash flows and reflected its internal evaluation on the relevant valuation result. In this internal valuation, the Bank has determined to use the interest, depreciation and pre-tax profit (EBITDA) profit margin rates which are observed in previous periods and additional risk premium has added in discounted cash flow model. The corresponding loan is considered as Level 3 based on TFRS 13 "Fair Value Measurement" standard.

Valuation techniques considered in the valuation work and any possible changes in the basic assumptions may affect the carrying value of the related asset. For discounted cash flows method, significant unobservable inputs are EBITDA, growth rate and weighted average cost of capital. The estimated fair value of the asset would increase if growth rate and EBITDA are higher and decrease if the weighted average cost of capital is higher. Trading multiples and transaction multiples for the companies operating in the same sector are the other valuation techniques for pricing the assets. Transaction multiples for the companies operating in the same sector are based on similar transactions based on geographical features, industry, size, target market and other factors. Transaction multiples are derived by dividing the enterprise values of the companies to EBITDAs. The estimated fair value of the asset would increase if the multiples were higher and decrease if multiples were lower.

In the case that the growth rate in the assumptions used in the discounted cash flow method in the valuation report is increased by 0.25% / (decreased by 0.25%) and the risk-free return on investment rate is decreased by 0.25% / (increased by 0.25%), assuming that all other variables remain constant, the assets recognized in the financial statements and the profit for the period will increase by approximately 106 million TL (will decrease 93 million TL).

5.1.3 Financial assets measured at fair value through other comprehensive income

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

	Current Period		*Prior Period*	
	TL	FC	TL	FC
Collateralised/Blocked Assets	13,338,014	3,607,022	1,528,597	1,947,081
Assets subject to Repurchase Agreements	-	1,398,347	12,674	1,115,469
Total	**13,338,014**	**5,005,369**	**1,541,271**	**3,062,550**

5.1.3.2 Details of financial assets measured at fair value through other comprehensive income

	Current Period	*Prior Period*
Debt Securities	**31,269,590**	**24,083,685**
Quoted at Stock Exchange	31,269,590	24,083,685
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	**46,499**	**132,968**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	42,008	128,477
Value Increase/Impairment Losses (-)	**4,116,982**	**4,426,876**
Total	**35,433,071**	**28,643,529**

Expected losses of TL 241,932 (31 December 2019: TL 86,057) is accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

Information on positive differences on derivative financial assets measured at FVTPL classified in derivative financial assets is as follows;

	Current Period		*Prior Period*	
	TL	FC	TL	FC
Forward Transactions	153,715	15,673	182,769	15,947
Swap Transactions	3,852,028	2,293,634	848,634	1,123,196
Futures	25	-	-	8,488
Options	27,979	51,739	91,162	269,828
Others	-	895	-	169
Total	**4,033,747**	**2,361,941**	**1,122,565**	**1,417,628**

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	FC	TL	FC
Fair Value Hedges	-	-	11,345	6,675
Cash Flow Hedges	525,293	19,452	424,273	17,071
Net Foreign Investment Hedges	-	-	-	-
Total	**525,293**	**19,452**	**435,618**	**23,746**

(Thousands of Turkish Lira (TL))

As of 30 September 2020, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			***Prior Period***		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swaps	42,940,546	15,693	884,475	60,262,126	24,851	1,123,464
-TL	4,420,000	15,693	62,096	21,365,030	14,243	698,842
-FC	38,520,546	-	822,379	38,897,096	10,608	424,622
Cross Currency Swaps	2,169,818	519,349	135,533	5,003,466	430,655	71,954
-TL	414,128	509,600	72,965	1,008,284	421,375	45,966
-FC	1,755,690	9,749	62,568	3,995,182	9,280	25,988
Currency Forwards	105,577	2,429	-	-	-	-
-TL	-	-	-	-	-	-
-FC	105,577	2,429	-	-	-	-
Interest Rate Options	892,352	7,274	-	681,979	3,858	-
-TL	-	-	-	-	-	-
-FC	892,352	7,274	-	681,979	3,858	-
Total	**46,108,293**	**544,745**	**1,020,008**	**65,947,571**	**459,364**	**1,195,418**

5.1.4.3 Fair value hedge accounting

Current Period

Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**	**Net Fair Value Change of Hedging Item**		**Income Statement Effect (gains/losses from derivative financial instruments)**
				Asset	**Liability**	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	50,788	-	(55,313)	(4,525)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-		-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	400,048	-	(454,260)	(54,212)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	3,606	-	(62,242)	(58,636)

Prior Period

Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**	**Net Fair Value Change of Hedging Item**		**Income Statement Effect (gains/losses from derivative financial instruments)**
				Asset	**Liability**	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	147,422	6,224	(186,490)	(32,844)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	14,063	1,691	(15,774)	(20)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	200,330	4,690	(234,896)	(29,876)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	6,809	5,415	(23,544)	(11,320)

(Thousands of Turkish Lira (TL))

5.1.4.4 Cash flow hedge accounting

Current Period							
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**		**Gains/Losses Accounted under Shareholders' Equity in the Period**	**Gains/Losses Accounted under Income Statement in the Period**	**Ineffective Portion (net) Accounted under Income Statement**
			Asset	**Liability**			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(141,926)	(115,140)	(936)	(502)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	15,693	(232,976)	293,450	(251,114)	(64,915)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	501,652	(72,965)	(16,616)	(12,166)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	17,697	(326)	8,471	(8,775)	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	2,429	-	3,088	(2,590)	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	7,274	-	996	-	-

As of 30 September 2020, there is not any reclassified amounts from the shareholders' equity to the profit or loss due to the ceased hedging transactions during the current period.

(Thousands of Turkish Lira (TL))

Prior Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	7,075	(24,103)	(106,708)	53,943	831
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	5,171	(662,201)	(602,570)	417,372	(12,174)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	419,346	(82)	(22,982)	(11,946)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	5,894	(48,328)	(15,843)	14,482	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	50,967	-	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	3,858	-	535	-	-

There is no reclassified amount from the shareholders' equity to the statement of profit or loss due to the ceased hedging transactions.

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		*Prior Period*	
	Cash Loans	**Non-Cash Loans**	**Cash Loans**	**Non-Cash Loans**
Direct Lendings to Shareholders	**-**	**863,936**	**62**	**603,746**
Corporates	-	863,936	62	603,746
Individuals	-	-	-	-
Indirect Lendings to Shareholders	**150,679**	**49,222**	**28,717**	**42,166**
Loans to Employees	**487,647**	**30**	**423,432**	**56**
Total	**638,326**	**913,188**	**452,211**	**645,968**

(Thousands of Turkish Lira (TL))

5.1.5.2 *Performing loans and loans under follow-up including restructured loans, and provisions allocated for such loans*

Loans measured at amortised cost

Current Period		**Loans under Follow-up**		
Cash Loans [(*)(**)]	**Performing Loans**	**Non-restructured**	**Restructured**	
			Revised Contract Terms	**Refinanced**
Loans	**283,120,162**	**24,439,695**	**7,636,151**	**11,105,869**
Working Capital Loans	59,566,495	3,282,237	475,324	3,228,017
Export Loans	27,576,421	715,785	66,193	197,987
Import Loans	555,701	-	-	-
Loans to Financial Sector	10,931,573	403,549	-	-
Consumer Loans	61,121,468	5,931,053	2,694,334	66,858
Credit Cards	26,982,835	3,605,189	482,918	-
Others	96,385,669	10,501,882	3,917,382	7,613,007
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**8,281,765**	**620,821**	**376,961**	**15,417**
Total	**291,401,927**	**25,060,516**	**8,013,112**	**11,121,286**

(*) Non-performing loans are not included.

(**) As of 30 September 2020, based on the resolution of the BRSA dated 27 March 2020 and numbered 8970; starting from 17 March 2020 until 31 December 2020, the total amount of the loans that continued to be classified as stage 1 which have past due days between 30 days and 90 days is amounting to TL 182,377 thousands.

Prior Period		**Loans under Follow-up**		
Cash Loans [(*)]	**Performing Loans**	**Non-restructured**	**Restructured**	
			Revised Contract Terms	**Refinanced**
Loans	**221,544,221**	**26,191,796**	**2,609,325**	**8,861,675**
Working Capital Loans	41,870,625	3,948,376	202,613	2,703,923
Export Loans	19,656,411	1,127,858	68,174	166,605
Import Loans	675,825	-	-	-
Loans to Financial Sector	6,258,761	836,425	-	-
Consumer Loans	50,240,567	5,375,456	986,483	51,573
Credit Cards	23,994,909	2,985,436	476,277	-
Others	78,847,123	11,918,245	875,778	5,939,574
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**6,595,395**	**520,932**	**275,128**	**12,058**
Total	**228,139,616**	**26,712,728**	**2,884,453**	**8,873,733**

(*) Non-performing loans are not included.

Current Period	**Corporate/ Commercial Loans**		**Consumer Loans**		**Financial Lease**		**Factoring**		**Total**	
	TL	**FC**	**TL**	**FC**	**TL**	**FC**	**TL**	**FC**	**TL**	**FC**
Performing Loans (Stage 1)	97,442,059	102,479,526	77,276,060	5,922,520	1,097,567	4,587,838	1,863,585	732,772	177,679,271	113,722,656
Loans under Follow-up (Stage 2)	10,713,930	20,615,563	10,425,131	1,427,098	191,347	801,775	20,070	-	21,350,478	22,844,436
Total Stage 1 and 2 Loans	**108,155,989**	**123,095,089**	**87,701,191**	**7,349,618**	**1,288,914**	**5,389,613**	**1,883,655**	**732,772**	**199,029,749**	**136,567,092**
Expected Credit losses-Stage 1-2 (-)	2,387,082	5,058,689	1,084,053	90,046	42,871	147,191	14,706	675	3,528,712	5,296,601
Total Non-performing Loans	7,064,543	8,980,278	3,343,143	281,836	327,121	583,820	117,381	249,851	10,852,188	10,095,785
Expected Credit losses-Stage 3 (-)	5,504,515	5,328,239	2,472,864	209,309	213,420	279,169	103,170	245,865	8,293,969	6,062,582

(Thousands of Turkish Lira (TL))

Prior Period	**Corporate/ Commercial Loans**		**Consumer Loans**		**Financial Lease**		**Factoring**		**Total**	
	TL	**FC**	**TL**	**FC**	**TL**	**FC**	**TL**	**FC**	**TL**	**FC**
Performing Loans (Stage 1)	71,676,204	79,963,458	64,992,132	4,912,432	765,055	3,755,861	1,642,376	432,098	139,075,767	89,063,849
Loans under Follow-up (Stage 2)	11,401,413	17,141,657	8,326,340	793,386	143,247	648,940	15,931	-	19,886,931	18,583,983
Total Stage 1 and 2 Loans	**83,077,617**	**97,105,115**	**73,318,472**	**5,705,818**	**908,302**	**4,404,801**	**1,658,307**	**432,098**	**158,962,698**	**107,647,832**
Expected Credit losses-Stage 1-2 (-)	1,525,196	2,728,834	811,465	55,351	25,517	102,513	11,582	257	2,373,760	2,886,955
Total Non-performing Loans	7,287,770	7,476,032	3,292,189	243,586	418,332	452,719	150,872	188,886	11,149,163	8,361,223
Expected Credit losses-Stage 3 (-)	5,056,944	3,961,370	2,230,907	179,310	232,217	208,618	127,929	185,639	7,647,997	4,534,937

	Current Period		***Prior Period***	
	Performing Loans	**Loans Under Follow-Up**	**Performing Loans**	**Loans Under Follow-Up**
12-Month ECL (Stage 1)	1,877,111	-	1,227,132	-
Significant Increase in Credit Risk (Stage 2)	-	6,948,202	-	4,033,583

As of 30 September 2020, loans amounting to TL 4,025,726 are benefited as collateral under funding transactions (31 December 2019: TL 3,873,550).

Collaterals received for loans under follow-up

Current Period	**Corporate / Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	324,173	24,722	-	348,895
Loans Collateralized by Mortgages / Shares	13,408,837	3,130,654	-	16,539,491
Loans Collateralized by Pledged Assets	2,642,002	216,724	-	2,858,726
Loans Collateralized by Cheques and Notes	61,469	4,402	-	65,871
Loans Collateralized by Other Collaterals	10,376,743	4,586,999	-	14,963,742
Unsecured Loans	4,601,338	728,744	4,088,107	9,418,189
Total	**31,414,562**	**8,692,245**	**4,088,107**	**44,194,914**

Prior Period	**Corporate / Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	419,617	18,009	-	437,626
Loans Collateralized by Mortgages / Shares	13,590,835	2,929,497	-	16,520,332
Loans Collateralized by Pledged Assets	2,167,317	186,050	-	2,353,367
Loans Collateralized by Cheques and Notes	104,960	3,402	-	108,362
Loans Collateralized by Other Collaterals	8,567,017	2,680,188	-	11,247,205
Unsecured Loans	3,745,943	596,366	3,461,713	7,804,022
Total	**28,595,689**	**6,413,512**	**3,461,713**	**38,470,914**

Delinquency periods of loans under follow-up

Current Period (*)	**Corporate / Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
31-60 days	220,638	628,203	93,532	942,373
61-90 days	193,414	283,124	55,264	531,802
Other	31,000,510	7,780,918	3,939,311	42,720,739
Total	**31,414,562**	**8,692,245**	**4,088,107**	**44,194,914**

(*) As of 30 September 2020, based on the resolution of the BRSA dated 17 March 2020 and numbered 8948; starting from 17 March 2020 until 31 December 2020, the total amount of the loans that continued to be classified as stage 2 which have past due days between 90 days and 180 days is amounting to TL 1,230,122 .

(Thousands of Turkish Lira (TL))

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	578,372	965,769	169,562	1,713,703
61-90 days	552,336	292,979	62,670	907,985
Other	27,464,981	5,154,764	3,229,481	35,849,226
Total	**28,595,689**	**6,413,512**	**3,461,713**	**38,470,914**

5.1.5.3 Maturity analysis of cash loans

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

(Thousands of Turkish Lira (TL))

5.1.5.4 Consumer loans, retail credit cards, personnel loans and personnel credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**1,227,451**	**58,874,405**	**60,101,856**
Housing Loans	18,343	21,025,401	21,043,744
Automobile Loans	102,185	1,700,918	1,803,103
General Purpose Loans	1,106,923	36,148,086	37,255,009
Others	-	-	-
Consumer Loans – FC-indexed	**-**	**163,212**	**163,212**
Housing Loans	-	163,212	163,212
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**1,137,617**	**5,599,880**	**6,737,497**
Housing Loans	202,883	3,466,466	3,669,349
Automobile Loans	-	19,018	19,018
General Purpose Loans	386,364	1,379,322	1,765,686
Others	548,370	735,074	1,283,444
Retail Credit Cards – TL	**24,290,337**	**294,091**	**24,584,428**
With Installment	11,743,561	294,091	12,037,652
Without Installment	12,546,776	-	12,546,776
Retail Credit Cards – FC	**371,669**	**9,205**	**380,874**
With Installment	-	-	-
Without Installment	371,669	9,205	380,874
Personnel Loans – TL	**49,213**	**182,417**	**231,630**
Housing Loan	-	713	713
Automobile Loans	-	-	-
General Purpose Loans	49,213	181,704	230,917
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**10,514**	**88,290**	**98,804**
Housing Loans	3,324	42,835	46,159
Automobile Loans	-	-	-
General Purpose Loans	6,181	32,799	38,980
Others	1,009	12,656	13,665
Personnel Credit Cards – TL	**138,826**	**525**	**139,351**
With Installment	49,585	525	50,110
Without Installment	89,241	-	89,241
Personnel Credit Cards – FC	**5,937**	**102**	**6,039**
With Installment	-	-	-
Without Installment	5,937	102	6,039
Deposit Accounts– TL (Real Persons)	**2,468,891**	**-**	**2,468,891**
Deposit Accounts– TL (Personnel)	**11,823**		**11,823**
Deposit Accounts– FC (Real Persons)		**-**	**-**
Total	**29,712,278**	**65,212,127**	**94,924,405**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**1,594,709**	**47,435,809**	**49,030,518**
Housing Loans	16,384	19,452,893	19,469,277
Automobile Loans	148,863	1,675,140	1,824,003
General Purpose Loans	1,427,774	26,307,776	27,735,550
Others	1,688	-	1,688
Consumer Loans – FC-indexed	**-**	**153,013**	**153,013**
Housing Loans	-	153,013	153,013
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**840,787**	**4,282,561**	**5,123,348**
Housing Loans	141,006	2,623,272	2,764,278
Automobile Loans	185	18,319	18,504
General Purpose Loans	291,602	1,089,953	1,381,555
Others	407,994	551,017	959,011
Retail Credit Cards – TL	**21,363,651**	**370,358**	**21,734,009**
With Installment	9,822,361	370,358	10,192,719
Without Installment	11,541,290	-	11,541,290
Retail Credit Cards – FC	**397,299**	**15,602**	**412,901**
With Installment	-	-	-
Without Installment	397,299	15,602	412,901
Personnel Loans – TL	**36,453**	**156,398**	**192,851**
Housing Loan	-	724	724
Automobile Loans	-	19	19
General Purpose Loans	36,453	155,655	192,108
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**8,321**	**70,228**	**78,549**
Housing Loans	2,204	32,571	34,775
Automobile Loans	-	-	-
General Purpose Loans	4,759	27,611	32,370
Others	1,358	10,046	11,404
Personnel Credit Cards – TL	**131,752**	**529**	**132,281**
With Installment	46,745	529	47,274
Without Installment	85,007	-	85,007
Personnel Credit Cards – FC	**6,233**	**193**	**6,426**
With Installment	-	-	-
Without Installment	6,233	193	6,426
Deposit Accounts– TL (Real Persons)	**2,062,475**	**-**	**2,062,475**
Deposit Accounts– TL (Personnel)	**13,325**	**-**	**13,325**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**26,455,005**	**52,484,691**	**78,939,696**

(Thousands of Turkish Lira (TL))

5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**1,186,939**	**9,352,971**	**10,539,910**
Real Estate Loans	764	591,487	592,251
Automobile Loans	218,290	2,522,911	2,741,201
General Purpose Loans	967,885	6,238,573	7,206,458
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**473,802**	**473,802**
Real Estate Loans	-	53,372	53,372
Automobile Loans	-	76,943	76,943
General Purpose Loans	-	343,487	343,487
Others	-	-	-
Installment-based Commercial Loans – FC	**3,567,749**	**4,129,248**	**7,696,997**
Real Estate Loans	-	-	-
Automobile Loans	2,170	184,334	186,504
General Purpose Loans	-	102,383	102,383
Others	3,565,579	3,842,531	7,408,110
Corporate Credit Cards – TL	**5,718,429**	**225,252**	**5,943,681**
With Installment	2,696,462	225,252	2,921,714
Without Installment	3,021,967	-	3,021,967
Corporate Credit Cards – FC	**16,569**	**-**	**16,569**
With Installment	-	-	-
Without Installment	16,569	-	16,569
Deposit Accounts– TL (Corporates)	**1,359,129**	**-**	**1,359,129**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**11,848,815**	**14,181,273**	**26,030,088**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**698,237**	**10,937,099**	**11,635,336**
Real Estate Loans	1,532	541,123	542,655
Automobile Loans	128,728	2,008,812	2,137,540
General Purpose Loans	567,977	8,387,164	8,955,141
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**768,231**	**768,231**
Real Estate Loans	-	48,785	48,785
Automobile Loans	-	155,719	155,719
General Purpose Loans	-	563,727	563,727
Others	-	-	-
Installment-based Commercial Loans – FC	**2,544,604**	**2,728,533**	**5,273,137**
Real Estate Loans	-	-	-
Automobile Loans	-	140,909	140,909
General Purpose Loans	222	102,257	102,479
Others	2,544,382	2,485,367	5,029,749
Corporate Credit Cards – TL	**5,002,179**	**135,481**	**5,137,660**
With Installment	1,830,025	135,481	1,965,506
Without Installment	3,172,154	-	3,172,154
Corporate Credit Cards – FC	**33,345**	**-**	**33,345**
With Installment	-	-	-
Without Installment	33,345	-	33,345
Deposit Accounts– TL (Corporates)	**1,336,839**	**-**	**1,336,839**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**9,615,204**	**14,569,344**	**24,184,548**

5.1.5.6 *Allocation of loans by customers*

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.5.7 *Allocation of domestic and foreign loans (*)*

	Current Period	*Prior Period*
Domestic Loans	304,088,557	241,117,177
Foreign Loans	31,508,284	25,493,353
Total	**335,596,841**	**266,610,530**

(*) Non-performing loans are not included.

5.1.5.8 *Loans to associates and subsidiaries*

	Current Period	*Prior Period*
Direct Lending	381,567	118,232
Indirect Lending	-	-
Total	**381,567**	**118,232**

(Thousands of Turkish Lira (TL))

5.1.5.9 Provision allocated for non-performing loans (Stage 3)

	Current Period	*Prior Period*
Substandard Loans- Limited Collectability	363,747	1,274,532
Doubtful Loans	695,015	3,227,456
Uncollectible Loans	13,297,789	7,680,946
Total	**14,356,551**	**12,182,934**

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period			
Gross amounts before provisions	260,409	367,032	4,375,588
Restructured Loans	260,409	367,032	4,375,588
Prior Period			
Gross amounts before provisions	917,130	2,851,375	1,114,141
Restructured Loans	917,130	2,851,375	1,114,141

Movements in non-performing loan groups

	Group III	**Group IV**	**Group V**
Current Period	**Substandard Loans**	**Doubtful Loans**	**Uncollectible Loans**
Balances at End of Prior Period	**2,603,803**	**5,246,849**	**11,659,734**
Additions during the Period (+)	801,638	592,099	404,209
Transfer from Other NPL Categories (+)	48,967	2,638,292	6,635,294
Transfer to Other NPL Categories (-)	2,639,798	6,645,376	37,379
Collections during the Period (-)	298,289	865,806	1,346,658
Write-offs (-)(*)	445	3	345,222
Debt Sale (-) (**)	-	-	61,370
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	61,370
Credit Cards	-	-	-
Other	-	-	-
Foreign Currency Differences	169,475	310,168	2,077,791
Balances at End of Period	685,351	1,276,223	18,986,399
Provisions (-)	363,747	695,015	13,297,789
Net Balance on Balance Sheet	**321,604**	**581,208**	**5,688,610**

(Thousands of Turkish Lira (TL))

Prior Period	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Balances at End of Prior Period	**3,147,412**	**5,035,594**	**5,570,378**
Additions during the Period (+)	8,276,247	1,308,238	254,130
Transfer from Other NPL Categories (+)	78,808	8,148,723	8,735,761
Transfer to Other NPL Categories (-)	8,164,400	8,723,026	75,866
Collections during the Period (-)	833,163	879,932	1,279,552
Write-offs (-)	149	57	875,986
Debt Sale (-) (**)	-	4,101	1,022,714
Corporate and Commercial Loans	-	1,762	221,039
Retail Loans	-	1,652	489,301
Credit Cards	-	687	312,374
Other	-	-	-
Foreign Currency Differences	99,048	361,410	353,583
Balances at End of Period	**2,603,803**	**5,246,849**	**11,659,734**
Provisions (-)	1,274,532	3,227,456	7,680,946
Net Balance on Balance Sheet	**1,329,271**	**2,019,393**	**3,978,788**

(*) One of the Bank's consolidated subsidiaries, in accordance with the relevant accounting policy has partially written down TL 197,554 of a loan amounting to TL 267,833.The related loan, which was written down, was sold to the Parent Bank by its subsidiary for its fair value of TL 70,279. The remaining balance consists of 100% provisioned loans that were written down at the relevant date.
(**) All consists of sale of non-performing loans.

Non-performing loans in foreign currencies

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	**625,152**	**296,446**	**10,063,956**
Provisions (-)	317,353	208,644	6,204,240
Net Balance at Balance Sheet	**307,799**	**87,802**	**3,859,716**
Prior Period			
Balance at End of Period	**1,051,988**	**2,041,425**	**6,040,133**
Provisions (-)	517,941	1,152,914	3,420,322
Net Balance at Balance Sheet	**534,047**	**888,511**	**2,619,811**

(Thousands of Turkish Lira (TL))

Gross and net non-performing loans as per customer categories

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	**321,604**	**581,208**	**5,688,610**
Loans to Individuals and Corporates (Gross)	657,494	1,256,714	18,952,691
Provision (-)	356,022	688,345	13,268,919
Loans to Individuals and Corporates (Net)	301,472	568,369	5,683,772
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	27,857	19,509	33,708
Provision (-)	7,725	6,670	28,870
Other Loans and Receivables (Net)	20,132	12,839	4,838
Prior Period (Net)	**1,329,271**	**2,019,393**	**3,978,788**
Loans to Individuals and Corporates (Gross)	2,586,430	5,240,991	11,635,103
Provision (-)	1,266,314	3,225,700	7,658,978
Loans to Individuals and Corporates (Net)	1,320,116	2,015,291	3,976,125
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	17,373	5,858	24,631
Provision (-)	8,218	1,756	21,968
Other Loans and Receivables (Net)	9,155	4,102	2,663

Interest accruals, valuation differences and related provisions calculated for non-performing loans

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	**4,494**	**74**	**2,100**
Interest accruals and valuation differences	14,208	114	4,603
Provision (-)	9,714	40	2,503
Prior Period (Net)	**22,465**	**54,653**	**163,511**
Interest accruals and valuation differences	60,203	130,332	402,983
Provision (-)	37,738	75,679	239,472

(Thousands of Turkish Lira (TL))

Collaterals received for non-performing loans

Current Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	38,266	363	-	38,629
Loans Collateralized by Mortgages	9,746,775	248,939	-	9,995,714
Loans Collateralized by Pledged Assets	1,750,081	50,500	-	1,800,581
Loans Collateralized by Cheques and Notes	188,936	6,067	-	195,003
Loans Collateralized by Other Collaterals	2,968,275	1,976,103	-	4,944,378
Unsecured Loans	2,298,020	360,055	1,315,593	3,973,668
Total	**16,990,353**	**2,642,027**	**1,315,593**	**20,947,973**

Prior Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	14,230	377	-	14,607
Loans Collateralized by Mortgages	9,196,005	322,843	-	9,518,848
Loans Collateralized by Pledged Assets	1,432,716	59,136	-	1,491,852
Loans Collateralized by Cheques and Notes	200,985	5,714	-	206,699
Loans Collateralized by Other Collaterals	3,307,065	1,818,635	-	5,125,700
Unsecured Loans	1,530,171	359,234	1,263,275	3,152,680
Total	**15,681,172**	**2,565,939**	**1,263,275**	**19,510,386**

5.1.5.11 *Expected credit loss for loans*

Current Period	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Balances at End of Prior Period	**1,227,132**	**4,033,583**	**12,182,934**	**17,443,649**
Additions during the Period (+)	2,311,476	5,475,912	1,834,631	9,622,019
Disposal (-)	(2,358,260)	(2,586,299)	(1,173,663)	(6,118,222)
Debt Sale (-)	-	-	(52,725)	(52,725)
Write-offs (-)	-	-	(274,949)	(274,949)
Transfer to Stage1	812,294	(808,464)	(3,830)	-
Transfer to Stage 2	(290,022)	300,590	(10,568)	-
Transfer to Stage 3	(2,517)	(395,135)	397,652	-
Foreign Currency Differences	177,008	928,015	1,457,069	2,562,092
Balances at End of Period	**1,877,111**	**6,948,202**	**14,356,551**	**23,181,864**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**942,150**	**4,027,289**	**8,124,589**	**13,094,028**
Additions during the Period (+)	2,011,898	5,584,149	4,713,858	12,309,905
Disposal (-)	(2,511,214)	(3,178,773)	(1,080,557)	(6,770,544)
Debt Sale (-)	-	-	(1,025,130)	(1,025,130)
Write-offs (-)	(133)	(8)	(874,821)	(874,962)
Transfer to Stage1	1,276,145	(1,270,029)	(6,116)	-
Transfer to Stage 2	(520,603)	552,520	(31,917)	-
Transfer to Stage 3	(7,050)	(1,957,492)	1,964,542	-
Foreign Currency Differences	35,939	275,927	398,486	710,352
Balances at End of Period	**1,227,132**	**4,033,583**	**12,182,934**	**17,443,649**

5.1.5.12 Liquidation policy for uncollectible loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.5.13 Write-off policy

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.6 Lease receivable (Net)

5.1.6.1 Financial lease receivables according to remaining maturities

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	2,926,190	2,562,101	2,338,813	2,036,260
Between 1-5 Years	4,313,041	3,943,429	3,444,202	3,128,201
Longer than 5 Years	181,057	172,997	155,520	148,642
Total	**7,420,288**	**6,678,527**	**5,938,535**	**5,313,103**

Non-performing loans are not included.

5.1.6.2 Net financial lease receivables

	Current Period	*Prior Period*
Gross Financial Lease Receivables	7,420,288	5,938,537
Unearned Income on Financial Lease Receivables (-)	(741,761)	(625,434)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**6,678,527**	**5,313,103**

Non-performing loans are not included.

5.1.6.3 Financial lease agreements

Criteria applied for financial lease agreements

The customer applied for a financial lease is evaluated based on the lending policies and criteria taking into account the legal legislation. A "customer analysis report" according to the type and amount of the application is prepared for the evaluation of the customer by the Credit Committee and certain risk rating models such as "customer risk rating" and "equipment rating/scoring" are applied.

In compliance with the legal legislation and the authorization limits of the general manager, credit committee and board of directors, it is decided whether the loan will be granted considering the financial position and the qualitative characteristics of the customer and the criterias mentioned above, if yes, which conditions will be applied. At this stage, collateral such as bank guarantees, mortgages, asset pledges, promissory notes or the personal or corporate guarantees, may be required depending on the creditworthiness of the customer and the characteristics of the product to be sold.

The sectoral, equipment type and pledged asset concentration of the customers are monitored regularly.

Details monitored subsequent to signing of financial lease agreements

Subsequent to granting of loan, the fulfillment of monetary aspects such as lending procedures, timely collection of rental payments are monitored. Furthermore, updated information on the performance of companies is reported by the credit monitoring unit even for the performing customers.

The reports prepared by the credit monitoring unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the assessments made by the related internal committees and the necessary actions are taken.

5.1.7 Factoring receivables

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.1.8 Financial assets measured at amortised cost

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Investments	10,966,470	5,534,232	3,380,677	3,959,717
Investments subject to Repurchase Agreements	901,029	-	55,581	679,218
Total	**11,867,499**	**5,534,232**	**3,436,258**	**4,638,935**

5.1.8.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	32,930,149	27,558,636
Treasury Bills	90,090	-
Other Government Securities	-	-
Total	**33,020,239**	**27,558,636**

5.1.8.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**28,422,733**	**20,404,822**
Quoted at Stock Exchange	28,364,896	20,358,959
Unquoted at Stock Exchange	57,837	45,863
Valuation Increase / (Decrease)	4,729,218	**7,315,520**
Total	**33,151,951**	**27,720,342**

5.1.8.4 Movement of financial assets measured at amortised cost

	Current Period	*Prior Period*
Balances at Beginning of Period	**27,720,342**	**24,654,009**
Foreign Currency Differences on Monetary Assets	2,316,174	772,371
Purchases during the Period	7,081,080	1,248,680
Disposals through Sales/Redemptions	(2,691,117)	(199,492)
Valuation Effect	(1,274,528)	1,244,774
Balances at End of Period	**33,151,951**	**27,720,342**

(Thousands of Turkish Lira (TL))

5.1.8.5 Expected credit loss for financial assets measured at amortised cost

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**119,889**	**-**	**-**	**119,889**
Additions during the Period (+)	252,107	-	-	252,107
Disposal (-)	(68,852)	-	-	(68,852)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	17,509	-	-	17,509
Balances at End of Period	**320,653**	**-**	**-**	**320,653**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**54,125**	**-**	**-**	**54,125**
Additions during the Period (+)	85,056	-	-	85,056
Disposal (-)	(22,083)	-	-	(22,083)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	2,791	-	-	2,791
Balances at End of Period	**119,889**	**-**	**-**	**119,889**

5.1.9 Assets held for sale and assets of discontinued operations

5.1.9.1 Movement of assets held for sale and assets of discontinued operations

	Current Period	*Prior Period*
Balances at Beginning of Period		
Cost	**1,171,231**	**870,977**
Accumulated Depreciation	**(12,173)**	**(13,293)**
Net Book Value	**1,159,058**	**857,684**
End of Current Period		
Additions	145,129	542,907
Disposals (Cost)	(318,586)	(265,683)
Disposals (Accumulated Depreciation)	294	1,120
Reversal of Impairment / Impairment Losses	26,755	21,053
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	7,085	1,977
Cost	**1,031,614**	**1,171,231**
Accumulated Depreciation (-)	**(11,879)**	**(12,173)**
Net Book Value	**1,019,735**	**1,159,058**

(Thousands of Turkish Lira (TL))

5.1.9.2 Investments in subsidiaries and associates to be disposed

	Current Period	*Prior Period*
End of Prior Period		
Cost	**881,140**	**11**
Impairment Losses (-)	**(587,940)**	**-**
Net Book Value	**293,200**	**11**
End of Current Period		
Additions(*)	-	881,129
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses (-)	(293,200)	(587,940)
Depreciation Expense for Current Period	-	-
Cost	**881,140**	**881,140**
Impairment Losses (-)	**(881,140)**	**(587,940)**
Net Book Value	**-**	**293,200**

(*)Within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192.500.000.000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 22.1265% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations".

As per the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3.982.230, all of which will be covered by common receivables. The Entity's paid-in capital after the general assembly had been TL 3.982.280. The Bank's shareholding ratios in the Entity's capital did not change as a result of the increase, and the nominal value of the direct shares increased from TL 11 to TL 881.140 and the number of shares increased from 1.106.325 to 88.114.036.863. As explained the details before the capital increase in Note 5.1.2.2 , valuation differences recorded on the financial asset are presented as impairment in Assets Held for Sale and Discontinued Operations after capital increase. In the current year, all of the assets acquired under TFRS 5 was impaired.

The main purpose of the lending banks is to transfer the shares of Türk Telekom to an expert investor after the necessary conditions are met. For this purpose, on 19 September 2019, an international investment bank was authorized as a sales consultant, and in this context necessary actions related to sales will be taken and negotiations with potential investors started within the framework of an active sales plan.

(Thousands of Turkish Lira (TL))

5.1.10 Investments in associates

5.1.10.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ (1)	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ (1)	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ (1)	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ (1)	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ (2)	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ (1)	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ (2)	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ (1)	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme A.Ş. (2)	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı A.Ş. (3)	İstanbul/Turkey	8.33	8.33

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	16,043	12,047	3,572	219	4	2,193	1,450	-
2	247,600	201,657	79,862	2,372	-	19,616	17,418	-
3	1,277,018	137,882	9,919	3,907	260	18,842	9,353	-
4	22,110,322	2,256,394	116,940	169,492	40,323	233,081	343,969	-
5	18,373,660	3,460,082	631,470	95,859	-	1,009,438	1,173,543	-
6	377,846	250,947	251,972	3,421	118	33,800	16,401	-
7	786,013,203	51,839,421	621,220	30,964,836	3,733,945	44,732,807	56,279,555	-
8	1,251,576	732,347	20,968	15,768	-	108,496	74,723	-
9	31,238	25,827	22,785	666	-	6,146	2,082	-
10	-	-	-	-	-	-	-	-

(1) Financial information is as of 30 June 2020.
(2) Financial information is as of 31 December 2019.
(3) Financial information is not available since the company is newly established in March 2020.
(*) Total fixed assets include tangible and intangible assets.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

The Bank under the supervision of the Banks Association of Turkey, joined the capital of Birleşik İpotek Finansmanı A.Ş. which was established as a separate enterprise, in partnership with a total of 833,333 shares with a nominal value of TL 833, representing % of the capital.

The Bank purchased 28,559 shares of JCR Avrasya Rating A.Ş. with a nominal value of 29 TL, representing 2.86% of the capital, at a price of 2,755 TL.

5.1.10.2 Consolidated investments in associates

None.

5.1.10.3 Movement of consolidated investments in associates

None.

Valuation methods of consolidated investments in associates

None.

Sectoral distribution of consolidated investments and associates

None.

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

(Thousands of Turkish Lira (TL))

5.1.11 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

Current Period	**Garanti Bank International NV**	**Garanti Finansal Kiralama AŞ**	**Garanti Holding BV**
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	1,235,761	357,848	3,467,040
Share Premium	-	-	116,717
Share Cancellation Profits	-	-	-
Legal Reserves	1,054,340	646,432	157,878
Other Comprehensive Income according to TAS	3,083,596	-	107,578
Current and Prior Periods' Profits	50,743	118,677	168,486
Common Equity Tier I Capital Before Deductions	**5,424,440**	**1,122,957**	**4,017,699**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	24,045	668	1,066,272
Leasehold Improvements on Operational Leases (-)	-	-	1,126
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	52,072	14,988	488,823
Net Deferred Tax Asset/Liability (-)	-	-	138
Total Deductions from Common Equity Tier I Capital	**76,117**	**15,656**	**1,556,359**
Total Common Equity Tier I Capital	**5,348,323**	**1,107,301**	**2,461,340**
Total Deductions From Tier I Capital	**-**	**-**	**-**
Total Tier I Capital	**5,348,323**	**1,107,301**	**2,461,340**
TIER II CAPITAL	**449,810**	**-**	**89,882**
TOTAL CAPITAL	**5,798,133**	**1,107,301**	**2,551,222**

Prior Period	**Garanti Bank International NV**	**Garanti Finansal Kiralama AŞ**	**Garanti Holding BV**
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	913,772	357,848	2,560,180
Share Premium	-	-	86,188
Share Cancellation Profits	-	-	-
Legal Reserves	1,014,013	545,995	(23,430)
Other Comprehensive Income according to TAS	1,990,215	-	115,005
Current and Prior Periods' Profits	40,326	100,436	163,815
Common Equity Tier I Capital Before Deductions	**3,958,326**	**1,004,279**	**2,901,758**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	13,067	668	795,952
Leasehold Improvements on Operational Leases (-)	-	-	164
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	35,037	13,004	361,254
Net Deferred Tax Asset/Liability (-)	-	-	-
Total Deductions from Common Equity Tier I Capital	**48,104**	**13,672**	**1,157,370**
Total Common Equity Tier I Capital	**3,910,222**	**990,607**	**1,744,388**
Total Deductions From Tier I Capital	**-**	**-**	**-**
Total Tier I Capital	**3,910,222**	**990,607**	**1,744,388**
TIER II CAPITAL	**332,155**	**-**	**66,346**
TOTAL CAPITAL	**4,242,377**	**990,607**	**1,810,734**

The parent Bank does not have any capital requirement for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

(Thousands of Turkish Lira (TL))

5.1.11.1 *Unconsolidated investments in subsidiaries*

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
4	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
5	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
6	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
7	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	121,501	113,280	42	7,022	-	5,926	23,091	-	-
2	40,279	23,022	464	1,024	-	3,526	2,448	-	-
3	4,338	1,852	1,063	-	-	38	60	-	-
4	6,068	4,715	3	290	-	354	803	-	-
5	8,701	7,111	8,690	-	-	(3)	(3)	-	-
6	1,826,323	304,737	1,551,969	6,635	-	257,098	28,844	-	-
7	4,693	3,954	-	-	-	898	822	-	-

(*) Total fixed assets include tangible and intangible assets.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments

The companies which are not included within the scope of consolidation due to not being financial subsidiaries are measured at cost less impairment, if any.

(Thousands of Turkish Lira (TL))

5.1.11.2 Movement of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Balances at Beginning of Period	**8,448,841**	**6,942,044**
Movements during the Period	**2,400,939**	**1,506,797**
Acquisitions and Capital Increases	-	-
Bonus Shares Received	382,110	-
Dividends from Current Year Profit	1,014,840	893,943
Sales/Liquidations	-	(352)
Reclassifications	-	-
Value Increase/Decrease (*) (**)	(972,870)	110,834
Currency Differences on Foreign Subsidiaries	1,976,859	502,372
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	**10,849,780**	**8,448,841**
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) Except for quoted subsidiaries, value increases / (decreases) are based on the results of equity accounting application.
(**) TL 594,393 thousands of this amount is due to the dividend distribution of Garanti Emeklilik AŞ as per the decision made at its Annual General Assembly meeting held on 30 September 2020.

Valuation methods of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Valued at Cost	-	-
Valued at Fair Value (*)	10,849,780	8,448,841

(*) The amounts recognized in the equity accounting application are included in the unconsolidated financial statement of the Bank.

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Banks	5,376,575	3,921,884
Insurance Companies	850,590	1,153,607
Factoring Companies	163,036	134,182
Leasing Companies	1,124,174	1,018,498
Finance Companies	3,335,405	2,220,670
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchanges	165,889	135,322
Quoted at International Stock Exchanges	-	-

(Thousands of Turkish Lira (TL))

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
2	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
7	Garanti Holding BV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
8	G Netherlands BV (*)	Amsterdam/the Netherlands	-	100.00	Full Consolidation
9	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
10	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
11	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Garanti Yatırım Ortaklığı AŞ	Istanbul / Turkey	-	3.61	Full Consolidation

(*) The financial information presented in the below table does not include elimination and adjustment entries.

	Total Assets	Shareholders' Equity	Total Fixed Assets (**)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	5,857,043	1,124,178	20,928	321,468	-	118,677	94,109	-
2	2,752,637	199,282	16,042	197,204	860	35,484	31,790	-
3	1,252,855	657,939	29,980	14,743	10,578	335,701	103,643	-
4	204,059	179,734	1,558	6,468	2,678	44,404	23,050	-
5	2,724,606	1,001,760	44,748	93,985	60,766	330,122	342,321	-
6	29,233,273	5,391,324	334,976	429,706	9,835	50,743	33,638	-
7	3,062,817	3,060,218	-	-	-	(546)	(400)	-
8	2,945,315	2,482,767	-	251	-	(18,626)	(24,577)	-
9	19,949,557	2,917,147	659,727	467,114	71,184	143,571	157,165	-
10	1,445,820	264,192	9,528	56,234	-	17,830	25,127	-
11	1,128,971	170,919	22,074	60,519	-	14,594	10,139	-
12	42,352	39,957	1,053	1,105	1,943	280	2,926	79,040

(**) Total fixed assets include tangible and intangible assets.

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.61%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the board of directors as resulted from its privilege in election of board members.

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.12 Investments in joint-ventures

None.

(Thousands of Turkish Lira (TL))

5.1.13 Tangible assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.14 Intangible assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.15 Investment property

	Current Period	*Prior Period*
Net Book Value at Beginning of Period	**569,719**	**558,309**
Additions	-	35,343
Disposals	-	(268)
Transfers to Tangible Assets	24,179	-
Fair Value Change	8,112	(23,665)
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	**602,010**	**569,719**

The investment property is held for operational leasing purposes. The Bank and its financial subsidiaries account their investment property based on the fair value model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all investment properties registered in the ledger, valuation studies are performed by independent expertise firms every year.

(Thousands of Turkish Lira (TL))

5.1.16 Deferred tax asset

As of 30 September 2020, on a consolidated basis the Bank has a deferred tax asset of TL 2,550,248 (31 December 2019: TL 1,882,010) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 September 2020, deferred tax assets of TL 3,517,201 (31 December 2019: TL 2,232,124) are reduced by deferred tax liabilities of TL 966,953 (31 December 2019: TL 350,114) with offsetting characteristics and presented as net in the accompanying consolidated financial statements, on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

	Current Period		***Prior Period***	
	Tax Base	**Deferred Tax Amount**	**Tax Base**	**Deferred Tax Amount**
Provisions (*)	4,465,947	877,727	2,839,430	549,331
Stages 1&2 Credit Losses	9,994,907	2,057,122	5,794,132	1,213,642
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	(1,101,180)	(188,399)	1,075,265	178,924
Revaluation Differences on Real Estates	(2,090,636)	(209,248)	(1,870,033)	(187,155)
Other	44,831	13,046	581,831	127,268
Deferred Tax Asset	**11,313,869**	**2,550,248**	**8,420,625**	**1,882,010**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.
(**) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches and subsidiaries' financial assets.

As of 30 September 2020, TL 517,359 (30 September 2019: TL 311,895 of deferred tax income) of deferred tax income and TL 157,567 (30 September 2019: TL 80,380 of deferred tax income) of deferred tax expense were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Other Assets

	Current Period		***Prior Period***	
	TP	**YP**	**TP**	**YP**
Derivative Assets (Derivative Quarantees)	603,588	11,565,033	290,673	6,845,390
Receivables From Clearing Transactions	4,439,355	26,366	3,306,061	76,901
Prepaid Expenses	1,998,966	48,474	1,376,623	17,941
Cash Guarantees Given	323,986	340,361	69,104	200,673
Receivables From Forward Sale of Assets	1,137	151,988	1,137	114,591
Other	392,988	445,006	458,647	406,003
Total	**7,760,020**	**12,577,228**	**5,502,245**	**7,661,499**

(Thousands of Turkish Lira (TL))

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**24,458,880**	**-**	**4,318,589**	**54,047,651**	**388,309**	**197,816**	**1,169,206**	**2,011**	**84,582,462**
Foreign Currency Deposits	**99,263,471**	**-**	**12,040,544**	**63,279,984**	**4,880,176**	**5,852,388**	**9,416,454**	**40,370**	**194,773,387**
Residents in Turkey	78,522,538	-	9,277,712	58,364,756	1,610,604	1,219,625	2,975,959	39,026	152,010,220
Residents in Abroad	20,740,933	-	2,762,832	4,915,228	3,269,572	4,632,763	6,440,495	1,344	42,763,167
Public Sector Deposits	**1,439,500**	**-**	**29,725**	**72,881**	**52**	**10**	**-**	**-**	**1,542,168**
Commercial Deposits	**13,991,938**	**-**	**10,948,798**	**12,302,930**	**535,669**	**26,609**	**252,020**	**-**	**38,057,964**
Others	**370,923**	**-**	**240,502**	**1,624,997**	**1,037,072**	**556**	**2,313,874**	**-**	**5,587,924**
Precious Metal Deposits	**18,373,188**	**-**	**-**	**225,869**	**440,202**	**44,362**	**867,211**	**-**	**19,950,832**
Bank Deposits	**918,600**	**-**	**232,998**	**14,112**	**-**	**708**	**2,745**	**-**	**1,169,163**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4,824	-	-	-	-	-	-	-	4,824
Foreign Banks	691,186	-	232,998	14,112	-	708	2,745	-	941,749
Special Financial Institutions	222,590	-	-	-	-	-	-	-	222,590
Others	-	-	-	-	-	-	-	-	-
Total	**158,816,500**	**-**	**27,811,156**	**131,568,424**	**7,281,480**	**6,122,449**	**14,021,510**	**42,381**	**345,663,900**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**17,433,837**	**-**	**3,116,931**	**51,677,816**	**571,816**	**383,980**	**1,585,582**	**2,370**	**74,772,332**
Foreign Currency Deposits	**51,062,394**	**-**	**14,477,678**	**69,825,350**	**5,051,064**	**5,186,890**	**9,913,217**	**34,608**	**155,551,201**
Residents in Turkey	37,397,146	-	12,952,855	64,791,799	2,293,257	1,974,114	1,811,661	33,422	121,254,254
Residents in Abroad	13,665,248	-	1,524,823	5,033,551	2,757,807	3,212,776	8,101,556	1,186	34,296,947
Public Sector Deposits	**1,283,224**	**-**	**19,396**	**39,676**	**-**	**11**	**58**	**-**	**1,342,365**
Commercial Deposits	**11,489,191**	**-**	**8,625,643**	**10,217,039**	**129,187**	**88,491**	**1,216,056**	**-**	**31,765,607**
Others	**320,716**	**-**	**142,512**	**601,501**	**2,407**	**246,285**	**3,730,349**	**-**	**5,043,770**
Precious Metal Deposits	**4,958,792**	**-**	**2,342**	**179,827**	**343,121**	**36,038**	**613,179**	**-**	**6,133,299**
Bank Deposits	**2,322,684**	**-**	**169,266**	**51,014**	**116,070**	**4,753**	**4,964**	**-**	**2,668,751**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	30,924	-	-	-	-	4,753	-	-	35,677
Foreign Banks	330,928	-	169,266	51,014	116,070	-	4,964	-	672,242
Special Financial Institutions	1,960,832	-	-	-	-	-	-	-	1,960,832
Others	-	-	-	-	-	-	-	-	-
Total	**88,870,838**	**-**	**26,553,768**	**132,592,223**	**6,213,665**	**5,946,448**	**17,063,405**	**36,978**	**277,277,325**

(Thousands of Turkish Lira (TL))

5.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund

Information on saving deposits covered by deposit insurance and exceeding insurance coverage limit:

	Covered by Deposit Insurance Over Deposit Insurance Limit		**Over Deposit Insurance Limit**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***
Saving Deposits	44,026,505	39,677,571	39,848,296	34,453,878
Foreign Currency Saving Deposits	45,526,174	37,004,702	87,512,458	70,678,418
Other Saving Deposits	8,822,080	3,179,119	9,715,711	2,565,718
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,412,913	1,169,315	286	57
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

5.2.1.2 Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	***Prior Period***
Deposits and Other Accounts held at Foreign Branches	20,455	19,694
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	153,558	166,340
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	478,435	1,343,702	-	860,923
Domestic Banks and Institutions	1,314,551	2,118,717	1,326,874	1,320,690
Foreign Banks, Institutions and Funds	352,849	24,697,424	1,361,081	20,752,491
Total	**2,145,835**	**28,159,843**	**2,687,955**	**22,934,104**

5.2.2.1 Maturities of funds borrowed

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Short-Term	1,870,482	3,670,513	1,326,881	2,991,738
Medium and Long-Term	275,353	24,489,330	1,361,074	19,942,366
Total	**2,145,835**	**28,159,843**	**2,687,955**	**22,934,104**

5.2.2.2 Disclosures for concentration areas of bank's liabilities

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.2.3 Money market funds

Information on obligations under repurchase agreements classified in money market funds is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**943,837**	**-**	**94,463**	**-**
Financial Institutions and Organizations	865,937	-	16,856	-
Other Institutions and Organizations	45,543	-	38,539	-
Individuals	32,357	-	39,068	-
Foreign Transactions	**67**	**1,272,287**	**81**	**1,370,446**
Financial Institutions and Organizations	-	1,272,287	-	1,370,446
Other Institutions and Organizations	22	-	-	-
Individuals	45	-	81	-
Total	**943,904**	**1,272,287**	**94,544**	**1,370,446**

5.2.4 Securities issued

Current Period	TL		FC	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	4,665,921	2,032,017	-	19,078,742
Cost	4,493,978	2,028,315	-	18,983,503
Carrying Value (*)	4,534,466	1,222,553	-	17,775,252

Prior Period	TL		FC	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	4,832,936	2,032,018	-	15,882,842
Cost	4,822,428	2,030,144	-	15,809,477
Carrying Value (*)	4,825,540	1,210,544	-	14,990,453

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 2,318,136 and foreign currency securities with a total face value of USD 215,723,000 (31 December 2019: 863,079 TL and USD 206,943,000) and netted off such securities in the accompanying consolidated financial statements.

5.2.5 Information about financial liabilities measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Securities Issued	-	15,591,683	-	14,342,293
Total	**-**	**15,591,683**	**-**	**14,342,293**

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,368,303,572 (31 December 2019: USD 2,511,607,143) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 September 2020, the accumulated fair value change of the related financial liability amounted to TL 2,860,736 (31 December 2019: TL 725,306) and the corresponding gain/loss recognised in the statement of loss amounted to TL 2,135,430 (30 September 2019: TL 208,469). The carrying value of the related financial liability amounted to TL 15,591,683 (31 December 2019: TL 14,342,293).

(Thousands of Turkish Lira (TL))

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

Information on negative differences on derivative financial liabilities measured at FVTPL classified in derivative financial liabilities is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Forward Transactions	349,514	9,178	155,718	7,065
Swap Transactions	1,299,761	4,881,967	931,412	1,730,884
Futures	83	794	6	-
Options	33,254	49,934	113,327	105,537
Others	-	613	-	298
Total	**1,682,612**	**4,942,486**	**1,200,463**	**1,843,784**

5.2.6.2 Derivative financial liabilities held for hedging purpose

Information on negative differences on derivative financial liabilities held for hedging purposes classified in derivative financial liabilities is as follows;

Derivative Financial Liabilities Held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	-	571,815	104,982	355,722
Cash Flow Hedges	135,061	313,132	639,826	94,888
Net Foreign Investment Hedges	-	-	-	-
Total	**135,061**	**884,947**	**744,808**	**450,610**

Please refer to Note 5.1.4.2 for financial liabilities resulted from derivatives held for hedging purpose.

5.2.7 Factoring payables

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.8 Lease payables

5.2.8.1 Operational lease agreements

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	370,710	299,026	383,053	247,396
Between 1-5 Years	737,384	596,183	846,977	550,604
Longer than 5 Years	439,163	342,985	547,238	336,770
Total	**1,547,257**	**1,238,194**	**1,777,268**	**1,134,770**

As of 30 September 2020, the weighted average of the incremental borrowing interest rates applied to TL, EUR, USD and RON lease liabilities presented in the statement of financial position of the Group are 9.7%, 1.7%, 7.0% and 5.7% (31 December 2019: 21.2%, 2.5%, 7% and 8%) respectively.

(Thousands of Turkish Lira (TL))

5.2.9 Provisions

5.2.9.1 Reserve for employee severance indemnity

	Current Period	*Prior Period*
Balances at Beginning of Period	**558,285**	**489,257**
Provision for the Period	99,301	142,503
Actuarial Gain/Loss	-	(4,293)
Payments During the Period	(30,732)	(69,182)
Balances at End of Period	**626,854**	**558,285**

5.2.9.2 Provisions for foreign exchange differences on foreign currency indexed loans and financial lease receivables

None (31 December 2019: None).

5.2.9.3 Expected credit losses (Stage 3) for non-cash loans that are not indemnified or converted into cash

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.9.4 Other provisions

	Current Period	*Prior Period*
Reserve for Employee Benefits	1,231,639	1,246,661
Insurance Technical Provisions, Net	823,251	640,533
Provision for Promotion Expenses of Credit Cards	219,848	172,525
Provision for Lawsuits	520,648	488,730
Provision for Non-Cash Loans	1,699,609	1,214,480
Other Provisions(*)	4,947,517	2,763,444
Total	**9,442,512**	**6,526,373**

(*) Includes total general reserve of TL 4,330,000 (31 December 2019: 2,500,000) consisting of TL 1,830,000 and TL 2,500,000 recognized as expense in the current period and prior periods, respectively.

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 23 December 2019 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 4,634,662 at 31 December 2019 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 30 September 2020 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 23 December 2019 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 2,238,125 remains as of 31 December 2019 as details are given in the table below.

(Thousands of Turkish Lira (TL))

	31 December 2019	*31 December 2018*
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(1,846,213)	(1,408,961)
Net present value of medical benefits and health premiums transferable to SSF	556,956	596,470
General administrative expenses	(64,962)	(52,481)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	**(1,354,219)**	**(864,972)**
Fair Value of Plan Assets (2)	**5,988,881**	**4,612,956**
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	**4,634,662**	**3,747,984**
Non-Transferable Benefits:		
Other pension benefits	(1,002,495)	(920,128)
Other medical benefits	(1,394,042)	(1,134,112)
Total Non-Transferable Benefits (4)	**(2,396,537)**	**(2,054,240)**
Asset Surplus over Total Benefits ((3)-(4))	**2,238,125**	**1,693,744**

Movement of recognized liability for asset shortage over the Bank's defined benefit plan

	31 December 2019	*31 December 2018*
Balance at Beginning of Period	**-**	**-**
Actual contributions paid during the period	(91,969)	(77,036)
Total expense recognized in the income statement	73,334	72,731
Amount recognized in the shareholders' equity	18,635	4,305
Balance at End of Period	**-**	**-**

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF in compliance with TAS 19 are as follows:

	31 December 2019	*31 December 2018*
	%	**%**
Discount Rate (*)	12.50	16.30
Inflation Rate (*)	8.20	12.50
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	12.40	16.70
Future Pension Increase Rate (*)	8.20	12.50

(*) The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years in service.

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities of the Bank are as follow:

Defined Benefit Obligation	**Pension Benefits Effect**	**Medical Benefits Effect**	**Overall Effect**
Assumption change	**%**	**%**	**%**
Discount rate +1%	(12.30)	(17.00)	(15.00)
Discount rate -1%	15.40	22.80	19.70
Medical inflation +1%	-	22.60	13.10
Medical inflation -1%	-	(17.00)	(9.90)

(Thousands of Turkish Lira (TL))

Retirement Indemnities	**Sensitivity of Past Service Liability**	**Sensitivity of Normal Cost**
Assumption change	**%**	**%**
Discount rate +1%	(11.10)	(13.80)
Discount rate -1%	13.30	(17.00)
Inflation rate +1%	12.40	(3.70)
Inflation rate -1%	(11.40)	3.90

5.2.10 Tax liability

5.2.10.1 Current tax liability

5.2.10.1.1 Tax liability

As of 30 September 2020, the corporate tax liability amounts to TL 357,557 (31 December 2019: TL 683,990) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

5.2.10.1.2 Taxes payable

	Current Period	***Prior Period***
Corporate Taxes Payable	357,557	683,990
Taxation on Securities Income	137,172	190,677
Taxation on Real Estates Income	2,270	5,321
Banking Insurance Transaction Tax	151,513	209,765
Foreign Exchange Transaction Tax	66,904	10,997
Value Added Tax Payable	38,593	35,049
Others	102,639	101,866
Total	**856,648**	**1,237,665**

5.2.10.1.3 Premiums payable

	Current Period	***Prior Period***
Social Security Premiums-Employees	6,442	5,411
Social Security Premiums-Employer	4,292	3,438
Bank Pension Fund Premium-Employees	552	37
Bank Pension Fund Premium-Employer	782	37
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	2,071	1,752
Unemployment Insurance-Employer	4,865	3,586
Others	102	49
Total	**19,106**	**14,310**

5.2.10.2 Deferred tax liability

As of 30 September 2020, the deferred tax liability amounts to TL 35,109 (31 December 2019: TL 29,480).

(Thousands of Turkish Lira (TL))

5.2.11 Liabilities for assets held for sale and assets of discontinued operations

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.12 Subordinated debts

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.13 Other liabilities

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Payables from credit card transactions	12,509,308	150,036	9,955,158	136,071
Payables from clearing transactions	3,969,637	5,496	2,978,282	74,119
Other	1,595,392	2,628,109	1,319,133	2,073,593
Total	**18,074,337**	**2,783,641**	**14,252,573**	**2,283,783**

5.2.14 Shareholders' equity

5.2.14.1 Paid-in capital

	Current Period	*Prior Period*
Common shares	4,200,000	4,200,000
Preference shares	-	-

5.2.14.2 Registered share capital system

Capital System	**Paid-in Capital**	**Ceiling per Registered Share Capital**
Registered Shares	4,200,000	10,000,000

5.2.14.3 Capital increases in current period

None.

5.2.14.4 Capital increases from capital reserves in current period

None.

5.2.14.5 Capital commitments for current and future financial periods

None.

5.2.14.6 Possible effect of estimations made for the parent bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

None.

5.2.14.7 Information on privileges given to stocks representing the capital

None.

(Thousands of Turkish Lira (TL))

5.2.14.8 Securities value increase fund

Information on securities value increase fund classified as a part of income/expenses from valuation and/or reclassification of financial assets measured at FVOCI in the statement of changes in shareholders' equity, is as follows;

	Current Period		*Prior Period*	
	TL	FC		
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	**340,488**	**(517,161)**	**(40,429)**	**155,810**
Valuation Difference	338,824	(517,161)	(40,429)	155,810
Exchange Rate Difference	1,664	-	-	-
Total	**340,488**	**(517,161)**	**(40,429)**	**155,810**

5.2.14.9 Revaluation surplus

	Current Period		*Prior Period*	
	TL	FC		
Movables	61,772	(4,125)	24,125	194,826
Real Estates	1,708,209	98,439	1,525,315	72,648
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	-	-	-	-
Other	(172,475)	-	(172,475)	-
Total	**1,597,506**	**94,314**	**1,376,965**	**267,474**

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	*Prior Period*
Bankalararası Kart Merkezi AŞ	5,781	-
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	**6,694**	**913**

5.2.14.11 Legal reserves

	Current Period	*Prior Period*
I. Legal Reserve	1,117,860	1,092,170
II. Legal Reserve	507,264	507,264
Special Reserves	-	-
Total	**1,625,124**	**1,599,434**

5.2.14.12 Extraordinary reserves

	Current Period	*Prior Period*
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	44,240,287	38,013,495

(Thousands of Turkish Lira (TL))

5.2.14.13 Minority interest

	Current Period	*Prior Period*
Balance at Beginning of Period	**273,910**	**197,546**
Profit Share of Subsidiaries Net Profits	56,517	76,476
Prior Period Dividend Payment	(106,518)	(680)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	1,935	568
Balance at End of Period	**225,844**	**273,910**

(Thousands of Turkish Lira (TL))

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 22,402,372 (31 December 2019: TL 15,882,503), commitments for cheque payments of TL 3,159,464 (31 December 2019: TL 3,184,727) and commitments for credit card limits of TL 45,066,731 (31 December 2019: TL 38,234,015).

5.3.1.2 Possible losses and commitments resulted from off-balance sheet items

	Current Period	*Prior Period*
Letters of Guarantee in Foreign Currency	34,352,820	26,872,148
Letters of Guarantee in TL	28,067,648	23,555,242
Letters of Credit	9,384,629	10,676,483
Bills of Exchange and Acceptances	2,141,354	1,579,043
Prefinancings	-	-
Other Guarantees	129,671	74,179
Total	**74,076,122**	**62,757,095**

Expected losses for non-cash loans and irrevocable commitments

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Current Period				
Balances at Beginning of Period	**238,451**	**351,457**	**624,572**	**1,214,480**
Additions during the Period (+)	358,347	421,955	232,436	1,012,738
Disposal (-)	(354,316)	(150,014)	(243,292)	(747,622)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	95,221	(94,287)	(934)	-
Transfer to Stage 2	(31,320)	31,530	(210)	-
Transfer to Stage 3	(187)	(3,324)	3,511	-
Foreign Currency Differences	34,692	70,479	114,842	220,013
Balances at End of Period	**340,888**	**627,796**	**730,925**	**1,699,609**

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Prior Period				
Balances at Beginning of Period	**123,751**	**245,225**	**285,681**	**654,657**
Additions during the Period (+)	309,983	457,568	342,817	1,110,368
Disposal (-)	(268,789)	(180,334)	(148,924)	(598,047)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	92,434	(91,370)	(1,064)	-
Transfer to Stage 2	(25,400)	26,879	(1,479)	-
Transfer to Stage 3	(401)	(119,500)	119,901	-
Foreign Currency Differences	6,873	12,989	27,640	47,502
Balances at End of Period	**238,451**	**351,457**	**624,572**	**1,214,480**

Lifetime expected credit loss (Stage 3) of TL 730,925 (31 December 2019: TL 624,572) is made for unliquidated non-cash loans of TL 1,500,351 (31 December 2019: TL 1,544,164) recorded under the off-balance sheet items.

The detailed information for commitments, guarantees and sureties are provided under the statement of "off-balance sheet items".

(Thousands of Turkish Lira (TL))

5.3.1.3 Non-cash loans

	Current Period	*Prior Period*
Non-Cash Loans against Cash Risks	13,316,238	11,045,938
With Original Maturity of 1 Year or Less	*1,330,944*	*1,673,837*
With Original Maturity of More Than 1 Year	*11,985,294*	*9,372,101*
Other Non-Cash Loans	60,759,884	51,711,157
Total	**74,076,122**	**62,757,095**

5.3.1.4 Other information on non-cash loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.1.5 Non-cash loans classified under Group I and II:

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.2 Financial derivative instruments

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.3 Credit derivatives and risk exposures on credit derivatives

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.4 Contingent liabilities and assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.5 Services rendered on behalf of third parties

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.4 Consolidated statement of profit or loss

5.4.1 Interest income

5.4.1.1 *Interest income from loans* (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	5,460,407	567,498	8,230,972	625,395
Medium and long-term loans	11,851,324	4,299,538	12,274,308	4,332,710
Loans under follow-up	408,521	187,504	389,322	103,373
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**17,720,252**	**5,054,540**	**20,894,602**	**5,061,478**

(*) Includes also fees and commissions income on cash loans.

5.4.1.2 *Interest income from banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	292	-	10,979	31,218
Domestic Banks	71,474	28,611	270,459	30,168
Foreign Banks	1,677	51,078	5,341	274,499
Foreign Head Offices and Branches	-	-	-	-
Total	**73,443**	**79,689**	**286,779**	**335,885**

5.4.1.3 *Interest income from securities portfolio*

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	68,254	24,666	56,195	6,297
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,626,500	400,090	1,893,738	407,564
Financial Assets Measured at Amortised Cost	1,840,761	259,913	2,064,585	210,699
Total	**3,535,515**	**684,669**	**4,014,518**	**624,560**

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. The estimated inflation rate which was taken as 8.5% in the first three months of 2020, was updated to 7.5% as of 1 April 2020, was updated to 9% as of 29 July 2020 and was updated to 10.5% as of 3 September 2020. If the valuation of such securities was performed according to the reference index valid as of 30 September 2020, the parent Bank's securities value increase fund under the equity would decrease by TL 89,228 (net), whereas the interest income on securities portfolio would increase by TL 238,924.

5.4.1.4 *Interest income received from associates and subsidiaries*

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	20,283	19,359

(Thousands of Turkish Lira (TL))

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks	188,376	323,616	179,104	399,560
Central Bank of Turkey	35,777	2,140	-	5,260
Domestic Banks	73,438	38,278	75,118	60,334
Foreign Banks	79,161	283,198	103,986	333,966
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	622,613	-	768,423
Total	**188,376**	**946,229**	**179,104**	**1,167,983**

(*) Includes also fees and commissions expenses on borrowings.

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	*Prior Period*
Interest Paid to Investments in Associates and Subsidiaries	9,240	22,589

5.4.2.3 Interest expenses on securities issued

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	1,134	39,489	-	-	-	-	-	40,623
Saving Deposits	1,505	172,866	3,407,404	23,970	20,967	140,525	-	3,767,237
Public Sector Deposits	-	7,522	6,553	-	-	1	-	14,076
Commercial Deposits	62	581,372	762,489	8,604	3,280	105,810	-	1,461,617
Others	-	12,858	61,431	14,518	14,287	391,330	-	494,424
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**2,701**	**814,107**	**4,237,877**	**47,092**	**38,534**	**637,666**	**-**	**5,777,977**
Foreign Currency								
Foreign Currency Deposits	4,674	61,492	271,194	45,732	38,719	109,516	286	531,613
Bank Deposits	(678)	657	893	4,755	9,081	989	-	15,697
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	2	26	7,250	-	7,278
Total FC	**3,996**	**62,149**	**272,087**	**50,489**	**47,826**	**117,755**	**286**	**554,588**
Grand Total	**6,697**	**876,256**	**4,509,964**	**97,581**	**86,360**	**755,421**	**286**	**6,332,565**

(Thousands of Turkish Lira (TL))

Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	2,870	54,520	-	-	-	-	-	57,390
Saving Deposits	1,953	361,508	6,773,094	408,763	247,345	482,904	-	8,275,567
Public Sector Deposits	-	519	5,327	523	106	6	-	6,481
Commercial Deposits	275	1,167,865	1,330,259	73,460	63,458	131,963	-	2,767,280
Others	8	31,265	133,438	7,169	70,157	559,837	-	801,874
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	**5,106**	**1,615,677**	**8,242,118**	**489,915**	**381,066**	**1,174,710**	**-**	**11,908,592**
Foreign Currency								
Foreign Currency Deposits	17,855	190,848	1,126,579	85,019	116,256	188,341	346	1,725,244
Bank Deposits	4	3,016	689	2,895	6,614	6,239	-	19,457
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	52	173	89	4,979	-	5,293
Total FC	**17,859**	**193,864**	**1,127,320**	**88,087**	**122,959**	**199,559**	**346**	**1,749,994**
Grand Total	**22,965**	**1,809,541**	**9,369,438**	**578,002**	**504,025**	**1,374,269**	**346**	**13,658,586**

5.4.2.5 Interest expense on money market transactions

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.6 Lease expenses

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.7 Interest expenses on factoring payables

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.3 Dividend income

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

(Thousands of Turkish Lira (TL))

5.4.4 Trading income/losses (net)

	Current Period	*Prior Period*
Income	**105,390,225**	**92,867,363**
Trading Account Income	3,335,084	722,881
Derivative Financial Instruments	13,225,967	11,332,973
Foreign Exchange Gain	88,829,174	80,811,509
Losses (-)	**103,068,277**	**94,745,078**
Trading Account Losses	1,253,989	502,245
Derivative Financial Instruments	14,669,040	14,346,396
Foreign Exchange Losses	87,145,248	79,896,437
Total	**2,321,948**	**(1,877,715)**

TL 2,089,724 (30 September 2019: TL 2,405,130) of foreign exchange gains and TL 4,458,767 (30 September 2019: TL 1,636,195) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied fair value hedge accounting for the fixed rate eurobonds issued in 2011 with a total face value of USD 500,000,000 maturity of 10 years and maturity date of 20 April 2021 which were priced at 6.375% originally and had a coupon rate of 6.25%, by designating interest rate swaps with the same face values and terms. In June 2012, the Bank ceased to apply hedge accounting and accordingly fair value calculations for these bonds. The accumulated fair value differences incurred starting from the date of hedge accounting up to the date on which it was ceased, are amortized as per the effective interest-rate method in compliance with TFRS 9.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for funds borrowed amounting to USD 19,956,757 and EUR 21,052,642 and securitization borrowings amounting to EUR 37,736,834 by designating cross currency swaps with the same face values and terms and securitizations amounting to USD 437,459,350 and EUR 37,500,000 and deposits amounting to TL 2,210,000, USD 610,000,000 and forward EUR 480,000,000 by designating interest rate swaps with the same face values. Accordingly, in the current period, gain of TL 23,038 (30 September 2019: gain of TL 28,182) and loss of TL (253,654) (30 September 2019:loss of TL (597,290)) resulting from cross currency and interest rate swap were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of USD 152,951,891 and EUR 46,653,560, for its fixed rate coupons with a total face value of USD 387,500,000 and fixed-rate coupons with a total face value of EUR 23,800,000 by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, the accumulated fair value gain for the hedged loans and bonds is TL 50,788 (30 September 2019: gain of TL 211,538) and TL 424,243 (30 September 2019: gain of TL 240,227) respectively. The part of the related amount that belongs to the current period is accounted for under net trading income/losses in the statement of profit or loss.

In the consolidated financial statements, the Bank applies cash flow hedge accounting by designating floating rate funds borrowed used by the one of the Bank's subsidiary with interest rate swap transactions of the Bank, in order to hedge the cash flow risk arising from fluctuations in market interest rates of these funds borrowed by the subsidiary, starting from 30 September 2019.In this respect, cash flow hedge accounting is applied for funds borrowed amounting to EUR 102,659,877 by designating interest rate swaps that include floor option with the same nominal value and interest rate swaps of USD 7,000,000 with the same nominal value and terms. In this respect, there is TL 879 amount accounted under shareholders' equity in the current period for interest rate swap transactions.

(Thousands of Turkish Lira (TL))

One of the Bank's consolidated subsidiaries enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the subsidiary applied fair value hedge accounting for fixed rate eurobonds with a total face value of USD 25,000,000 and EUR 20,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, the accumulated fair value loss for the hedged loans and bonds is TL 20,589 (30 September 2019: gain of TL 4,964). The part of the related amount that belongs to the current period is accounted for under net trading income/losses in the statement of profit or loss.

One of the Bank's consolidated subsidiaries enters into interest rate agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the subsidiary applied cash flow hedge accounting for its funds borrowed amounting to EUR 35,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a loss of TL 11,699 (30 September 2019: a loss of TL 8,983) resulting from interest rate swap agreements were recognised under shareholders' equity.

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its loans granted in Turkish Lira by designating swaps with the same face value amount and similar terms; TL 110,097,916 sell and EUR 13,547,435 buy, USD 16,127,439 sell and EUR 14,370,637 buy, SEK 6,832,438 sell and EUR 661,538 buy, PLN 207,219 sell and EUR 46,920 buy, HUF 2,700,000,000 sell and EUR 8,014,762 buy, DKK 5,570,302 sell and EUR 748,475 buy, NOK 2,573,751 sell and EUR 239,976 buy, GBP 13,100,000 sell and EUR 14,519,467 buy, RON 9,999,996 sell and EUR 1,977,007 buy, CHF 42,095 sell and EUR 39,217 buy, CAD 114,579 sell and EUR 73,300 buy. Accordingly, in the current period, a loss of TL 396 (30 September 2019: a loss of TL 7,780) resulting from currency derivative contracts were recognized under shareholder's equity.

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its financial lease receivables granted in Foreign Currency by designating swaps with the same face value amount and similar terms; EUR 15,000,000 sell and TL 139,095,000 buy, USD 29,000,000 sell and TL 209,090,000 buy. Accordingly, in the current period, a loss of TL 6,788 (30 September 2019: a gain of TL 4,491) resulting from interest rate swap agreements and a gain of TL 2,337 (30 September 2019: a loss of TL 17,440) from currency derivative contracts were recognized under shareholder's equity.

5.4.5 Other operating income

The items under "other operating income" generally consists of collection or reversals of prior year expected credit losses, banking services related costs recharged to customers and income on custody services.

In the current period, a part of non-performing receivables of the Bank's one of its consolidated subsidiaries amounting to TL 61,370 (30 September 2019: 703,522) were sold for a consideration of TL 21,475 (30 September 2019: 45,454). Considering the related provision of TL 52,725 (30 September 2019: 701,837) made in the financial statements, a gain of TL 12,830 (30 September 2019: 43,769) is recognized under "Other Operating Income".

	Current Period	*Prior Period*
Prior Year Reversals	**3,968,876**	**3,735,374**
Stage 1	1,215,870	999,590
Stage 2	1,455,485	1,601,670
Stage 3	1,194,527	988,887
Others	102,994	145,227
Income from term sale of assets	**88,237**	**64,608**
Others (*)	**1,338,249**	**916,961**
Total	**5,395,362**	**4,716,943**

(*) Premium income from insurance business amounting to TL 1,044,136 (30 September 2019: TL 666,029) which is included in other operating income in the accompanying financial statements is presented in "others" line item.

(Thousands of Turkish Lira (TL))

5.4.6 Expected credit losses and other provisions

	Current Period	*Prior Period*
Expected Credit Losses	**11,288,066**	**8,491,807**
12-Month ECL (Stage 1)	*2,407,481*	*1,122,079*
Significant Increase in Credit Risk (Stage 2)	*4,830,742*	*2,783,179*
Impaired Credits(Stage 3)	*4,049,843*	*4,586,549*
Other Provisions	**3,706,345**	**323,937**
Impairment Losses on Securities	61,062	*36,790*
Financial Assets Measured at Fair Value through Profit or Loss	*58,952*	*12,753*
Financial Assets Measured at Fair Value through Other Comprehensive Income	*2,110*	*24,037*
Impairment Losses on Associates, Subsidiaries and Joint-ventures	293,323	-
Associates	*293,323*	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others	3,351,960	287,147
Total	**14,994,411**	**8,815,744**

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	89,528	90,920
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	100,809	8
Depreciation Expenses of Tangible Assets	292,216	303,805
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	118,026	103,645
Decrease in Value of Equity Accounting Shares	-	
Impairment Losses on Assets to be Disposed	5,343	3,679
Depreciation Expenses of Right-of-use Assets	256,356	234,468
Impairment Losses on Assets Held for Sale and Discontinued Assets	598	581
Other Operating Expenses	3,193,605	2,652,803
Operational Lease related Expenses (*)	*140,597*	*129,649*
Repair and maintenance expenses	*58,375*	*65,241*
Advertisement expenses	*97,541*	*104,229*
Other expenses	*2,897,092*	*2,353,684*
Loss on Sale of Assets	2,972	8,015
Others (**)	1,191,950	861,499
Total	**5,251,403**	**4,259,423**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes saving-deposits-insurance-fund related expenses of TL 460,619 (30 September 2019: TL 328,880) and insurance-business claim losses of TL 378,037 (30 September 2019: TL 184,404) in the current period.

5.4.8 Information on profit/loss before taxes from continued and discontinued operations

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 30 September 2020, on a consolidated basis, the Bank recorded a current tax expense of TL 2,648,684 (30 September 2019: TL 1,675,751) and a deferred tax income of TL 517,359 (30 September 2019: TL 311,895 tax income).

There is no amount from discontinued operations.

(Thousands of Turkish Lira (TL))

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	***Current Period***	***Prior Period***
Increase in Tax Deductible Timing Differences (+)	(1,377,880)	(533,383)
Decrease in Tax Deductible Timing Differences (-)	95,699	187,372
Increase in Taxable Timing Differences (-)	862,003	138,756
Decrease in Taxable Timing Differences (+)	(97,181)	(104,640)
Total	**(517,359)**	**(311,895)**

Deferred tax benefit/charge in the income statement arising on timing differences, tax losses and tax deductions and exemptions

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	***Current Period***	***Prior Period***
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(1,311,611)	(327,446)
(Increase)/Decrease in Taxable Timing Differences (net)	764,822	34,116
(Increase)/Decrease in Tax Losses (net)	29,430	(18,565)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**(517,359)**	**(311,895)**

5.4.10 Net operating profit/loss after taxes including net profit/loss from discontinued operations

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of bank’s performance

None.

5.4.11.2 Any changes in estimations that might have a material effect on current and subsequent period results

None.

5.4.11.3 Minority interest’s profit/loss

	Current Period	***Prior Period***
Net Profit/(Loss) of Minority Interest	56,517	60,225

5.4.12 Components of other items in income statement

The items in others under “Fees and commissions received” and “Fees and commissions paid” in the consolidated income statement include mainly fees and commissions related with credit card transactions and other banking services.

5.5 Consolidated statement of changes in shareholders' equity

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.6 Consolidated statement of cash flows

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	192,177	4,064	38,598	1,003,750	28,717	45,561
Balance at end of period	402,060	23,646	671,348	863,936	157,717	53,991
Interest and Commission Income	**20,393**	**7**	**17,533**	**-**	**5,410**	**124**

Prior Period:

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	300,597	5,024	116,428	954,272	147,203	36,351
Balance at end of period	192,177	4,064	38,598	1,003,750	28,717	45,561
Interest and Commission Income	**20,739**	**7**	**6,486**	**-**	**7,267**	**41**

5.7.1.2 Deposits

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Deposits	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Balance at beginning of period	137,563	134,824	133,851	109,448	107,955	107,483
Balance at end of period	161,300	137,563	40,088	133,851	167,577	107,955
Interest Expenses	**9,240**	**22,589**	**108**	**321**	**4,218**	**6,190**

5.7.1.3 Derivative transactions

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	116,223	34,363	23,854,032	33,860,021	-	9,479
Balance at end of period	275,164	116,223	42,362,208	23,854,032	-	-
Total Profit/(Loss)	**998**	**408**	**(323,156)**	**138,446**	**-**	**-**
Transactions for Hedging						
Balance at beginning of period	-	-	643,552	1,004,943	-	-
Balance at end of period	-	-	656,474	643,552	-	-
Total Profit/(Loss)	**-**	**-**	**(1,006)**	**2,191**	**-**	**-**

Based on the decision of the Banking Regulation and Supervision Agency dated 22 June 2018 and numbered 7855, the special purpose entity and Türk Telekom A.Ş. have not been included in the risk group in accordance with the articles 3 and 49 of the Banking Law No. 5411.

5.7.2 Bank's risk group

5.7.2.1 Relations with companies in risk group of/or controlled by the Bank regardless of nature of current transactions

Transactions with the risk group, are held under arm's-length conditions; terms are set according to the market conditions and in compliance with the Banking Law. The Bank's policy is to keep the balances and transaction volumes with the risk group at reasonable levels preventing any high concentration risk on balance sheet.

5.7.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group amounting TL 532,246 (31 December 2019: TL 147,011) compose 0.15% (31 December 2019: 0.05%) of the Bank's total consolidated cash loans and 0.10% (31 December 2019: 0.03%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,231,125 (31 December 2019: TL 259,492) compose 0.23% (31 December 2019: 0.06%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 941,573 (31 December 2019: TL 1,053,375) compose 1.27% (31 December 2019: 1.68%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 368,965 (31 December 2019: TL 379,369) compose 0.11% (31 December 2019: 0.14%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

A total rent income of TL 4,028 (30 September 2019: TL 3,616) was recognized for the real estates rented to the related parties.

No operating expenses were incurred for the IT services rendered by the related parties (30 September 2019: TL 418). Other income of TL 3,212 (30 September 2019: TL 2,929) for the IT services rendered and banking services fee income of TL 12,111 (30 September 2019: TL 6,320) were recognized from the related parties.

Operating expenses of TL 70,607 (30 September 2019: TL 54,516) for operational leasing services rendered by the related parties were recognized as expenses.

Including the payments related to resigners, the net payment provided or to be provided to the key management of the Bank and its consolidated financial subsidiaries amounts to TL 80,428 as of 30 September 2020 (30 September 2019: TL 107,986).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

5.7.2.5 All kind of agreements signed like asset purchases/sales, service rendering, agencies, leasing, research and development, licenses, funding, guarantees, management services

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the insurance products to customers. Agency services for trading of securities on behalf of the Bank's customers are rendered by specialized branches (Investment Centers).

Purchase of equipments for internal use are partly arranged through leasing.

5.8 Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of parent bank

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.9 Matters arising subsequent to the balance sheet date

None.

5.10 Other disclosures on activities

5.10.1 Information on international risk ratings

5.10.1.1 Parent bank's international risk ratings

MOODY'S *(September 2020)*

Outlook	Negative
Long Term FC Deposit	Caa1(Negative)
Long Term TL Deposit	B2(Negative)
Short Term FC Deposit	Not Prime
Short Term TL Deposit	Not Prime
Basic Loan Assessment	b3
Adjusted Loan Assessment	b3
Long Term National Scale Rating (NSR)	A1.tr
Short Term NSR	TR-1

FITCH RATINGS *(September 2020)*

Long Term FC	B+ / Negative Outlook
Short Term FC	B
Long Term TL	BB-/ Negative Outlook
Short Term TL	B
Financial Capacity	b+
Support	4
NSR	AA(tur)
Long Term National Scale Rating (NSR)	Stable
Senior Unsecured Long Term Notes	B+
Senior Unsecured Short Term Notes	B
Subordinated Notes	B

JCR EURASIA RATINGS *(August 2020)*

Long Term International FC	BBB- (Negative)
Short Term International FC	A-3(Negative)
Long Term International TL	BBB- (Negative)
Short Term International TL	A-3(Negative)
Long Term NSR	AAA(Trk)(Stable)
Short Term NSR	A-1+(Trk)(Stable)
Independency from Shareholders	A
Support	1

5.10.1.2 International risk ratings of Garanti Bank International NV, a consolidated subsidiary

MOODY'S ***(June 2020)*** *(*)*

Long Term FC Deposit	Ba1
Short Term FC Deposit	NP
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba1
Outlook	Negative
Long Term Counterparty Risk Assessment	Baa2(cr)
Short Term Counterparty Risk Assessment	P-2(cr)
Long Term Counterparty Risk Rating	Baa3
Short Term Counterparty Risk Rating	P-3

(*) Latest date in risk ratings or outlooks

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS ***(September 2020)*** *(*)*

Foreign Currency	
Long Term	B+
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB-
Short Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Support	4

(*) Latest date in risk ratings or outlooks

5.10.1.4 International risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS ***(September 2020)*** *(*)*

Foreign Currency	
Long Term	B+
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB-
Short Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Support	4

(*) Latest date in risk ratings or outlooks

(Thousands of Turkish Lira (TL))

5.10.1.5 International risk ratings of Garanti Bank SA, a consolidated subsidiary

FITCH RATINGS *(February 2020)* (*)

Foreign Currency	
Long - Term IDR	BB-
Short - Term IDR	B
Support Rating	4
Viability Rating	bb-
Outlook	Negative

(*) Latest date in risk ratings or outlooks

5.10.2 Dividends

As per the decision made at the annual general assembly of shareholders of the parent Bank on 17 July 2020, the distribution of the net profit of the year 2018, was as follows;

2019 PROFIT DISTRIBUTION TABLE	
2019 Net Profit	**6,158,841**
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(5,437)
B – First dividend at 5% of the paid-in capital	-
C – Extraordinary reserves at 5% after above deductions	(307,942)
D – Second dividend to the shareholders	-
E – Extraordinary reserves	(5,845,462)
F – II. Legal reserve (Turkish Commercial Code 519/2)	-

5.10.3 Other disclosures

None (31 December 2019: None).

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial subsidiaries as of 30 September 2020, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and a limited review report dated 27 October 2020, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent auditors

None.

7 Interim Activity Report

(Amounts are expressed in Turkish Lira (TL))

7.1 Summary financial information regarding the operating results for the current period, the comments of the chairman of the board of directors and the CEO

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 September 2020. Based on the consolidated financials, the Bank's **net income** in the first 9 months of the year recorded as TL 5 billion 240 million 27 thousand. **Asset size** realized at TL 525 billion 909 million 400 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 400 billion 378 million 9 thousand. Actively managing the funding base, deposits continued to be the main funding source; 66% of assets are funded via deposits. Deposit base reached to TL 345 billion 663 million 900 thousand with 25% growth in the first 9 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 16.9%*. The Bank delivered an **ROAE** (Return on Average Equity) of 13.3%** and an **ROAA** (Return on Average Assets) of 1.6%**.

**Calculated without the forbearance introduced by BRSA*

***In the calculation of Return on Average Equity (ROAE) & Return on Average Assets (ROAA), non-recurring items are excluded when annualizing Net Income for the remaining quarters*

Commenting on the successful financial performance announced by **Garanti BBVA, Chairman Süleyman Sözen** stated that "The third quarter of 2020 has been a period of normalization which also was reflected in economic activity. We have seen net capital inflows to emerging countries starting as of August 2020. In the upcoming period, we expect an increase in capital inflows to emerging economies with the continuation of the expansionary policies of global central banks, the expected recovery in the global economy, and decrease in volatility. Compared to other countries, Turkey will also decouple in a positive manner with the implementation of right macro policies. Despite uncertainties in the current global economy, our year-end growth forecast for Turkey is 0%. Although this growth figure is well below Turkey's potential, I should emphasize that achievement of this figure means success in comparison to many other emerging economies.

The sound balance sheet and capital structure of the Turkish banking sector have been of utmost importance in the recovery of our economy. As Garanti BBVA, we will maintain our pioneering and leading role in the sector by preserving our robust capital, qualified human resources, and sound balance sheet management. We will continue to prioritize meeting the changing needs of our customers most effectively and innovatively."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ** said: "The third quarter of this year was a period that we turned the impacts of the pandemic to positive and entered the path of normalization. In these extraordinary times we live through, we have preserved our strong and healthy stance as a bank, while providing the contribution that the economy needed. In the first half of the year, we have seen a front loaded demand as a result of the low interest environment and pandemic-driven liquidity need. The banking sector provided significant support to the economy especially on the business side. With the normalization process that started in June, the pent-up demand on consumer side started to emerge. Thus, unlike the previous period, this quarter's growth was realized on the consumer loans side with 7% growth. As a result, our TL loan growth reached 25% level since the beginning of the year. We expect the normalization in loan growth to be more visible in the upcoming period together with the headwinds from financial tightening.

In the third quarter, as Garanti BBVA, we maintained our cautious stance and continued to be one of the banks that set aside the highest provisions for loans. Our robust balance sheet structure and capital adequacy ratio of 16.9%, which is well above the required levels, protect our bank in the recent volatile market conditions. On the other hand, our investments in technology and digitalization at the beginning of the pandemic paved the way for employee and customer satisfaction. Post pandemic, our monthly transaction volume reached its historically highest level. Share of digital in total transactions increased to 58% from 51% level seen at pre-pandemic period."

Mr Bastug calls out sustainability as one of the main strategies of Garanti BBVA and says that; "As Garanti BBVA, we have been working for more than 15 years to make a difference and voice the significance of this matter. We support international organizations, as well as domestic organizations, that focus on sustainability and participate in all kinds of initiatives that come to life. In this context, we signed the new CEO commitment declaration prepared by the United Nations Global Compact (UNGC), of which we are also a member. In the upcoming years, our efforts in raising awareness on the importance of the matter are going to continue in an increasing manner and our contribution to a sustainable future will grow."

(Thousands of Turkish Lira (TL))

You may access Garanti BBVA earnings presentations regarding the BRSA consolidated financial results from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	**Current Period 30.Sep.2020**	**Prior Period 31.Dec.2019**	**Change Δ %**
Total Assets	525,909,400	428,554,148	22.7%
Loans*	345,971,687	277,506,599	24.7%
- Performing Loans	*326,301,887*	*259,207,022*	*25.9%*
- Non-Performing Loans	*19,669,800*	*18,299,577*	*7.5%*
Customer Deposits	344,494,737	274,608,574	25.4%
Shareholders' Equity	60,724,726	54,050,747	12.3%
** Excludes Leasing and Factoring receivables*			

Selected P&L Items	**Current Period 30.Sep.2020**	**Prior Period 30.Sep.2019**	**Change Δ %**
Net Interest Income	18,281,441	15,089,955	21.1%
Operating Expenses	8,518,619	7,397,184	15.2%
- HR Cost	*3,267,216*	*3,137,761*	*4.1%*
- Other Operating Expenses	*5,251,403*	*4,259,423*	*23.3%*
Net Fees&Commissions	4,865,513	4,637,015	4.9%
Net Income	5,240,027	4,998,460	4.8%

Selected Financial Ratios	**Current Period 30.Sep.2020**	**Prior Period 31.Dec.2019**	**Change Δ bps**
Performing Loans/Assets	62.0%	60.5%	156
Deposits/Assets	65.5%	64.1%	143
Return on Average Equity	13.3%	12.4%	94
Return on Average Assets	1.6%	1.5%	11
Cumulative Net Interest Margin (incl. swap costs)	5.5%	5.2%	35
Non-Performing Loans Ratio	5.9%	6.8%	-94
Capital Adequacy Ratio	16.88%*	17.81*%	-93
** Calculated without the forbearance introduced by BRSA*			

Market Shares*	**Current Period 30.Sep.2020**	**Prior Period 31.Dec.2019**	**Change Δ bps**
Performing Loans	9.6%	10.1%	-43
TL Performing Loans	9.4%	10.3%	-87
FC Performing Loans	10.0%	9.6%	36
Customer Deposits	9.9%	10.5%	-58
TL Customer Deposits	8.8%	9.7%	-90
FC Customer Deposits	10.7%	11.2%	-47
**Market Shares are calculated per bank-only financials, for fair comparison*			

Garanti with Numbers	**Current Period 30.Sep.2020**	**Prior Period 31.Dec.2019**	**Change Δ %**
Branch Network	904	914	-1.1%
Number of Employees	18,612	18,784	-0.9%
ATM	5,213	5,260	-0.9%
POS*	685,308	651,860	5.1%
Number of Customers	18,507,144	17,639,898	4.9%
Number of Digital Customers**	9,286,568	8,352,034	11.2%
Number of Credit Card Customers	7,253,571	7,083,510	2.4%
**Includes shared and virtual POS.*			
*** Active customers only -- min. 1 login or call per quarter*			

(Thousands of Turkish Lira (TL))

7.2 The amendments in the articles of association during period of 01.01.2020-30.09.2020

The Ordinary General Shareholders' Meeting of the Bank for the 2019 accounting period was held on 17 July 2020, on Friday, at 10:00a.m., at the address of Levent, Nispetiye Mahallesi, Aytar Caddesi No:2 34340 Besiktas-ISTANBUL and it is resolved that Article 7 of the Articles of Association of the Bank be amended in order to extend the date of the Registered Capital Ceiling permission until the end of the year 2024.

The old and the amended new article in the Articles of Association are listed below.

OLD TEXT	NEW TEXT
CAPITAL AND SHARES: **Article 7 –** A) The Bank has accepted the registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank's registered capital amounts to 10.000.000.000.-TL and its issued capital amounts to 4.200.000.000.-TL. B) The Bank's issued capital has been divided into 420.000.000.000 shares each having a nominal value of 1.-Kr; and 182 shares of them are bearer shares and the remaining 419.999.999.818 shares are registered shares. The issued capital amount of 4.200.000.000.-TL has been fully paid-up. The permission of the registered capital ceiling that was granted by the Capital Market Board is valid between the years 2016 and 2020 (5 Years). At the end of 2020, even though the permitted registered capital ceiling has not been reached, in order for the Board of Directors to adopt a resolution regarding the capital increase, it is mandatory to obtain a permission from the Capital Market Board for the ceiling that was previously permitted or for a new ceiling amount and to receive an authorization from the General Assembly for a new time period. If such authorization could not be obtained, it shall be deemed that the Bank has been removed from the registered capital system. The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new shares between the years 2016 and 2020, in accordance with the provisions of the Capital Market Law. The Board of Directors shall also be authorized to resolve to issue shares above the nominal value and to restrict the rights of shareholders for obtaining new shares.	**CAPITAL AND SHARES:** **Article 7-** A)The Bank has accepted the registered capital system pursuant to the former Capital Markets Law No. 2499 and adopted registered capital system under the permission of the Capital Markets Board no. 83/1049 dated August 25th, 1999. The Bank's registered capital amounts to 10.000.000.000.-TL and its issued capital amounts to 4.200.000.000.-TL. B)The Bank's issued capital has been divided into 420.000.000.000 shares each having a nominal value of 1.-Kr; and 182 shares of them are bearer shares and the remaining 419.999.999.818 shares are registered shares. The issued capital amount of 4.200.000.000.-TL has been fully paid-up. The permission of the registered capital ceiling that was granted by the Capital Market Board is valid between the years 2020 and 2024 (5 Years). At the end of 2024, even though the permitted registered capital ceiling has not been reached, in order for the Board of Directors to adopt a resolution regarding the capital increase, it is mandatory to obtain a permission from the Capital Market Board for the ceiling that was previously permitted or for a new ceiling amount and to receive an authorization from the General Assembly for a new time period. If such authorization could not be obtained, the capital increase shall not be made by the board of directors' resolution. The Board of Directors shall be authorized, without being bound by the provisions of the Turkish Commercial Code regarding the increase in the capital stock, to increase the paid-in capital stock up to the registered capital stock ceiling mentioned hereinabove by issuing new shares between the years 2020 and 2024, in accordance with the provisions of the Capital Market Law.

(Thousands of Turkish Lira (TL))

Shares representing the capital of the Bank shall be kept in book entry form and in cash within the frame of the dematerialization principles. Holders of 182 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.	The Board of Directors shall also be authorized to resolve to issue shares above the nominal value and to restrict the rights of shareholders for obtaining new shares. Shares representing the capital of the Bank shall be kept in book entry form and in cash within the frame of the dematerialization principles. Holders of 182 bearer shares not converted into registered shares shall not use any shareholding right excluding the right to dividends. The shareholding rights of these shares except the right to dividends shall be utilized by the Savings Deposit Insurance Fund until these shares shall be converted to registered shares.

7.3 Announcements regarding important developments in the period of 01.01.2020-30.09.2020

Garanti BBVA's Annual Report, documents regarding ordinary general meeting of shareholders, information on board of directors and senior management, ratings and disclosures regarding important developments and other disclosures were announced and the disclosures were uploaded to the Public Disclosure Platform. Disclosures and all of the announcements are available at www.garantibbvainvestorrelations.com.

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 September 2020. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com.

You may find financial information on Garanti BBVA for the most recent five year period in the 2019 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti BBVA Investor Relations website and at www.garantibbvainvestorrelations.com/en/integrated-annual-report/ .

7.5 Information regarding management and corporate governance practices

You may access information about the activities of the Board of Directors, the Audit Committee, the Credit Committee and the committees that are established pursuant to the Regulation on the Internal Systems of Banks under the framework of the risk management systems and are organized under the Board of Directors or to support the Board of Directors, chairman and members of the committees' names and surnames, fundamental duties and their attendance to the meetings from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com under the Committees section.

You may access the Corporate Governance Principles Compliance Report from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com under the Corporate Governance section.

7.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced it's forward looking statements regarding the expectations for the year 2020. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti BBVA Investor Relations' website at www.garantibbvainvestorrelations.com in Operating Plan Guidance Presentations section.

(Thousands of Turkish Lira (TL))

As of 30 June 2020, the following revisions were made in 2020 Operating Plan Guidance.

Within the framework of the changes in the operating environment due to the Covid-19 outbreak, the GDP growth forecast for 2020 was revised from 4% to 0% and the year-end expectations for 2020 were changed as indicated in the table below.

As of 30 September 2020, there are no other revisions to the forward looking statements regarding the expectations for the year 2020.

	2020 GUIDANCE	**REVISED 2020YE EXPECTATIONS**
TL Loans (YoY)	High-teens	~25%
FC Loans (in US$, yoy)	Shrinkage	Shrinkage
NIM Incl. Swap Cost	70-80bps expansion	~50bps expansion
Excl. CPI	High-single digit	High single digit shrinkage
Fee Growth (YoY)	Low-teens	<10%
OPEX Growth (YoY)	~ 6.5%	~6.5%
NPL ratio	~ 200bps	<300bps
Net Cost of Risk	High-teens	Low-teens