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 Three-Month Period Ended

31 March 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 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 31 March 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 three 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 5, the accompanying consolidated interim financial information as at 31 March 2020 includes a general reserve of TL 2,500,000 thousand which 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 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the three 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

Sorumlu Denetçi

29 Nisan 2020

İstanbul, Türkiye

(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 THREE-MONTH PERIOD ENDED 31 MARCH 2020

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The consolidated financial report for the three-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 for the three-month period 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	**Ricardo Gomez Barredo**	**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
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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 904 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 31 March 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 wide spread financial and non-financial services to 78 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 126 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
Ricardo Gomez Barredo	Independent Member and Member of Audit Committee	08.05.2017	Master	33 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
Avni Aydın Düren	EVP-Legal Services and Collection	01.02.2009	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 31 March 2020

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2020			PRIOR PERIOD 31 December 2019		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**26,568,213**	**85,135,255**	**111,703,468**	**34,725,166**	**74,235,255**	**108,960,421**
1.1	**Cash and Cash Equivalents**	**5.1.1**	**6,535,905**	**67,083,764**	**73,619,669**	**14,200,209**	**57,897,826**	**72,098,035**
1.1.1	Cash and Balances with Central Bank		4,268,189	54,425,474	58,693,663	3,285,977	38,739,329	42,025,306
1.1.2	Banks		965,046	12,210,937	13,175,983	747,860	18,834,329	19,582,189
1.1.3	Money Market Placements		1,327,286	728,757	2,056,043	10,205,763	453,693	10,659,456
1.1.4	Expected Credit Losses (-)		24,616	281,404	306,020	39,391	129,525	168,916
1.2	**Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)**	**5.1.2**	**1,519,946**	**5,164,859**	**6,684,805**	**692,738**	**4,526,562**	**5,219,300**
1.2.1	Government Securities		1,240,467	509,677	1,750,144	370,765	91,126	461,891
1.2.2	Equity Securities		259,781	28,945	288,726	303,272	30,148	333,420
1.2.3	Other Financial Assets		19,698	4,626,237	4,645,935	18,701	4,405,288	4,423,989
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI**	**5.1.3**	**16,437,541**	**10,428,923**	**26,866,464**	**18,274,036**	**10,369,493**	**28,643,529**
1.3.1	Government Securities		16,309,176	6,560,541	22,869,717	18,192,222	6,627,521	24,819,743
1.3.2	Equity Securities		27,761	333,534	361,295	32,328	350,053	382,381
1.3.3	Other Financial Assets		100,604	3,534,848	3,635,452	49,486	3,391,919	3,441,405
1.4	**Derivative Financial Assets**	**5.1.4**	**2,074,821**	**2,457,709**	**4,532,530**	**1,558,183**	**1,441,374**	**2,999,557**
1.4.1	Derivative Financial Assets Measured at FVTPL		1,604,362	2,448,097	4,052,459	1,133,910	1,424,303	2,558,213
1.4.2	Derivative Financial Assets Measured at FVOCI		470,459	9,612	480,071	424,273	17,071	441,344
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)**		**188,097,344**	**128,590,650**	**316,687,994**	**180,738,392**	**115,539,328**	**296,277,720**
2.1	**Loans**	**5.1.5**	**174,070,988**	**124,121,492**	**298,192,480**	**166,976,048**	**110,530,551**	**277,506,599**
2.2	**Lease Receivables**	**5.1.6**	**1,307,109**	**5,219,778**	**6,526,887**	**1,326,634**	**4,857,520**	**6,184,154**
2.3	**Factoring Receivables**	**5.1.7**	**1,572,291**	**790,487**	**2,362,778**	**1,809,179**	**620,984**	**2,430,163**
2.4	**Other Financial Assets Measured at Amortised Cost**	**5.1.8**	**21,966,653**	**7,661,350**	**29,628,003**	**20,732,279**	**6,988,063**	**27,720,342**
2.4.1	Government Securities		21,873,007	7,638,514	29,511,521	20,591,464	6,967,172	27,558,636
2.4.2	Other Financial Assets		93,646	22,836	116,482	140,815	20,891	161,706
2.5	**Expected Credit Losses (-)**		**10,819,697**	**9,202,457**	**20,022,154**	**10,105,748**	**7,457,790**	**17,563,538**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.1.9**	**1,142,080**	**25,546**	**1,167,626**	**1,424,822**	**27,436**	**1,452,258**
3.1	Asset Held for Resale		1,142,080	25,546	1,167,626	1,424,822	27,436	1,452,258
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES**		**153,189**	**4,552**	**157,741**	**149,767**	**4,087**	**153,854**
4.1	**Associates (Net)**	**5.1.10**	**39,169**	**6**	**39,175**	**35,747**	**6**	**35,753**
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		39,169	6	39,175	35,747	6	35,753
4.2	**Subsidiaries (Net)**	**5.1.11**	**114,020**	**4,546**	**118,566**	**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	4,546	118,566	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**	**5,122,496**	**404,605**	**5,527,101**	**5,145,933**	**382,366**	**5,528,299**
VI.	**INTANGIBLE ASSETS (Net)**	**5.1.14**	**460,831**	**66,831**	**527,662**	**430,194**	**49,712**	**479,906**
6.1	Goodwill		6,388	-	6,388	6,388	-	6,388
6.2	Others		454,443	66,831	521,274	423,806	49,712	473,518
VII.	**INVESTMENT PROPERTY (Net)**	**5.1.15**	**569,719**	**-**	**569,719**	**569,719**	**-**	**569,719**
VIII.	**CURRENT TAX ASSET**		**7,831**	**115,541**	**123,372**	**7,649**	**78,568**	**86,217**
IX.	**DEFERRED TAX ASSET**	**5.1.16**	**2,394,130**	**32,633**	**2,426,763**	**1,861,118**	**20,892**	**1,882,010**
X.	**OTHER ASSETS (Net)**	**5.1.17**	**5,786,728**	**11,489,449**	**17,276,177**	**5,502,245**	**7,661,499**	**13,163,744**
	TOTAL ASSETS		**230,302,561**	**225,865,062**	**456,167,623**	**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 31 March 2020

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2020			PRIOR PERIOD 31 December 2019		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**5.2.1**	**118,109,280**	**177,807,230**	**295,916,510**	**113,245,513**	**164,031,812**	**277,277,325**
II.	**FUNDS BORROWED**	**5.2.2**	**2,226,478**	**25,470,683**	**27,697,161**	**2,687,955**	**22,934,104**	**25,622,059**
III.	**MONEY MARKET FUNDS**	**5.2.3**	**1,533,169**	**1,341,933**	**2,875,102**	**416,266**	**1,370,595**	**1,786,861**
IV.	**SECURITIES ISSUED (NET)**	**5.2.4**	**5,470,653**	**16,053,666**	**21,524,319**	**6,036,084**	**14,990,453**	**21,026,537**
4.1	Bills		4,227,369	-	4,227,369	4,825,540	-	4,825,540
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1,243,284	16,053,666	17,296,950	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**	**-**	**13,510,106**	**13,510,106**	**-**	**14,342,293**	**14,342,293**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5.2.6**	**1,795,698**	**5,643,318**	**7,439,016**	**1,945,271**	**2,294,394**	**4,239,665**
7.1	Derivative Financial Liabilities Measured at FVTPL		1,456,557	5,283,674	6,740,231	1,305,445	2,199,506	3,504,951
7.2	Derivative Financial Liabilities Measured at FVOCI		339,141	359,644	698,785	639,826	94,888	734,714
VIII.	**FACTORING LIABILITIES**	**5.2.7**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES (Net)**	**5.2.8**	**1,032,257**	**173,794**	**1,206,051**	**969,316**	**165,454**	**1,134,770**
X.	**PROVISIONS**	**5.2.9**	**5,575,013**	**1,491,234**	**7,066,247**	**5,348,121**	**1,178,252**	**6,526,373**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,141,754	135,108	1,276,862	1,135,056	111,605	1,246,661
10.3	Insurance Technical Provisions (Net)		669,068	62,421	731,489	589,541	50,992	640,533
10.4	Other Provisions		3,764,191	1,293,705	5,057,896	3,623,524	1,015,655	4,639,179
XI.	**CURRENT TAX LIABILITY**	**5.2.10**	**1,232,847**	**54,451**	**1,287,298**	**1,149,548**	**102,427**	**1,251,975**
XII.	**DEFERRED TAX LIABILITY**	**5.2.10**	**-**	**20,426**	**20,426**	**-**	**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**	**1,022,126**	**5,028,757**	**6,050,883**	**261,478**	**4,468,229**	**4,729,707**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		1,022,126	5,028,757	6,050,883	261,478	4,468,229	4,729,707
XV.	**OTHER LIABILITIES**	**5.2.13**	**13,625,822**	**2,843,324**	**16,469,146**	**14,252,573**	**2,283,783**	**16,536,356**
XVI.	**SHAREHOLDERS' EQUITY**	**5.2.14**	**55,737,225**	**(631,867)**	**55,105,358**	**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		1,371,457	245,507	1,616,964	1,375,110	267,474	1,642,584
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		1,900,491	(1,148,925)	751,566	1,466,893	(94,917)	1,371,976
16.5	Profit Reserves		39,362,027	271,551	39,633,578	39,288,768	324,161	39,612,929
16.5.1	Legal Reserves		1,546,353	57,015	1,603,368	1,546,353	53,081	1,599,434
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		37,583,098	-	37,583,098	37,509,839	-	37,509,839
16.5.4	Other Profit Reserves		232,576	214,536	447,112	232,576	271,080	503,656
16.6	Profit/Loss		7,827,688	-	7,827,688	6,164,914	-	6,164,914
16.6.1	Prior Periods' Profit/Loss		6,164,914	-	6,164,914	-	-	-
16.6.2	Current Period's Net Profit/Loss		1,662,774	-	1,662,774	6,164,914	-	6,164,914
16.7	Minority Interest		291,128	-	291,128	273,910	-	273,910
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**207,360,568**	**248,807,055**	**456,167,623**	**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 31 March 2020

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2020			PRIOR PERIOD 31 December 2019		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**178,216,364**	**380,212,710**	**558,429,074**	**187,129,637**	**307,620,161**	**494,749,798**
I.	**GUARANTEES AND SURETIES**	**5.3.1**	**25,045,280**	**42,022,107**	**67,067,387**	**23,655,572**	**39,101,523**	**62,757,095**
1.1	Letters of guarantee		24,912,530	30,018,077	54,930,607	23,555,242	26,872,148	50,427,390
1.1.1	Guarantees subject to State Tender Law		-	1,137,545	1,137,545	-	1,252,136	1,252,136
1.1.2	Guarantees given for foreign trade operations		1,452,649	689,885	2,142,534	1,408,118	620,356	2,028,474
1.1.3	Other letters of guarantee		23,459,881	28,190,647	51,650,528	22,147,124	24,999,656	47,146,780
1.2	Bank acceptances		69,047	1,546,280	1,615,327	35,845	1,543,198	1,579,043
1.2.1	Import letter of acceptance		69,047	1,546,280	1,615,327	35,395	1,521,807	1,557,202
1.2.2	Other bank acceptances		-	-	-	450	21,391	21,841
1.3	Letters of credit		63,703	10,353,031	10,416,734	64,485	10,611,998	10,676,483
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		63,703	10,353,031	10,416,734	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		-	104,719	104,719	-	74,179	74,179
1.9	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**		**66,750,274**	**12,706,452**	**79,456,726**	**62,668,511**	**14,344,299**	**77,012,810**
2.1	Irrevocable commitments		66,344,720	10,774,161	77,118,881	62,458,341	12,568,282	75,026,623
2.1.1	Asset purchase and sale commitments		2,581,049	8,353,732	10,934,781	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		-	6,871	6,871	-	6,336	6,336
2.1.4	Loan granting commitments		17,407,436	1,599,992	19,007,428	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		3,401,130	-	3,401,130	3,184,727	-	3,184,727
2.1.8	Tax and fund obligations on export commitments		140,275	-	140,275	137,121	-	137,121
2.1.9	Commitments for credit card limits		42,812,015	813,566	43,625,581	37,521,955	712,060	38,234,015
2.1.10	Commitments for credit cards and banking services related promotions		2,815	-	2,815	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		405,554	1,932,291	2,337,845	210,170	1,776,017	1,986,187
2.2.1	Revocable loan granting commitments		13,453	1,356,068	1,369,521	15,045	1,446,989	1,462,034
2.2.2	Other revocable commitments		392,101	576,223	968,324	195,125	329,028	524,153
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**5.3.2**	**86,420,810**	**325,484,151**	**411,904,961**	**100,805,554**	**254,174,339**	**354,979,893**
3.1	Derivative financial instruments held for risk management		15,697,749	45,098,194	60,795,943	22,373,314	43,574,257	65,947,571
3.1.1	Fair value hedges		2,169,986	14,864,668	17,034,654	4,835,016	16,607,942	21,442,958
3.1.2	Cash flow hedges		13,527,763	30,233,526	43,761,289	17,538,298	26,966,315	44,504,613
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		70,723,061	280,385,957	351,109,018	78,432,240	210,600,082	289,032,322
3.2.1	Forward foreign currency purchases/sales		7,760,648	15,801,054	23,561,702	7,322,962	8,764,639	16,087,601
3.2.1.1	Forward foreign currency purchases		4,894,108	6,891,858	11,785,966	3,686,017	4,409,675	8,095,692
3.2.1.2	Forward foreign currency sales		2,866,540	8,909,196	11,775,736	3,636,945	4,354,964	7,991,909
3.2.2	Currency and interest rate swaps		55,605,346	210,952,129	266,557,475	60,617,121	160,582,646	221,199,767
3.2.2.1	Currency swaps-purchases		6,875,330	81,826,714	88,702,044	9,766,706	67,104,838	76,871,544
3.2.2.2	Currency swaps-sales		35,205,073	53,225,762	88,430,835	43,894,979	29,683,702	73,578,681
3.2.2.3	Interest rate swaps-purchases		6,762,661	37,949,826	44,712,487	3,477,718	31,897,053	35,374,771
3.2.2.4	Interest rate swaps-sales		6,762,282	37,949,827	44,712,109	3,477,718	31,897,053	35,374,771
3.2.3	Currency, interest rate and security options		5,813,531	18,692,867	24,506,398	10,170,756	20,898,894	31,069,650
3.2.3.1	Currency call options		2,984,337	3,659,451	6,643,788	5,408,521	5,945,014	11,353,535
3.2.3.2	Currency put options		2,557,024	4,200,425	6,757,449	4,573,863	7,416,639	11,990,502
3.2.3.3	Interest rate call options		-	8,535,662	8,535,662	-	6,649,121	6,649,121
3.2.3.4	Interest rate put options		-	2,297,329	2,297,329	-	888,120	888,120
3.2.3.5	Security call options		150,414	-	150,414	87,880	-	87,880
3.2.3.6	Security put options		121,756	-	121,756	100,492	-	100,492
3.2.4	Currency futures		1,476,460	1,550,628	3,027,088	131,926	534,975	666,901
3.2.4.1	Currency futures-purchases		1,474,695	28,902	1,503,597	128,032	208,060	336,092
3.2.4.2	Currency futures-sales		1,765	1,521,726	1,523,491	3,894	326,915	330,809
3.2.5	Interest rate futures		-	22,973	22,973	-	29,604	29,604
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	22,973	22,973	-	29,604	29,604
3.2.6	Others		67,076	33,366,306	33,433,382	189,475	19,789,324	19,978,799
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**825,539,934**	**957,821,613**	**1,783,361,547**	**805,331,669**	**860,068,236**	**1,665,399,905**
IV.	**ITEMS HELD IN CUSTODY**		**61,849,360**	**50,367,171**	**112,216,531**	**61,688,136**	**42,938,926**	**104,627,062**
4.1	Customers' securities held		28,724,001	-	28,724,001	27,430,538	-	27,430,538
4.2	Investment securities held in custody		14,468,521	17,078,597	31,547,118	15,270,202	12,493,790	27,763,992
4.3	Checks received for collection		15,276,805	6,540,130	21,816,935	15,688,562	5,837,295	21,525,857
4.4	Commercial notes received for collection		2,737,083	1,146,602	3,883,685	2,702,936	938,150	3,641,086
4.5	Other assets received for collection		251,322	22,821,419	23,072,741	250,510	20,797,896	21,048,406
4.6	Assets received through public offering		-	159,928	159,928	-	144,496	144,496
4.7	Other items under custody		391,628	2,620,495	3,012,123	345,388	2,727,299	3,072,687
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**763,690,574**	**907,454,442**	**1,671,145,016**	**743,643,533**	**817,129,310**	**1,560,772,843**
5.1	Securities		6,226,306	1,480,800	7,707,106	4,036,323	1,563,950	5,600,273
5.2	Guarantee notes		23,718,354	15,462,881	39,181,235	23,737,421	13,743,078	37,480,499
5.3	Commodities		3,267	-	3,267	3,371	-	3,371
5.4	Warranties		-	405,821	405,821	-	377,819	377,819
5.5	Real estates		178,945,798	163,161,124	342,106,922	175,430,786	148,434,218	323,865,004
5.6	Other pledged items		554,796,849	726,943,712	1,281,740,561	540,435,632	653,010,149	1,193,445,781
5.7	Pledged items-depository		-	104	104	-	96	96
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**1,003,756,298**	**1,338,034,323**	**2,341,790,621**	**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
At 31 March 2020

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2020- 31 March 2020	PRIOR PERIOD 1 January 2019- 31 March 2019
I.	**INTEREST INCOME**	**5.4.1**	**9,401,948**	**10,906,980**
1.1	Interest income on loans		7,641,032	8,641,764
1.2	Interest income on reserve deposits		277	118,739
1.3	Interest income on banks		68,599	192,754
1.4	Interest income on money market transactions		57,828	32,950
1.5	Interest income on securities portfolio		1,385,392	1,644,243
1.5.1	Financial assets measured at FVTPL		27,968	13,953
1.5.2	Financial assets measured at FVOCI		631,044	836,159
1.5.3	Financial assets measured at amortised cost		726,380	794,131
1.6	Financial lease income		127,800	130,385
1.7	Other interest income		121,020	146,145
II.	**INTEREST EXPENSE (-)**	**5.4.2**	**3,547,341**	**5,997,223**
2.1	Interest on deposits		2,224,688	4,728,286
2.2	Interest on funds borrowed		564,606	483,535
2.3	Interest on money market transactions		38,897	37,617
2.4	Interest on securities issued		542,987	650,529
2.5	Lease interest expense		46,559	46,421
2.6	Other interest expenses		129,604	50,835
III.	**NET INTEREST INCOME (I - II)**		**5,854,607**	**4,909,757**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**1,777,945**	**1,499,103**
4.1	Fees and commissions received		2,187,086	2,047,757
4.1.1	Non-cash loans		177,661	177,794
4.1.2	Others		2,009,425	1,869,963
4.2	Fees and commissions paid (-)		409,141	548,654
4.2.1	Non-cash loans		4,324	3,651
4.2.2	Others		404,817	545,003
V.	**DIVIDEND INCOME**	**5.4.3**	**833**	**568**
VI.	**NET TRADING INCOME/LOSSES (Net)**	**5.4.4**	**817,589**	**(142,765)**
6.1	Trading account income/losses		2,046,891	489,791
6.2	Income/losses from derivative financial instruments		(1,893,863)	823,009
6.3	Foreign exchange gains/losses		664,561	(1,455,565)
VII.	**OTHER OPERATING INCOME**	**5.4.5**	**2,455,840**	**2,026,080**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**10,906,814**	**8,292,743**
IX.	**EXPECTED CREDIT LOSSES (-)**	**5.4.6**	**5,037,774**	**3,386,617**
X.	**OTHER PROVISIONS (-)**	**5.4.6**	**739,063**	**244,880**
XI.	**PERSONNEL EXPENSES (-)**		**1,061,430**	**1,025,090**
XII.	**OTHER OPERATING EXPENSES (-)**	**5.4.7**	**1,866,909**	**1,392,113**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**2,201,638**	**2,244,043**
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**	**2,201,638**	**2,244,043**
XVIII.	**PROVISION FOR TAXES (±)**	**5.4.9**	**521,447**	**486,634**
18.1	Current tax charge		847,373	282,846
18.2	Deferred tax charge (+)		315,706	535,766
18.3	Deferred tax credit (-)		(641,632)	(331,978)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**5.4.10**	**1,680,191**	**1,757,409**
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 OPERATI**	**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 OPER**	**5.4.10**	**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**5.4.11**	**1,680,191**	**1,757,409**
25.1	Equity holders of the bank		1,662,774	1,736,526
25.2	Minority interest		17,417	20,883
	Earnings per Share		**0.00396**	**0.00413**

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
At 31 March 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2020 - 31 March 2020	**PRIOR PERIOD 1 January 2019 - 31 March 2019**
I.	**CURRENT PERIOD PROFIT/LOSS**	**1,680,191**	**1,757,409**
II.	**OTHER COMPREHENSIVE INCOME**	**(646,229)**	**(231,123)**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**(25,620)**	**48,502**
2.1.1	Revaluation Surplus on Tangible Assets	6,144	4,630
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	(34,157)	46,628
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	2,393	(2,756)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**(620,609)**	**(279,625)**
2.2.1	Translation Differences	348,018	196,133
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(928,380)	(597,010)
2.2.3	Gains/losses from Cash Flow Hedges	(43,392)	105,795
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(222,343)	(104,628)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	225,488	120,085
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**1,033,962**	**1,526,286**

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
At 31 March 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 (01/01/2019-31/03/2019)																	
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	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
IV. Total Comprehensive Income		-	-	-	-	4,248	-	44,254	196,133	(392,056)	(83,702)	-	-	1,736,526	1,505,403	20,883	1,526,286
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		-	-	-	-	-	-	-	-	-	-	13,503	-	-	13,503	-	13,503
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		4,200,000	11,880	-	772,554	1,539,171	(160,891)	143,616	2,940,928	(1,450,267)	(1,158,443)	32,991,476	6,641,652	1,736,526	48,208,202	218,429	48,426,631
CURRENT PERIOD (01/01/2020-31/03/2020)																	
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	217,096	3,210,286	(573,850)	(1,264,460)	39,612,929	6,164,914	-	53,776,837	273,910	54,050,747
IV. Total Comprehensive Income		-	-	-	-	6,144	-	(31,764)	348,018	(790,554)	(177,874)	-	-	1,662,774	1,016,744	17,218	1,033,962
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		-	-	-	-	-	-	-	-	-	-	20,649	-	-	20,649	-	20,649
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		4,200,000	11,880	-	772,554	1,604,106	(172,474)	185,332	3,558,304	(1,364,404)	(1,442,334)	39,633,578	6,164,914	1,662,774	54,814,230	291,128	55,105,358

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
At 31 March 2020

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2020- 31 March 2020	**PRIOR PERIOD 1 January 2019 - 31 March 2019**
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	**5.6**	**4,215,574**	**1,522,727**
1.1.1	Interests received		7,859,779	8,855,569
1.1.2	Interests paid		(5,549,907)	(6,172,868)
1.1.3	Dividend received		833	568
1.1.4	Fees and commissions received		2,187,086	2,047,757
1.1.5	Other income		2,455,840	2,515,871
1.1.6	Collections from previously written-off receivables		212,554	161,705
1.1.7	Cash payments to personnel and service suppliers		(2,406,214)	(1,896,783)
1.1.8	Taxes paid		(777,818)	(306,373)
1.1.9	Others		233,421	(3,682,719)
1.2	**Changes in operating assets and liabilities**	**5.6**	**(17,151,619)**	**(1,662,291)**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		(1,672,936)	31,869
1.2.2	Net (increase) decrease in due from banks		(12,195,490)	(2,317,235)
1.2.3	Net (increase) decrease in loans		(23,046,144)	(17,810,618)
1.2.4	Net (increase) decrease in other assets		(4,090,346)	1,098,531
1.2.5	Net increase (decrease) in bank deposits		(757,754)	1,517,940
1.2.6	Net increase (decrease) in other deposits		19,285,645	16,178,175
1.2.7	Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		5,451,820	1,442,072
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		(126,414)	(1,803,025)
I.	**Net cash flow from banking operations**	**5.6**	**(12,936,045)**	**(139,564)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	**5.6**	**488,887**	**(983,389)**
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		(122,566)	(139,257)
2.4	Sales of tangible assets		95,021	103,080
2.5	Cash paid for purchase of financial assets measured at FVOCI		(4,621,205)	(3,312,760)
2.6	Cash obtained from sale of financial assets measured at FVOCI		5,966,038	2,462,669
2.7	Cash paid for purchase of financial assets measured at amortised cost		(1,009,931)	(97,121)
2.8	Cash obtained from sale of financial assets measured at amortised cost		185,118	-
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**187,391**	**3,464,544**
3.1	Cash obtained from funds borrowed and securities issued		3,639,529	5,301,805
3.2	Cash used for repayment of funds borrowed and securities issued		(3,351,992)	(1,720,346)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for leases		(100,146)	(116,915)
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**		**1,708,752**	**1,301,552**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	**5.6**	**(10,551,015)**	**3,643,143**
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**	**37,455,478**	**41,340,747**

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 instruments 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 3.29.

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 31 March 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 31 March 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 391,849,895 (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 1,802,918 (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 31 March 2020. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 31 March 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 income statement.

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.

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 income statement.

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 income statement in the same period when the hedged cash flows effect the income or loss.

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

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

While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity 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 income statement 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

As of 1 January 2018, 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

Starting from 1 January 2018, 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 31 March 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 31 March 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 31 March 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 and its financial subsidiaries subject to consolidation 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 flows 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 31 March 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. According to the Bank's procedure this update, which was planned to be made in May, is applied and macroeconomic deterioration expectations are incorporated in the significant increase in credit risk assessments and expected credit loss calculations as of 31 March 2020.

Due to COVID-19 outbreak, The Bank's macroeconomic parameters are deteriorating. This deterioration has been incorporated into probability of default and loss given default parameters and the effects of revised macroeconomic parameters in expected credit loss calculation as of 31 March 2020 are disclosed in 5.1.5.11.

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". Accordingly, for all real estates registered in the ledger, a valuation study was performed by independent expertise firms.

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.

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.

(Thousands of Turkish Lira (TL))

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. Fair value changes in investment properties were accounted in the income statement for the period they occurred.

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

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in assets and liabilities, respectively. Financial costs on leasing agreements are distributed throughout the lease periods at fixed interest rates. Interest expenses and foreign exchange losses related with financial leasing are accounted in income statement. Depreciation for assets acquired through financial leases is calculated consistently with the same principle as for the tangible assets.

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.

(Thousands of Turkish Lira (TL))

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.

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

	31 March 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:

	31 March 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 20% 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 19% and 25% in 2019, as 16.50% and 22.55% in 2020 and as 15% and 20.50% 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 the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine 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.

Effective for 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 starting from 1 January 2019. 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 31 March 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 income statement 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 31 March 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	2,705,880	2,770,706	1,742,104	3,687,291	10,905,981
Other	-	-	-	-	-
Total Operating Profit	**2,705,880**	**2,770,706**	**1,742,104**	**3,687,291**	**10,905,981**
Net Operating Profit	940,301	(316,144)	1,355,530	221,118	2,200,805
Dividend Income	-	-	-	833	833
Net Operating Profit	**940,301**	**(316,144)**	**1,355,530**	**221,951**	**2,201,638**
Provision for Taxes	-	-	-	521,447	521,447
Net Profit	**940,301**	**(316,144)**	**1,355,530**	**(299,496)**	**1,680,191**
Segment Assets	80,868,515	199,238,388	120,535,314	55,367,665	456,009,882
Investments in Associates and Subsidiaries	-	-	-	157,741	157,741
Total Assets	**80,868,515**	**199,238,388**	**120,535,314**	**55,525,406**	**456,167,623**
Segment Liabilities	197,749,192	104,970,894	73,607,728	24,734,451	401,062,265
Shareholders' Equity	-	-	-	55,105,358	55,105,358
Total Liabilities and Shareholders' Equity	**197,749,192**	**104,970,894**	**73,607,728**	**79,839,809**	**456,167,623**

Prior Period	**Retail Banking**	**Corporate / Commercial Banking**	**Investment Banking**	**Other**	**Total Operations**
Total Operating Profit	3,128,850	2,956,910	(1,322,703)	3,529,118	8,292,175
Other	-	-	-	-	-
Total Operating Profit	**3,128,850**	**2,956,910**	**(1,322,703)**	**3,529,118**	**8,292,175**
Net Operating Profit	1,483,720	1,076,284	(1,446,626)	1,130,097	2,243,475
Dividend Income	-	-	-	568	568
Net Operating Profit	**1,483,720**	**1,076,284**	**(1,446,626)**	**1,130,665**	**2,244,043**
Provision for Taxes	-	-	-	486,634	486,634
Net Profit	**1,483,720**	**1,076,284**	**(1,446,626)**	**644,031**	**1,757,409**
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.

The Law No. 7244 on the Reduction of the Effects of the Coronavirus (COVID-19) Epidemic on Economic and Social Life and the Law Amending Certain Laws (“Law”) was published in the Official Gazette dated April 17, 2020. In accordance with the aforementioned Law, the Turkish Commercial Code numbered 6102 was amended and restrictions and restrictions regarding the distribution of profits were foreseen. The mentioned regulation has been implemented as of the publication date of the Law.

Within the scope of this regulation, capital companies will be able to decide to distribute only 25% of the 2019 net profit for the general assemblies they will hold until September 30, 2020, and prior-years’ profits and free reserves will not be subject to profit distribution. In addition, the board of directors can not be authorized by the general assembly to distribute advance dividends. The duration of such restrictions and restrictions may be extended or shortened by a decision of the President for three months.

Distribution of the unconsolidated net profit of the Bank in 2019 amounting to TL 6,158,841 will be made regarding the decision to be taken in the ordinary General Assembly Meeting.

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	1,662,774	1,736,526
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.00396	0.00413

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

None.

(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	*Amount*	*Amount as per the regulation before 1/1/2014 (*)*
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	39,633,578	
Other Comprehensive Income according to TAS	6,239,656	
Profit	7,827,688	
Current Period Profit	1,662,774	
Prior Period Profit	6,164,914	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	913	
Minority Interest	85,417	
Common Equity Tier I Capital Before Deductions	**58,771,686**	
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 (-)	3,363,662	-
Leasehold Improvements on Operational Leases (-)	154,223	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	502,107	502,107
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier 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))

	Amount	***Amount as per the regulation before 1/1/2014*** [(*)]
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	**4,019,992**	
Total Common Equity Tier I Capital	**54,751,694**	
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)	**54,751,694**	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5,925,730	
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)	4,152,369	
Total Deductions from Tier II Capital	**10,078,099**	
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))

	Amount	*Amount as per the regulation before 1/1/2014* (*)
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	**10,078,099**	
Total Equity (Total Tier I and Tier II Capital)	**64,829,793**	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	73	
Other items to be Defined by the BRSA (-)	3,638	
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)	**64,826,082**	-
Total Risk Weighted Assets	**390,174,456**	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	14.03	-
Consolidated Tier I Capital Ratio (%)	14.03	-
Consolidated Capital Adequacy Ratio (%)	16.61	-
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.141	-
a) Capital Conservation Buffer Ratio (%)	2.500	-
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.141	-
c) Systemically Important Banks Buffer Ratio (%)	1.500	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	8.615	-
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	2,446,955	-

(Thousands of Turkish Lira (TL))

	Amount	*Amount as per the regulation before 1/1/2014* (*)
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)	8,217,471	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4,152,369	-
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	-	-

(*) Under this item fully loaded amounts were reported for items that are subject to phasing in according to "Bank Capital Regulation" dated 1 January 2014.

(**) 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 31 March 2020. In case of applying the measures, consolidated capital adequacy ratio rises to 17.48% as of 31 March 2020.

(Thousands of Turkish Lira (TL))

Prior Period	***Amount***	***Amount as per the regulation before 1/1/2014 (*)***
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	39,612,929	
Other Comprehensive Income according to TAS	5,868,434	
Profit	6,164,914	
Current Period Profit	6,164,914	
Prior Period Profit	-	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Period's Profit	913	
Minority Interest	78,543	
Common Equity Tier I Capital Before Deductions	**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	-	-
Period's and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	2,382,649	-
Leasehold Improvements on Operational Leases (-)	169,881	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	449,529	449,529
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier 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))

	Amount	*Amount as per the regulation before 1/1/2014* (*)
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	**3,002,059**	
Total Common Equity Tier I Capital	**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)	**53,708,108**	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	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)	3,756,696	
Total Deductions from Tier II Capital	**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))

	Amount	***Amount as per the regulation before 1/1/2014 (*)***
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	**8,450,176**	
Total Equity (Total Tier I and Tier II Capital)	**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 (-)	109	
Other items to be Defined by the BRSA (-)	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)	**62,150,354**	-
Total Risk Weighted Assets	**349,007,519**	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**15.39**	-
Consolidated Tier I Capital Ratio (%)	**15.39**	-
Consolidated Capital Adequacy Ratio (%)	**17.81**	-
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.636	-
a) Capital Conservation Buffer Ratio (%)	2.500	-
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.135	-
c) Systemically Important Banks Buffer Ratio (%)	2.000	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	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	1,903,531	-

(Thousands of Turkish Lira (TL))

	Amount	*Amount as per the regulation before 1/1/2014* (*)
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)	6,235,618	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	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	-	-

(*) Under this item fully loaded amounts were reported for items that are subject to phasing in according to "Bank Capital Regulation" dated 1 January 2014.

(**) 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.

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)	4,923 (31 December 2019: 4,441)	253 (31 December 2019: 253)	750
Nominal value of instrument (TL million)	4,923 (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	2,368,530	508,377	2,876,907	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	*1,616,964*	-	*1,616,964*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*751,566*	*508,377*	*1,259,943*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	39,633,578	-	39,633,578	
Profit or Loss	7,827,688	-	7,827,688	
Prior Periods' Profit/Loss	*6,164,914*	-	*6,164,914*	
Current Period Net Profit/Loss	*1,662,774*	-	*1,662,774*	
Minority Interest	291,128	(205,711)	85,417	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		656,330	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**55,105,358**		**54,751,694**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**54,751,694**	
Subordinated Debts			5,925,730	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,152,369	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			10,078,099	
Deductions from Total Capital (-)			3,711	Deductions from Capital as per the Regulation
Total			**64,826,082**	

(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	*1,642,584*	-	*1,642,584*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*1,371,976*	*472,138*	*1,844,114*	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 31 March 2020, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency short position amounts to TL 18,345,485 (31 December 2019: TL 25,733,470), net 'off-balance sheet' foreign currency long position amounts to TL 24,158,188 (31 December 2019: TL 29,974,139), while net foreign currency close position amounts to TL 5,812,703 (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	7.2044	6.5638
Foreign currency rates for the days before balance sheet date;		
Day 1	7.2294	6.5538
Day 2	7.0676	6.4173
Day 3	7.0015	6.3685
Day 4	6.9448	6.4263
Day 5	6.9535	6.4495
Last 30-days arithmetical average rate	6.9760	6.3163

(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	23,509,457	22,584,936	8,331,081	54,425,474
Banks	9,070,588	1,880,705	1,259,644	12,210,937
Financial Assets Measured at Fair Value through Profit/Loss	158,969	5,005,890	-	5,164,859
Money Market Placements	524,315	204,442	-	728,757
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,468,550	5,375,893	1,584,480	10,428,923
Loans (*)	64,001,821	58,249,737	8,783,716	131,035,274
Investments in Associates, Subsidiaries and Joint-Ventures	3,503	-	1,049	4,552
Financial Assets Measured at Amortised Cost	384,132	7,277,218	-	7,661,350
Derivative Financial Assets Held for Hedging Purpose	5,108	10,040	-	15,148
Tangible Assets	231,623	283	171,429	403,335
Intangible Assets (**)	-	-	-	-
Other Assets (***)	2,443,627	6,035,782	(178,252)	8,301,157
Total Assets	**103,801,693**	**106,624,926**	**19,953,147**	**230,379,766**
Liabilities				
Bank Deposits	1,118,032	78,372	134,938	1,331,342
Foreign Currency Deposits	61,184,695	94,779,349	11,615,257	167,579,301
Money Market Funds	1,252,663	89,110	160	1,341,933
Other Fundings	12,796,298	12,443,205	231,180	25,470,683
Securities Issued (****)	1,508,191	33,084,338	-	34,592,529
Miscellaneous Payables	551,686	494,343	70,604	1,116,633
Derivative Financial Liabilities Held for Hedging Purpose	162,280	854,535	-	1,016,815
Other Liabilities (*****)	1,916,353	5,173,808	9,185,854	16,276,015
Total Liabilities	**80,490,198**	**146,997,060**	**21,237,993**	**248,725,251**
Net 'On Balance Sheet' Position	**23,311,495**	**(40,372,134)**	**(1,284,846)**	**(18,345,485)**
Net 'Off-Balance Sheet' Position	**(20,742,544)**	**41,723,090**	**3,177,642**	**24,158,188**
Derivative Assets	19,053,765	72,779,427	6,054,382	97,887,574
Derivative Liabilities	39,796,309	31,056,337	2,876,740	73,729,386
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 903,517 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 8,896,587 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	32,238,498	-	-	-	-	26,455,165	58,693,663
Banks	6,518,605	201,629	18,001	-	66,797	6,370,951	13,175,983
Financial Assets Measured at Fair Value through Profit/Loss	43,994	123,626	5,430,188	595,750	88,944	402,303	6,684,805
Money Market Placements	1,641,374	203,420	-	-	-	211,249	2,056,043
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,355,969	2,481,966	9,324,674	3,940,451	5,593,725	4,169,679	26,866,464
Loans	67,533,685	48,928,748	80,718,892	81,012,318	13,926,816	14,961,686	307,082,145
Financial Assets Measured at Amortised Cost	6,261,029	4,231,853	4,610,797	6,294,078	1,594,529	6,635,717	29,628,003
Other Assets (**)	15,777	67,180	154,988	50,618	5,476	11,686,478	11,980,517
Total Assets	**115,608,931**	**56,238,422**	**100,257,540**	**91,893,215**	**21,276,287**	**70,893,228**	**456,167,623**
Liabilities							
Bank Deposits	397,570	602	2,518	-	-	1,509,948	1,910,638
Other Deposits	151,911,165	29,780,231	18,642,283	2,623,889	163,661	90,884,643	294,005,872
Money Market Funds	561,949	1,777,805	453,264	78,312	-	3,772	2,875,102
Miscellaneous Payables	-	-	-	-	-	11,982,245	11,982,245
Securities Issued (***)	7,953,592	2,319,398	-	15,567,172	14,756,136	489,010	41,085,308
Other Fundings	385,175	17,802,955	4,578,614	4,200,246	492,344	237,827	27,697,161
Other Liabilities	23,493	67,177	170,366	593,028	226,230	75,531,003	76,611,297
Total Liabilities	**161,232,944**	**51,748,168**	**23,847,045**	**23,062,647**	**15,638,371**	**180,638,448**	**456,167,623**
On Balance Sheet Long Position	**-**	**4,490,254**	**76,410,495**	**68,830,568**	**5,637,916**	**-**	**155,369,233**
On Balance Sheet Short Position	**(45,624,013)**	**-**	**-**	**-**	**-**	**(109,745,220)**	**(155,369,233)**
Off-Balance Sheet Long Position	**24,663,806**	**30,732,165**	**10,189,839**	**5,810,177**	**14,148,080**	**-**	**85,544,067**
Off-Balance Sheet Short Position	**(5,884,009)**	**(20,961,427)**	**(13,639,779)**	**(19,937,014)**	**(22,599,163)**	**-**	**(83,021,392)**
Total Position	**(26,844,216)**	**14,260,992**	**72,960,555**	**54,703,731**	**(2,813,167)**	**(109,745,220)**	**2,522,675**

(*) 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	(0.14)	(1.63)	-	-
Banks	0.05-3.60	0.01-5.25	-	7.47-10.65
Financial Assets at Fair Value through Profit/Loss	2.04	3.30-5.50	-	3.00-20.40
Money Market Placements	-	1.62	-	8.25-9.30
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.63-4.63	3.25-11.88	-	11.59-24.14
Loans (*)	0.12-15.00	1.25-15.00	-	9.90-27.00
Financial Assets Measured at Amortised Cost	1.15	5.18	-	14.57
Liabilities				
Bank Deposits	0.01	0.75	-	7.61
Other Deposits	0.05-7.00	0.30-3.75	0.07	6.50-16.00
Money Market Fundings	0.06-0.18	2.62	-	4.80-12.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.83	-	11.15
Other Fundings	0.30-5.50	2.16-5.08	-	2.63-19.97

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**	**130,468**	**-**	**-**
	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**	**855**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**41**	**-**	**-**
	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		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	**-**	-	-	18,616	**-**	18,616
3	Other Shares	**-**	175,491	175,491	-	**-**	-
	Total	**-**	175,491	175,491	18,616	-	18,616

(Thousands of Turkish Lira (TL))

	Prior 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	-	-	-	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	157,741	157,741	12,619
	Total	**157,741**	**157,741**	**12,619**

	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. 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, 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 in liquidity and funding risk 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 liabilities. Unused portion of USD and EUR foreign currency funding is turned to TL via currency swap transactions and used in TL funding. Lines extended by CBRT and 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 3.89% cash, 44.74% deposits in central banks and 51.37% 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 77.96% deposits, 8.05% funds borrowed and money market borrowings and 10.82% 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				103,418,506	61,060,394
1	Total high-quality liquid assets (HQLA)	103,603,142	61,060,394	103,418,506	61,060,394
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	207,207,243	118,438,170	18,825,803	11,802,548
3	Stable deposits	37,898,409	825,382	1,894,920	41,269
4	Less stable deposits	169,308,834	117,612,788	16,930,883	11,761,279
5	Unsecured wholesale funding, of which:	72,802,281	42,669,404	39,009,671	20,681,032
6	Operational deposits	-	-	-	-
7	Non-operational deposits	57,399,729	38,992,715	27,212,132	18,043,128
8	Unsecured funding	15,402,552	3,676,689	11,797,539	2,637,904
9	Secured wholesale funding	619,257	-	188,191	-
10	Other cash outflows of which:	120,833,448	38,444,831	16,106,378	12,820,544
11	Outflows related to derivative exposures and other collateral requirements	5,817,837	8,562,583	5,817,837	8,562,583
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	115,015,611	29,882,248	10,288,541	4,257,961
14	Other revocable off-balance sheet commitments and contractual obligations	769,295	445,637	38,465	22,282
15	Other irrevocable or conditionally revocable off-balance sheet obligations	12,480,439	12,215,070	624,022	610,753
16	**Total Cash Outflows**	**414,711,963**	**212,213,112**	**74,792,530**	**45,937,159**
Cash Inflows					
17	Secured receivables	77,700	-	-	-
18	Unsecured receivables	36,938,789	18,596,845	26,653,197	14,599,087
19	Other cash inflows	883,996	13,863,574	801,477	13,807,341
20	**Total Cash Inflows**	**37,900,485**	**32,460,419**	**27,454,674**	**28,406,428**
				Upper Limit Applied Values	
21	**Total HQLA**			**103,418,506**	**61,060,394**
22	**Total Net Cash Outflows**			**47,337,856**	**17,530,731**
23	**Liquidity Coverage Ratio (%)**			**221.69%**	**364.09%**

(*) 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 January 2020	230.51%	285.28%
29 February 2020	239.40%	416.52%
31 March 2020	195.17%	390.47%

(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	26,336,741	32,356,922	-	-	-	-	-	**58,693,663**
Banks	10,416,457	2,469,335	203,446	19,900	4,921	61,924	-	**13,175,983**
Financial Assets at Fair Value through Profit/Loss	279,824	24,534	37,041	5,402,947	844,789	95,670	-	**6,684,805**
Money Market Placements	210,053	1,238,209	607,781	-	-	-	-	**2,056,043**
Financial Assets Measured at Fair Value through Other Comprehensive Income	361,295	410,027	139,678	3,532,451	14,847,482	7,575,531	-	**26,866,464**
Loans	959,641	41,243,605	25,593,337	78,930,878	106,441,496	30,113,256	23,799,932	**307,082,145**
Financial Assets Measured at Amortised Cost	-	4,547,622	13,136	517,408	18,223,459	6,326,378	-	**29,628,003**
Other Assets (*)	14,059,272	1,915,448	812,133	1,056,795	806,665	1,501,059	(8,170,855)	**11,980,517**
Total Assets	**52,623,283**	**84,205,702**	**27,406,552**	**89,460,379**	**141,168,812**	**45,673,818**	**15,629,077**	**456,167,623**
Liabilities								
Bank Deposits	1,509,722	397,796	602	2,518	-	-	-	**1,910,638**
Other Deposits	101,349,887	142,903,491	30,345,143	17,483,954	1,753,546	169,851	-	**294,005,872**
Other Fundings	-	4,498,906	6,973,615	13,517,979	1,447,222	1,259,439	-	**27,697,161**
Money Market Funds	-	565,089	1,772,571	448,331	89,111	-	-	**2,875,102**
Securities Issued (**)	49,605	2,424,718	1,802,649	-	18,787,461	18,020,875	-	**41,085,308**
Miscellaneous Payables	10,815,749	771,149	80,130	45,277	5,706	317	263,917	**11,982,245**
Other Liabilities (***)	2,975,543	1,388,761	946,755	1,018,886	1,752,919	5,025,861	63,502,572	**76,611,297**
Total Liabilities	**116,700,506**	**152,949,910**	**41,921,465**	**32,516,945**	**23,835,965**	**24,476,343**	**63,766,489**	**456,167,623**
Liquidity Gap	**(64,077,223)**	**(68,744,208)**	**(14,514,913)**	**56,943,434**	**117,332,847**	**21,197,475**	**(48,137,412)**	**-**
Net Off-Balance Sheet Position	**-**	**(90,887)**	**139,567**	**(4,635)**	**1,122,650**	**448,922**	**-**	**1,615,617**
Derivative Financial Assets	-	60,686,499	29,122,779	22,057,037	6,883,759	2,046,960	-	**120,797,034**
Derivative Financial Liabilities	-	60,777,386	28,983,212	22,061,672	5,761,109	1,598,038	-	**119,181,417**
Non-Cash Loans	**-**	**12,102,873**	**2,332,089**	**746,903**	**3,060,419**	**234,539**	**128,047,290**	**146,524,113**
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 8.98% (31 December 2019: 9.00%). While the capital increased by 3.9% mainly as a result of increase in net profits, total risk amount increased by 4.2%. Therefore, the current period leverage ratio decreased by 2 basis points compared to prior period.

		Current Period(***)	*Prior Period*(***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	429,195,982	411,699,259
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" (**)	(641,834)	(537,563)
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	(17,245,749)	(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	4,764,757	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	1,417,079	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	613,285,132	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 31 December 2019 for the current period and 30 September 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)	446,768,179	421,127,587
2	(Assets deducted in determining Tier I capital)	(646,412)	(620,064)
3	Total on-balance sheet risks (sum of lines 1 and 2)	446,121,767	420,507,523
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	3,815,522	3,098,333
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	17,301,205	17,151,727
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	21,116,727	20,250,060
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	359,763	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)	359,763	451,081
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	147,103,954	148,569,105
11	(Adjustments for conversion to credit equivalent amounts)	(1,417,079)	(1,266,554)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	145,686,875	147,302,551
Capital and total risks			
13	Tier I capital	55,046,904	52,990,193
14	Total risks (sum of lines 3, 6, 9 and 12)	613,285,132	588,511,215
Leverage ratio			
15	Leverage ratio	8.98%	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.

(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) (*)	325,320,359	295,632,577	26,025,629
2	Of which standardised approach (SA)	325,320,359	295,632,577	26,025,629
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	6,842,163	4,877,729	547,373
5	Of which standardised approach for counterparty credit risk (SA-CCR)	6,842,163	4,877,729	547,373
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	26,960	25,340	2,157
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	12,988,038	10,614,225	1,039,043
17	Of which standardised approach (SA)	12,988,038	10,614,225	1,039,043
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)**	**390,174,456**	**349,007,519**	**31,213,957**

(*) 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 Calculation of Risk Management Disclosures".

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 Calculation of Risk Management Disclosures".

4.10.8 Consolidated banking book interest rate risk

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

(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	2,426,678	3,566,796	1,594,582	2,749,223
Central Bank of Turkey	1,841,511	48,313,839	1,691,395	33,942,897
Others	-	2,544,839	-	2,047,209
Total	**4,268,189**	**54,425,474**	**3,285,977**	**38,739,329**

Balances with the Central Bank of Turkey

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	1,841,511	15,956,917	1,691,395	10,531,841
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	32,356,922	-	23,411,056
Total	**1,841,511**	**48,313,839**	**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	531,093	112,086	502,368	41,583
Foreign banks	433,953	12,098,851	245,492	18,792,746
Foreign head office and branches	-	-	-	-
Total	**965,046**	**12,210,937**	**747,860**	**18,834,329**

The placements at foreign banks include blocked accounts amounting TL 3,080,295 (31 December 2019: TL 2,818,396) of which TL 2,881,766 (31 December 2019: TL 2,657,254) and TL 198,529 (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 462,922 (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	**1,327,286**	**-**	**10,205,763**	**-**
Central Bank of Turkey	-	-	-	-
Banks	1,327,286	-	10,205,763	-
Others	-	-	-	-
Foreign Transactions	**-**	**728,757**	**-**	**453,693**
Central banks	-	-	-	-
Banks	-	728,757	-	453,693
Others	-	-	-	-
Total	**1,327,286**	**728,757**	**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 (+)	256,275	-	-	256,275
Disposal (-)	(130,310)	-	-	(130,310)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	11,139	-	-	11,139
Balances at End of Period	**306,020**	**-**	**-**	**306,020**

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	39,590	-	23,712	-
Assets Subject to Repurchase Agreements	-	-	26,860	-
Total	**39,590**	**-**	**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	1,240,467	509,677	370,765	91,126
Equity Securities	259,781	28,945	303,272	30,148
Other Financial Assets (*)	19,698	4,626,237	18,701	4,405,288
Total	**1,519,946**	**5,164,859**	**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). 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	805,439	2,720,245	1,528,597	1,947,081
Assets subject to Repurchase Agreements	58,885	1,514,669	12,674	1,115,469
Total	**864,324**	**4,234,914**	**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	**23,348,392**	**24,083,685**
Quoted at Stock Exchange	23,348,392	24,083,685
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	**146,851**	**132,968**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	142,360	128,477
Value Increase/Impairment Losses (-)	**3,371,221**	**4,426,876**
Total	**26,866,464**	**28,643,529**

Expected losses of TL 142,724 (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	192,759	33,100	182,769	15,947
Swap Transactions	1,273,109	2,143,393	848,634	1,123,196
Futures	-	743	-	8,488
Options	115,156	248,187	91,162	269,828
Others	-	882	-	169
Total	**1,581,024**	**2,426,305**	**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	23,338	21,792	11,345	6,675
Cash Flow Hedges	470,459	9,612	424,273	17,071
Net Foreign Investment Hedges	-	-	-	-
Total	**493,797**	**31,404**	**435,618**	**23,746**

(Thousands of Turkish Lira (TL))

As of 31 March 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	55,667,940	53,085	1,345,832	60,262,126	24,851	1,123,464
-TL	14,820,001	49,406	327,811	21,365,030	14,243	698,842
-FC	40,847,939	3,679	1,018,021	38,897,096	10,608	424,622
Cross Currency Swaps	4,275,396	466,855	69,599	5,003,466	430,655	71,954
-TL	877,748	444,391	29,582	1,008,284	421,375	45,966
-FC	3,397,648	22,464	40,017	3,995,182	9,280	25,988
Currency Forwards	-	-	-	-	-	-
-TL	-	-	-	-	-	-
-FC	-	-	-	-	-	-
Interest Rate Options	852,607	5,261	625	681,979	3,858	-
-TL	-	-	-	-	-	-
-FC	852,607	5,261	625	681,979	3,858	-
Total	**60,795,943**	**525,201**	**1,416,056**	**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	172,092	-	(186,393)	(14,301)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(2,531)	2,164	-	(367)
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	472,448	21,173	(501,989)	(8,368)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	7,819	21,793	(28,889)	723

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	3,724	(117,603)	(96,924)	6,359	(512)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	26,024	(539,847)	58,600	101,982	(20,806)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	435,713	(17,617)	(8,065)	7,787	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	9,349	(23,093)	2,462	1,103	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	-	-	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	5,261	(625)	535	-	-

As of 31 March 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	**-**	**594,933**	**62**	**603,746**
Corporates	-	594,933	62	603,746
Individuals			-	-
Indirect Lendings to Shareholders	**55,693**	**31,609**	**28,717**	**42,166**
Loans to Employees	**431,042**	**37**	**423,432**	**56**
Total	**486,735**	**626,579**	**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		
			Restructured	
Cash Loans (*)	Performing Loans	Non-restructured	Revised Contract Terms	Refinanced
Loans	**241,962,015**	**24,584,516**	**3,325,361**	**9,639,518**
Working Capital Loans	46,993,638	3,364,930	261,420	2,908,086
Export Loans	24,449,834	827,173	70,536	183,667
Import Loans	888,769	-	-	-
Loans to Financial Sector	7,208,481	884,135	-	-
Consumer Loans	55,628,685	5,375,317	1,131,645	54,795
Credit Cards	22,951,129	2,818,556	426,207	-
Others	83,841,479	11,314,405	1,435,553	6,492,970
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**6,765,306**	**622,057**	**325,542**	**11,192**
Total	**248,727,321**	**25,206,573**	**3,650,903**	**9,650,710**

(*) Non-performing loans are not included.

Prior Period		Loans under Follow-up		
			Restructured	
Cash Loans (*)	Performing Loans	Non-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)	75,973,945	91,577,103	69,265,186	5,145,774	779,006	3,964,325	1,438,127	583,855	147,456,264	101,271,057
Loans under Follow-up (Stage 2)	10,012,717	18,402,071	8,230,567	904,042	168,033	774,486	16,270	-	18,427,587	20,080,599
Total Stage 1 and 2 Loans	**85,986,662**	**109,979,174**	**77,495,753**	**6,049,816**	**947,039**	**4,738,811**	**1,454,397**	**583,855**	**165,883,851**	**121,351,656**
Expected Credit losses-Stage 1-2 (-)	1,833,369	3,878,404	866,411	56,712	31,332	125,459	11,917	373	2,743,029	4,060,948
Total Non-performing Loans	7,226,419	7,841,851	3,362,154	250,651	360,070	480,967	117,894	206,632	11,066,537	8,780,101
Expected Credit losses-Stage 3 (-)	5,275,796	4,464,177	2,334,289	186,474	208,021	218,533	103,180	203,290	7,921,286	5,072,474

(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)	1,480,565	-	1,227,132	-
Significant Increase in Credit Risk (Stage 2)	-	5,323,412	-	4,033,583

As of 31 March 2020, loans amounting to TL 4,045,167 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	154,029	11,914	-	165,943
Loans Collateralized by Mortgages / Shares	10,442,563	2,257,317	-	12,699,880
Loans Collateralized by Pledged Assets	2,057,612	99,766	-	2,157,378
Loans Collateralized by Cheques and Notes	37,812	2,301	-	40,113
Loans Collateralized by Other Collaterals	8,138,805	2,070,260	-	10,209,065
Unsecured Loans	7,870,845	2,120,199	3,244,763	13,235,807
Total	**28,701,666**	**6,561,757**	**3,244,763**	**38,508,186**

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	427,509	787,542	151,047	1,366,098
61-90 days	476,299	333,412	63,608	873,319
Other	27,797,858	5,440,803	3,030,108	36,268,769
Total	**28,701,666**	**6,561,757**	**3,244,763**	**38,508,186**

(*)As of 31 March 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 374 thousands.

(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	**1,626,736**	**52,471,245**	**54,097,981**
Housing Loans	16,471	20,368,348	20,384,819
Automobile Loans	129,706	1,572,218	1,701,924
General Purpose Loans	1,480,556	30,530,679	32,011,235
Others	3	-	3
Consumer Loans – FC-indexed	**-**	**153,599**	**153,599**
Housing Loans	-	153,599	153,599
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**878,386**	**4,603,162**	**5,481,548**
Housing Loans	153,017	2,829,655	2,982,672
Automobile Loans	168	17,018	17,186
General Purpose Loans	314,958	1,163,872	1,478,830
Others	410,243	592,617	1,002,860
Retail Credit Cards – TL	**20,417,051**	**334,343**	**20,751,394**
With Installment	8,987,389	334,343	9,321,732
Without Installment	11,429,662	-	11,429,662
Retail Credit Cards – FC	**330,729**	**14,283**	**345,012**
With Installment	-	-	-
Without Installment	330,729	14,283	345,012
Personnel Loans – TL	**41,492**	**165,078**	**206,570**
Housing Loan	-	754	754
Automobile Loans	-	17	17
General Purpose Loans	41,492	164,307	205,799
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**9,257**	**76,618**	**85,875**
Housing Loans	2,595	36,082	38,677
Automobile Loans	-	-	-
General Purpose Loans	5,398	29,483	34,881
Others	1,264	11,053	12,317
Personnel Credit Cards – TL	**120,816**	**525**	**121,341**
With Installment	39,284	525	39,809
Without Installment	81,532	-	81,532
Personnel Credit Cards – FC	**5,484**	**174**	**5,658**
With Installment	-	-	-
Without Installment	5,484	174	5,658
Deposit Accounts– TL (Real Persons)	**2,153,271**	**-**	**2,153,271**
Deposit Accounts– TL (Personnel)	**11,598**	**-**	**11,598**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**25,594,820**	**57,819,027**	**83,413,847**

(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	Total
Installment-based Commercial Loans – TL	**778,126**	**9,824,904**	**10,603,030**
Real Estate Loans	744	529,043	529,787
Automobile Loans	140,867	2,070,041	2,210,908
General Purpose Loans	636,515	7,225,820	7,862,335
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**652,746**	**652,746**
Real Estate Loans	-	48,651	48,651
Automobile Loans	-	126,592	126,592
General Purpose Loans	-	477,503	477,503
Others	-	-	-
Installment-based Commercial Loans – FC	**2,848,541**	**3,032,144**	**5,880,685**
Real Estate Loans	-	-	-
Automobile Loans	1,774	163,684	165,458
General Purpose Loans	93	107,004	107,097
Others	2,846,674	2,761,456	5,608,130
Corporate Credit Cards – TL	**4,788,267**	**164,182**	**4,952,449**
With Installment	1,709,104	164,182	1,873,286
Without Installment	3,079,163	-	3,079,163
Corporate Credit Cards – FC	**20,038**	**-**	**20,038**
With Installment	-	-	-
Without Installment	20,038	-	20,038
Deposit Accounts– TL (Corporates)	**1,403,998**	**-**	**1,403,998**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**9,838,970**	**13,673,976**	**23,512,946**

(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	260,720,957	241,117,177
Foreign Loans	26,514,550	25,493,353
Total	**287,235,507**	**266,610,530**

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	Current Period	***Prior Period***
Direct Lending	116,067	118,232
Indirect Lending	-	-
Total	**116,067**	**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	531,322	1,274,532
Doubtful Loans	3,325,680	3,227,456
Uncollectible Loans	9,136,758	7,680,946
Total	**12,993,760**	**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	277,810	2,867,091	5,040,528
Restructured Loans	277,810	2,867,091	5,040,528
Prior Period			
Gross amounts before provisions	1,120,990	2,980,250	3,922,263
Restructured Loans	1,120,990	2,980,250	3,922,263

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 (+)	626,133	19,531	65,717
Transfer from Other NPL Categories (+)	5,601	2,018,819	1,780,629
Transfer to Other NPL Categories (-)	1,992,364	1,783,684	29,001
Collections during the Period (-)	148,866	550,548	438,966
Write-offs (-)(*)	-	3	72,444
Debt Sale (-) (**)	-	-	16,049
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	16,049
Credit Cards	-	-	-
Other	-	-	-
Foreign Currency Differences	41,483	162,310	647,954
Balances at End of Period	**1,135,790**	**5,113,274**	**13,597,574**
Provisions (-)	531,322	3,325,680	9,136,758
Net Balance on Balance Sheet	**604,468**	**1,787,594**	**4,460,816**

(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**

(*) includes loans for which 100 % provision is provided during the corresponding period.

(**)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	**573,884**	**1,797,785**	**7,299,863**
Provisions (-)	268,025	1,117,116	4,233,527
Net Balance at Balance Sheet	**305,859**	**680,669**	**3,066,336**
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	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period (Net)	**604,468**	**1,787,594**	**4,460,816**
Loans to Individuals and Corporates (Gross)	1,109,639	5,104,128	13,570,613
Provision (-)	521,713	3,321,750	9,112,726
Loans to Individuals and Corporates (Net)	587,926	1,782,378	4,457,887
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	26,151	9,146	26,961
Provision (-)	9,609	3,930	24,032
Other Loans and Receivables (Net)	16,542	5,216	2,929
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	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period (Net)	**2,327**	**41,070**	**183,600**
Interest accruals and valuation differences	6,026	108,547	497,379
Provision (-)	3,699	67,477	313,779
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	50,065	355	-	50,420
Loans Collateralized by Mortgages	9,262,850	300,919	-	9,563,769
Loans Collateralized by Pledged Assets	1,530,930	53,847	-	1,584,777
Loans Collateralized by Cheques and Notes	179,183	5,874	-	185,057
Loans Collateralized by Other Collaterals	2,695,005	1,900,273	-	4,595,278
Unsecured Loans	2,209,486	353,275	1,304,576	3,867,337
Total	**15,927,519**	**2,614,543**	**1,304,576**	**19,846,638**

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 (+)	821,957	1,723,594	882,231	3,427,782
Disposal (-)	(773,368)	(387,992)	(585,170)	(1,746,530)
Debt Sale (-)	-	-	(14,971)	(14,971)
Write-offs (-)	-	-	(72,263)	(72,263)
Transfer to Stage1	250,148	(248,635)	(1,513)	-
Transfer to Stage 2	(80,170)	84,727	(4,557)	-
Transfer to Stage 3	(1,060)	(135,710)	136,770	-
Foreign Currency Differences	35,926	253,845	470,299	760,070
Balances at End of Period	**1,480,565**	**5,323,412**	**12,993,760**	**19,797,737**

(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**

As of 31 March 2020, in addition to macroeconomic update in February 2020, due to adverse effects of COVID-19 outbreak, the Bank has reviewed and updated the macroeconomic parameters. In accordance with the macroeconomic update as of 31 March 2020, the Bank has recognized an additional expected credit loss amounting to TL 689,789 of which TL 627,012 in stage 1, TL 38,127 in stage 2 and TL 24,650 in stage 3.

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	2,498,332	2,195,379	2,338,813	2,036,260
Between 1-5 Years	3,657,145	3,338,940	3,444,202	3,128,201
Longer than 5 Years	158,658	151,531	155,520	148,642
Total	**6,314,135**	**5,685,850**	**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	6,314,135	5,938,537
Unearned Income on Financial Lease Receivables (-)	(628,285)	(625,434)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**5,685,850**	**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	4,002,869	5,093,377	3,380,677	3,959,717
Investments subject to Repurchase Agreements	787,866	-	55,581	679,218
Total	**4,790,735**	**5,093,377**	**3,436,258**	**4,638,935**

5.1.8.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	29,429,635	27,558,636
Treasury Bills	81,886	-
Other Government Securities	-	-
Total	**29,511,521**	**27,558,636**

5.1.8.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**23,317,040**	**20,404,822**
Quoted at Stock Exchange	23,269,414	20,358,959
Unquoted at Stock Exchange	47,626	45,863
Valuation Increase / (Decrease)	**6,310,963**	**7,315,520**
Total	**29,628,003**	**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	773,329	772,371
Purchases during the Period	1,009,931	1,248,680
Disposals through Sales/Redemptions	(185,118)	(199,492)
Valuation Effect	309,519	1,244,774
Balances at End of Period	**29,628,003**	**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 (+)	128,335	-	-	128,335
Disposal (-)	(27,151)	-	-	(27,151)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	3,344	-	-	3,344
Balances at End of Period	**224,417**	**-**	**-**	**224,417**

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	82,601	542,907
Disposals (Cost)	(78,460)	(265,683)
Disposals (Accumulated Depreciation)	147	1,120
Reversal of Impairment / Impairment Losses	2,497	21,053
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	1,783	1,977
Cost	**1,179,652**	**1,171,231**
Accumulated Depreciation (-)	**(12,026)**	**(12,173)**
Net Book Value	**1,167,626**	**1,159,058**

(Thousands of Turkish Lira (TL))

5.1.9.2 Investments in subsidiaries and associates to be disposed

	Current Period	*Prior Period*
Balances at Beginning of Period	**293,200**	**11**
Additions (*)	-	881,129
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses (-)	(293,200)	(587,940)
Depreciation Expense for Current Period (-)	-	-
Cost	**-**	**293,200**
Accumulated Depreciation (-)	**-**	**-**
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. As of 31 March 2020, all of the assets acquired within the scope of TFRS 5 in the previous period were 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	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ (2)	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ (2)	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ (2)	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ (1)	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ (2)	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ (1)	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ (2)	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	15,404	10,693	3,825	101	2	864	838	-
2	151,277	91,498	77,573	5,102	-	26,624	15,953	-
3	927,722	116,324	10,804	4,255	1,538	16,588	11,361	-
4	16,709,165	2,285,292	115,060	698,326	33,997	615,988	479,740	-
5	13,285,548	2,665,517	618,258	117,327	265,253	1,173,543	419,638	-
6	384,403	220,221	249,087	11,258	295	22,180	41,206	-
7	721,499,799	85,155,002	541,979	30,135,305	5,070,791	56,279,555	18,383,903	-
8	656,980	623,851	21,897	57,560	-	92,766	57,787	-
9	31,238	25,827	22,785	666	-	6,146	2,082	-
10	-	-	-	-	-	-	-	-

(1) Financial information is as of 31 December 2018.
(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 8.33% 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	990,578	357,848	2,776,499
Share Premium	-	-	93,470
Share Cancellation Profits	-	-	-
Legal Reserves	1,014,013	545,995	(19,494)
Other Comprehensive Income according to TAS	2,244,457	-	17,165
Current and Prior Periods' Profits	55,803	136,237	211,959
Common Equity Tier I Capital Before Deductions	**4,304,851**	**1,040,080**	**3,079,599**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	34,118	668	871,490
Leasehold Improvements on Operational Leases (-)	-	-	1,266
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	39,123	14,047	399,977
Net Deferred Tax Asset/Liability (-)	-	-	-
Total Deductions from Common Equity Tier I Capital	**73,241**	**14,715**	**1,272,733**
Total Common Equity Tier I Capital	**4,231,610**	**1,025,365**	**1,806,866**
Total Deductions From Tier I Capital	**-**	**-**	**-**
Total Tier I Capital	**4,231,610**	**1,025,365**	**1,806,866**
TIER II CAPITAL	**360,220**	**-**	**71,952**
TOTAL CAPITAL	**4,591,830**	**1,025,365**	**1,878,818**

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	116,366	107,020	49	2,344	-	2,323	8,971	-	-
2	34,557	18,819	486	449	-	(675)	1,294	-	-
3	3,927	1,832	1,226	-	-	19	19	-	-
4	6,089	4,369	10	94	-	8	181	-	-
5	7,022	7,022	7,020	-	-	(2)	(2)	-	-
6	1,643,460	141,608	1,436,457	674	-	80,194	6,353	-	-
7	4,066	3,461	-	-	-	405	248	-	-

(*) 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	**55,790**	**1,506,797**
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	321,102	893,943
Sales/Liquidations	-	(352)
Reclassifications	-	-
Value Increase/Decrease (*) (**)	(732,341)	110,834
Currency Differences on Foreign Subsidiaries	467,029	502,372
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	**8,504,631**	**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 31 March 2020.

Valuation methods of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Valued at Cost	-	-
Valued at Fair Value (*)	8,504,631	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	4,246,236	3,921,884
Insurance Companies	654,820	1,153,607
Factoring Companies	139,667	134,182
Leasing Companies	1,046,448	1,018,498
Finance Companies	2,417,460	2,220,670
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchanges	140,892	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	5,201,304	1,046,489	20,575	111,725	-	35,801	23,088	-
2	2,141,745	170,322	12,736	62,870	-	6,338	19,370	-
3	1,151,442	428,390	31,262	4,049	1,408	106,152	32,946	-
4	158,885	148,176	1,451	3,158	201	12,846	7,202	-
5	2,392,360	770,773	51,196	45,813	6,904	113,501	109,085	-
6	24,901,810	4,258,109	270,746	151,543	3,018	15,478	38,400	-
7	2,452,892	2,450,986	-	-	-	(157)	(248)	-
8	2,410,165	2,043,159	-	48	-	(5,548)	(7,763)	-
9	15,936,225	2,216,086	544,180	142,162	21,115	42,868	40,044	-
10	1,255,293	204,155	9,146	17,727	-	4,234	5,000	-
11	878,419	133,140	20,002	19,263	-	6,967	2,869	-
12	42,058	39,691	1,185	500	399	(931)	916	37,120

(**) 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	-	-
Fair Value Change	-	(23,665)
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	**569,719**	**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 31 March 2020, on a consolidated basis the Bank has a deferred tax asset of TL 2,426,763 (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 31 March 2020, deferred tax assets of TL 2,948,617 (31 December 2019: TL 2,232,124) are reduced by deferred tax liabilities of TL 521,854 (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 (*)	3,468,967	686,362	2,839,430	549,331
Stages 1&2 Credit Losses	7,657,893	1,596,895	5,794,132	1,213,642
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,989,540	254,505	1,075,265	178,924
Revaluation Differences on Real Estates	(1,870,250)	(187,190)	(1,870,033)	(187,155)
Other	328,975	76,191	581,831	127,268
Deferred Tax Asset	**11,575,125**	**2,426,763**	**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 31 March 2020, TL 325,926 (31 March 2019: TL 203,788 of deferred tax expense) of deferred tax income and TL 227,881 (31 December 2019: TL 78,763 tax income) of deferred tax income were recognised in the income statement and the shareholders' equity, respectively.

5.1.17 Other Assets

5.1.17.1 Receivables from term sale of assets

	Current Period	*Prior Period*
Sale of Real Estates	128,230	114,592
Sale of Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Sale of Other Assets	1,137	1,137
Total	**129,367**	**115,729**

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	*Prior Period*
Prepaid Expenses	1,811,916	1,394,564
Prepaid Taxes	123,557	84,750

(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	**19,971,732**	**-**	**3,777,710**	**52,495,623**	**431,576**	**322,334**	**1,564,141**	**2,422**	**78,565,538**
Foreign Currency Deposits	**61,154,004**	**-**	**16,828,975**	**67,918,393**	**6,123,356**	**4,391,439**	**11,038,623**	**36,048**	**167,490,838**
Residents in Turkey	46,144,607	-	15,628,508	62,506,886	2,912,117	1,918,558	2,751,953	34,799	131,897,428
Residents in Abroad	15,009,397	-	1,200,467	5,411,507	3,211,239	2,472,881	8,286,670	1,249	35,593,410
Public Sector Deposits	**1,389,194**	**-**	**13,253**	**50,006**	**-**	**11**	**-**	**-**	**1,452,464**
Commercial Deposits	**11,182,920**	**-**	**10,082,614**	**9,609,335**	**155,082**	**57,454**	**1,225,558**	**-**	**32,312,963**
Others	**311,135**	**-**	**156,858**	**711,038**	**37,103**	**252,824**	**3,818,524**	**-**	**5,287,482**
Precious Metal Deposits	**7,340,902**	**-**	**-**	**277,118**	**490,914**	**44,866**	**742,787**	**-**	**8,896,587**
Bank Deposits	**1,509,722**	**-**	**391,620**	**-**	**682**	**3,119**	**5,495**	**-**	**1,910,638**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,924	-	-	-	-	-	-	-	2,924
Foreign Banks	505,162	-	391,620	-	682	3,119	5,495	-	906,078
Special Financial Institutions	1,001,636	-	-	-	-	-	-	-	1,001,636
Others	-	-	-	-	-	-	-	-	-
Total	**102,859,609**	**-**	**31,251,030**	**131,061,513**	**7,238,713**	**5,072,047**	**18,395,128**	**38,470**	**295,916,510**

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	41,405,236	39,677,571	36,541,080	34,453,878
Foreign Currency Saving Deposits	37,783,898	37,004,702	74,871,156	70,678,418
Other Saving Deposits	4,225,786	3,179,119	4,144,383	2,565,718
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,209,533	1,169,315	227	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	18,103	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	176,993	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	-	1,128,690	-	860,923
Domestic Banks and Institutions	870,593	1,630,309	1,326,874	1,320,690
Foreign Banks, Institutions and Funds	1,355,885	22,711,684	1,361,081	20,752,491
Total	**2,226,478**	**25,470,683**	**2,687,955**	**22,934,104**

5.2.2.1 Maturities of funds borrowed

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Short-Term	870,593	3,124,610	1,326,881	2,991,738
Medium and Long-Term	1,355,885	22,346,073	1,361,074	19,942,366
Total	**2,226,478**	**25,470,683**	**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	**851,288**	**-**	**94,463**	**-**
Financial Institutions and Organizations	761,305	-	16,856	-
Other Institutions and Organizations	37,760	-	38,539	-
Individuals	52,223	-	39,068	-
Foreign Transactions	**20**	**1,341,773**	**81**	**1,370,446**
Financial Institutions and Organizations	-	1,341,773	-	1,370,446
Other Institutions and Organizations	-	-	-	-
Individuals	20	-	81	-
Total	**851,308**	**1,341,773**	**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	4,201,669	2,032,018	-	17,113,726
Cost	4,190,927	2,030,144	-	17,029,057
Carrying Value (*)	4,227,369	1,243,284	-	16,053,666

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 840,320 and foreign currency securities with a total face value of USD 207,733,000 (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	-	13,510,106	-	14,342,293
Total	**-**	**13,510,106**	**-**	**14,342,293**

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,467,172,619 (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 31 March 2020, the accumulated fair value change of the related financial liability amounted to TL 2,897,037 (31 December 2019: TL 725,306) and the corresponding gain recognised in the statement of loss amounted to TL 2,171,731 (31 March 2019: TL 512,517). The carrying value of the related financial liability amounted to TL 13,510,106 (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	296,098	69,876	155,718	7,065
Swap Transactions	1,016,814	4,412,041	931,412	1,730,884
Futures	41	677	6	-
Options	125,352	101,119	113,327	105,537
Others	-	942	-	298
Total	**1,438,305**	**4,584,655**	**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	18,252	699,019	104,982	355,722
Cash Flow Hedges	339,141	359,644	639,826	94,888
Net Foreign Investment Hedges	-	-	-	-
Total	**357,393**	**1,058,663**	**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 Financial lease payables

There is no amount from financial lease payables (31 December 2019: None).

5.2.8.2 Operational lease agreements

	Current Period		***Prior Period***	
	Brüt	**Net**	**Brüt**	**Net**
Less than 1 Year	504,086	337,311	383,053	247,396
Between 1-5 Years	809,622	551,881	846,977	550,604
Longer than 5 Years	489,646	316,859	547,238	336,770
Total	**1,803,354**	**1,206,051**	**1,777,268**	**1,134,770**

As of 31 March 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 %19.2, %2.2, %7 and %8 (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	38,708	142,503
Actuarial Gain/Loss	-	(4,293)
Payments During the Period	(16,280)	(69,182)
Balances at End of Period	**580,713**	**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	1,276,862	1,246,661
Insurance Technical Provisions, Net	731,489	640,533
Provision for Promotion Expenses of Credit Cards	190,351	172,525
Provision for Lawsuits	526,922	488,730
Provision for Non-Cash Loans	1,423,145	1,214,480
Other Provisions(*)	2,917,478	2,763,444
Total	**7,066,247**	**6,526,373**

(*) Includes total general reserve of TL 2,500,000 (31 December 2019: 2,500,000) recognized as expense in the 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 31 March 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 31 March 2020, the corporate tax liability amounts to TL 812,887 (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	812,887	683,990
Taxation on Securities Income	136,104	190,677
Taxation on Real Estates Income	6,339	5,321
Banking Insurance Transaction Tax	143,181	209,765
Foreign Exchange Transaction Tax	17,163	10,997
Value Added Tax Payable	40,227	35,049
Others	115,145	101,866
Total	**1,271,046**	**1,237,665**

5.2.10.1.3 Premiums payable

	Current Period	***Prior Period***
Social Security Premiums-Employees	4,954	5,411
Social Security Premiums-Employer	4,674	3,438
Bank Pension Fund Premium-Employees	333	37
Bank Pension Fund Premium-Employer	479	37
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,791	1,752
Unemployment Insurance-Employer	3,955	3,586
Others	66	49
Total	**16,252**	**14,310**

5.2.10.2 Deferred tax liability

As of 31 March 2020, the deferred tax liability amounts to TL 20,426 (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	9,310,343	76,263	9,955,158	136,071
Payables from clearing transactions	2,818,400	34,484	2,978,282	74,119
Other	1,497,079	2,732,577	1,319,133	2,073,593
Total	**13,625,822**	**2,843,324**	**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	**63,425**	**(734,123)**	**(40,429)**	**155,810**
Valuation Difference	63,425	(734,123)	(40,429)	155,810
Exchange Rate Difference	-	-	-	-
Total	**63,425**	**(734,123)**	**(40,429)**	**155,810**

5.2.14.9 Revaluation surplus

	Current Period		*Prior Period*	
	TL	**FC**		
Movables	18,617	166,716	22,270	194,826
Real Estates	1,525,315	78,791	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	**1,371,457**	**245,507**	**1,375,110**	**267,474**

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	*Prior Period*
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	**913**	**913**

5.2.14.11 Legal reserves

	Current Period	*Prior Period*
I. Legal Reserve	1,096,104	1,092,170
II. Legal Reserve	507,264	507,264
Special Reserves	-	-
Total	**1,603,368**	**1,599,434**

5.2.14.12 Extraordinary reserves and other profit reserves

	Current Period	*Prior Period*
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	38,030,210	38,013,495
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	**38,030,210**	**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	17,417	76,476
Prior Period Dividend Payment	-	(680)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(199)	568
Balance at End of Period	**291,128**	**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 10,934,781 (31 December 2019: TL 15,882,503), commitments for cheque payments of TL 3,401,130 (31 December 2019: TL 3,184,727) and commitments for credit card limits of TL 43,625,581 (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	30,018,077	26,872,148
Letters of Guarantee in TL	24,912,530	23,555,242
Letters of Credit	10,416,734	10,676,483
Bills of Exchange and Acceptances	1,615,327	1,579,043
Prefinancings	-	-
Other Guarantees	104,719	74,179
Total	**67,067,387**	**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 (+)	148,657	167,556	166,717	482,930
Disposal (-)	(141,914)	(61,607)	(134,707)	(338,228)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	31,409	(31,207)	(202)	-
Transfer to Stage 2	(8,114)	8,179	(65)	-
Transfer to Stage 3	(22)	(1,488)	1,510	-
Foreign Currency Differences	7,175	19,008	37,780	63,963
Balances at End of Period	**275,642**	**451,898**	**695,605**	**1,423,145**

	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 695,605 (31 December 2019: TL 624,572) is made for unliquidated non-cash loans of TL 1,536,724 (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	11,788,758	11,045,938
With Original Maturity of 1 Year or Less	*1,760,398*	*1,673,837*
With Original Maturity of More Than 1 Year	*10,028,360*	*9,372,101*
Other Non-Cash Loans	55,278,629	51,711,157
Total	**67,067,387**	**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	1,673,116	115,648	2,932,715	171,312
Medium and long-term loans	4,161,679	1,483,341	3,900,470	1,483,035
Loans under follow-up	168,950	38,298	130,800	23,432
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**6,003,745**	**1,637,287**	**6,963,985**	**1,677,779**

(*) 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	-	3,882	10,372
Domestic Banks	31,769	9,307	98,135	10,277
Foreign Banks	432	26,799	2,017	68,071
Foreign Head Offices and Branches	-	-	-	-
Total	**32,493**	**36,106**	**104,034**	**88,720**

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	24,128	3,840	11,910	2,043
Financial Assets Measured at Fair Value through Other Comprehensive Income	517,418	113,626	690,981	145,178
Financial Assets Measured at Amortised Cost	666,952	59,428	738,903	55,228
Total	**1,208,498**	**176,894**	**1,441,794**	**202,449**

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. As of 31 March 2020, the valuation of such securities was made according to annual inflation rate which was taken as 8.5%. If the valuation of such securities was performed according to the reference index valid as of 31 March 2020, the parent Bank’s securities value increase fund under the equity would decrease by TL 41,972 thousands (net), whereas the interest income on securities portfolio would increase by TL 109,003 thousands.

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	*Prior Period*
Interest Received from Investments in Associates and Subsidiaries	3,971	13,215

(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	70,826	262,566	47,457	176,707
Central Bank of Turkey	-	1,618	-	2,799
Domestic Banks	27,438	15,434	22,517	18,247
Foreign Banks	43,388	245,514	24,940	155,661
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	231,214	-	259,371
Total	**70,826**	**493,780**	**47,457**	**436,078**

(*) 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	3,084	7,975

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	332	12,004	-	-	-	-	-	12,336
Saving Deposits	515	60,607	1,183,307	11,103	10,086	56,010	-	1,321,628
Public Sector Deposits	-	5,753	908	-	-	1	-	6,662
Commercial Deposits	19	164,018	262,355	3,283	2,051	37,335	-	469,061
Others	-	3,512	16,198	731	6,495	115,369	-	142,305
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	**866**	**245,894**	**1,462,768**	**15,117**	**18,632**	**208,715**	**-**	**1,951,992**
Foreign Currency								
Foreign Currency Deposits	2,710	26,609	155,758	13,195	23,842	42,547	106	264,767
Bank Deposits	(47)	332	980	4,429	5,027	(5,666)	-	5,055
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	29	80	117	2,648	-	2,874
Total FC	**2,663**	**26,941**	**156,767**	**17,704**	**28,986**	**39,529**	**106**	**272,696**
Grand Total	**3,529**	**272,835**	**1,619,535**	**32,821**	**47,618**	**248,244**	**106**	**2,224,688**

(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	231	26,622	-	-	-	-	-	26,853
Saving Deposits	681	112,809	2,195,609	276,526	125,188	146,286	-	2,857,099
Public Sector Deposits	-	81	1,510	251	57	1	-	1,900
Commercial Deposits	56	367,490	470,041	35,131	20,430	38,411	-	931,559
Others	-	13,576	47,550	4,188	22,584	178,349	-	266,247
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**968**	**520,578**	**2,714,710**	**316,096**	**168,259**	**363,047**	**-**	**4,083,658**
Foreign Currency								
Foreign Currency Deposits	13,990	50,394	401,217	25,299	59,176	86,496	138	636,710
Bank Deposits	8	759	362	482	2,668	1,839	-	6,118
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	56	141	50	1,553	-	1,800
Total FC	**13,998**	**51,153**	**401,635**	**25,922**	**61,894**	**89,888**	**138**	**644,628**
Grand Total	**14,966**	**571,731**	**3,116,345**	**342,018**	**230,153**	**452,935**	**138**	**4,728,286**

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	**37,581,980**	**31,742,223**
Trading Account Income	3,059,379	852,739
Derivative Financial Instruments	7,023,938	5,597,019
Foreign Exchange Gain	27,498,663	25,292,465
Losses (-)	**36,764,391**	**31,884,988**
Trading Account Losses	1,012,488	362,948
Derivative Financial Instruments	8,917,801	4,774,010
Foreign Exchange Losses	26,834,102	26,748,030
Total	**817,589**	**(142,765)**

TL 1,558,237 (31 March 2019: TL 1,578,734) of foreign exchange gains and TL 2,418,149 (31 March 2019: TL 3,229,172) 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 27,939,459 and EUR 23,684,211 and securitization borrowings amounting to EUR 45,221,045 by designating cross currency swaps with the same face values and terms and securitizations amounting to USD 514,004,066 and EUR 52,500,000 and deposits amounting to TL 6,360,000, USD 955,000,000 and forward EUR 350,000,000 by designating interest rate swaps with the same face values. Accordingly, in the current period, gain of TL 19,381 (31 March 2019: gain of TL 70,779) and loss of TL (557,232) (31 March 2019:gain of TL 171,305) 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 TL 350,000, USD 218,046,207 and EUR 240,195,441, for its fixed rate coupons with a total face value of TL 700,000 and USD 487,500,000 and fixed-rate coupons with a total face value of EUR 88,800,000 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 169,562 (31 March 2019: loss of TL (79,860)) and TL 471,210 (31 March 2019: loss of TL (25,312)) 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 (674) 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 6,657 (31 March 2019: loss of TL 5,088). 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 10,251 (31 March 2019: a loss of TL 4,791) 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 807,111,845 sell and EUR 111,123,866 buy, USD 78,252,855 sell and EUR 69,478,533 buy, SEK 7,563,284 sell and EUR 707,553 buy, PLN 206,318 sell and EUR 47,746 buy, HUF 2,700,000,000 sell and EUR 8,014,762 buy, DKK 5,546,093 sell and EUR 742,588 buy, NOK 1,725,972 sell and EUR 168,766 buy. Accordingly, in the current period, a loss of TL 6,503 (31 March 2019: a gain of TL 16,585) 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 5,712 (31 March 2019: a loss of TL 2,808) resulting from interest rate swap agreements and a gain of TL 14,546 (31 March 2019: a loss of TL 14,063) 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 16,049 (31 March 2019: 21,905) were sold for a consideration of TL 5,310 (31 March 2019: 7,472). Considering the related provision of TL 14,971 (31 March 2019: 20,220) made in the financial statements, a gain of TL 4,232 (31 March 2019: 5,787) is recognized under "Other Operating Income".

	Current Period	*Prior Period*
Prior Year Reversals	**2,028,204**	**1,761,809**
Stage 1	832,955	598,942
Stage 2	463,103	774,431
Stage 3	652,930	358,279
Others	79,216	30,157
Income from term sale of assets	**10,819**	**12,241**
Others (*)	**416,817**	**252,030**
Total	**2,455,840**	**2,026,080**

(*) Premium income from insurance business amounting to TL 391,203 (31 March 2019: TL 193,521) 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	**5,037,774**	**3,386,617**
12-Month ECL (Stage 1)	*1,330,499*	*719,113*
Significant Increase in Credit Risk (Stage 2)	*1,924,556*	*1,614,697*
Impaired Credits(Stage 3)	*1,782,719*	*1,052,807*
Other Provisions	**739,063**	**244,880**
Impairment Losses on Securities	13,617	18,608
Financial Assets Measured at Fair Value through Profit or Loss	*12,190*	*2,153*
Financial Assets Measured at Fair Value through Other Comprehensive Income	*1,427*	*16,455*
Impairment Losses on Associates, Subsidiaries and Joint-ventures	293,366	-
Associates	*293,366*	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others	432,080	226,272
Total	**5,776,837**	**3,631,497**

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	29,365	29,879
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	95,386	101,232
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	37,038	33,026
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	87,578	75,676
Impairment Losses on Assets Held for Sale and Discontinued Assets	560	80
Other Operating Expenses	1,090,182	790,997
Operational Lease related Expenses (*)	*38,027*	*40,140*
Repair and maintenance expenses	*19,692*	*20,212*
Advertisement expenses	*42,216*	*32,401*
Other expenses	*990,247*	*698,244*
Loss on Sale of Assets	861	970
Others (**)	525,939	360,253
Total	**1,866,909**	**1,392,113**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes saving-deposits-insurance-fund related expenses of TL 148,762 (31 March 2019: TL 109,638) and insurance-business claim losses of TL 163,941 (31 March 2019: TL 44,880) 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”.

(Thousands of Turkish Lira (TL))

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 March 2020, on a consolidated basis, the Bank recorded a current tax expense of TL 847,373 (31 March 2019: TL 282,846) and a deferred tax income of TL 325,926 (31 March 2019: TL 203,788 tax expense).

There is no amount from discontinued operations.

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	*Current Period*	*Prior Period*
Increase in Tax Deductible Timing Differences (+)	(585,654)	(299,554)
Decrease in Tax Deductible Timing Differences (-)	36,455	87,047
Increase in Taxable Timing Differences (-)	279,251	448,719
Decrease in Taxable Timing Differences (+)	(55,978)	(32,424)
Total	**(325,926)**	**203,788**

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)	(547,546)	(212,507)
(Increase)/Decrease in Taxable Timing Differences (net)	223,273	416,295
(Increase)/Decrease in Tax Losses (net)	(1,653)	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**(325,926)**	**203,788**

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	17,417	20,883

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	187,431	3,853	574,571	994,866	55,644	38,091
Interest and Commission Income	4,358	7	5,782	-	528	41

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	13,670	2	2,035	-	3,425	2

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	166,143	137,563	22,004	133,851	248,215	107,955
Interest Expenses	3,084	7,243	57	15	829	1,309

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	201,245	116,223	42,359,962	23,854,032	-	-
Total Profit/(Loss)	(24)	775	(196,093)	(17,764)	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	643,552	1,004,943	-	-
Balance at end of period	-	-	654,837	643,552	-	-
Total Profit/(Loss)	-	-	(143)	856	-	-

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 171,760 (31 December 2019: TL 147,011) compose 0.06% (31 December 2019: 0.05%) of the Bank's total consolidated cash loans and 0.04% (31 December 2019: 0.03%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 817,646 (31 December 2019: TL 259,492) compose 0.18% (31 December 2019: 0.06%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 1,036,810 (31 December 2019: TL 1,053,375) compose 1.55% (31 December 2019: 1.68%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 436,362 (31 December 2019: TL 379,369) compose 0.15% (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 1,317 (31 March 2019: TL 1,207) was recognized for the real estates rented to the related parties.

No operating expenses were incurred for the IT services (31 March 2019: TL 921) rendered by the related parties. Other income of TL 2,526 (31 March 2019: TL 418) for the IT services rendered and banking services fee income of TL 5,379 (31 March 2019: TL 240) were recognized from the related parties.

Operating expenses of TL 15,564 (31 March 2019: TL 17,197) 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 31,913 as of 31 March 2020 (31 March 2019: TL 35,840).

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 financial 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

According to BRSA's article dated April 18, 2020, and the second paragraph of Article 43 and 93 of the Banking Law (Law) No. 5411, it has been decided that the Banks shall calculate Asset Ratio (AR) on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 100% for deposit banks and below 80% for participation banks. In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 100% and 80%, respectively, for banks with an active ratio below 100% and participation banks below 80%. This regulation is valid as of May 1, 2020.

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 *(June 2019)*

Outlook	Negative
Long Term FC Deposit	B3(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 *(November 2019)*

Long Term FC	B+ / Stable Outlook
Short Term FC	B
Long Term TL	BB-/ Stable 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 *(June 2019)*

International FC Outlook	Negative
Long Term International FC	BBB(Negative)
Short Term International FC	A-3(Negative)
International TL Outlook	Negative
Long Term International TL	BBB+ (Negative)
Short Term International TL	A-2(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 2019)* (*)

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 *(November 2019)* (*)

Foreign Currency	
Long Term	B+
Short Term	B
Outlook	Stable
Turkish Lira	
Long Term	BB-
Short Term	B
Outlook	Stable
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 *(November 2019)* (*)

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

(*) Latest date in risk ratings or outlooks

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	Stable

(*) Latest date in risk ratings or outlooks

5.10.2 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 31 March 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 29 April 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 March 31, 2020. Based on the consolidated financials, the Bank's **net income** in the first three months of the year recorded as TL 1 billion 680 million 191 thousand. **Asset size** realized at TL 456 billion 167 million 623 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 346 billion 578 million 792 thousand. Actively managing the funding base, deposits continued to be the main funding source; 65% of assets are funded via deposits. Deposit base reached to TL 295 billion 916 million 510 thousand with 7% growth in the first 3 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 16.61%. The Bank delivered an **ROAE** (Return on Average Equity) of 12.38% and an **ROAA** (Return on Average Assets) of 1.53%.

Commenting on the subject, **Sözen** said that: "As a nation, we are going through a period we had never experienced before. Global coronavirus pandemic affected our families, our enterprises, our communities, and our lifestyles. When we look back on this year, we will not only talk about the global pandemic, but also its impacts on the world order. Because this pandemic underlined how crucial it is to act in solidarity while fighting against a common cause. Our job and our customer supportive approach at all times have become even more important. The need for widening the perspective and providing alternative solutions beneficial for all has become even more evident.

During this period, our priority has been to protect the society's health, starting with our customers and employees, and to support turning the wheels of the economy. For this purpose, we took a set of precautions at our workplaces and our branches. We introduced and implemented support packages that will bolster the economic measures announced by the government. In this environment, I can confidently say that, on top of our Bank's strong fundamentals in terms of liquidity and capital, our robust technology and banking infrastructure enable us to provide uninterrupted support in every process.
All of us will continue to follow closely the developments caused by the global pandemic. I fully believe that we will overcome these difficult times of uncertainty through solidarity."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ** stated that: "Turkey, together with the whole world, is going through an extraordinary period. Our first and foremost priority in this period is, without a doubt, the health and safety of our employees, their families, and the society. Within this scope, we formulated and started implementing all of the necessary measures without wasting time. Currently, 92% of our headquarters' staff and 61% of our branch staff work from home. On the other hand, 100% of our call center employees are serving our customers from their homes without interruption. On 11th of April, celebrating the 74th anniversary of our bank, we once again confirmed how solid our foundations were,. As a bank investing heavily in digital channels for 25 years, we managed to make a smooth transition without experiencing any disruption whatsoever in our operations thanks to our robust technological infrastructure.

Besides these measures taken, it is also highly important to economically support the nationwide struggle. In order to maintain our balance sheet and customers healthy and strong, while prioritizing customer-oriented growth in this period, we have taken and will continue to take all kinds of measures to minimize the impact of the Covid-19. In the first three months of the year, we achieved 8% growth in total loans. During the period we have been experiencing since March, we have started providing the opportunity to postpone the principal, interest and installment payments as well as credit card debts according to needs of our customers, without any additional condition and aggravating the existing payment conditions. Within this scope, we have postponed and restructured the payment of more than 470 thousand loans at an amount over TL 21 billion to date. We also approach in a positive manner to our customers, who are in need of structuring beyond the defined minimum conditions, and will continue to do so in the upcoming period. We have been granted with the opportunity of loan disbursement amounted to TL 4.5 billion out of the TL 30bn total package that are defined for the group which also include private banks. We have rapidly utilized one third of the package and going forward, we aim to utilize the whole package in 2-3 week time. We will continue to support the CGF program in the same way as the new packages are announced.

On the other hand, when it comes to expenses and commissions, we consider the specific financial condition of our distressed customers, make individual assessment, and support each customer. By fully complying with the commission limitations established by the regulator, we provide flexibility to our customers experiencing payment difficulties, beyond the established limitations. Thanks to our strong capital and high level of liquidity, we will continue to support the financial needs of all our customers.

Emphasizing the importance of supporting each other in this period, **Baştuğ** completed his statement by saying "As one of the important economic actors of this country, aside from our banking responsibilities, we are well aware of our social responsibilities as well. In this context, we firstly allocated 10 million TL in support of our hospitals to supply needed materials, and then we announced our support fund of 30 million TL to the Ministry of Health to be used for provision of respiratory devices. Our biggest hope is to overcome this challenging period together with minimum loss and in the shortest time and to walk hand in hand, as a country, towards a better future. I wish to sincerely thank all my co-workers and our stakeholders who trust and support us."

(Thousands of Turkish Lira (TL))

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	Current Period 31.Mar.2020	Prior Period 31.Dec.2019	Change Δ %
Total Assets	456,167,623	428,554,148	6.4%
Loans*	298,192,480	277,506,599	7.5%
- Performing Loans	*279,511,405*	*259,207,022*	*7.8%*
- Non-Performing Loans	*18,681,075*	*18,299,577*	*2.1%*
Customer Deposits	294,005,872	274,608,574	7.1%
Shareholders' Equity	55,105,358	54,050,747	2.0%

** Excludes Leasing and Factoring receivables*

Selected P&L Items	Current Period 31.Mar.2020	Prior Period 31.Mar.2019	Change Δ %
Net Interest Income	5,854,607	4,909,757	19.2%
Operating Expenses	2,928,339	2,417,203	21.1%
- HR Cost	*1,061,430*	*1,025,090*	*3.5%*
- Other Operating Expenses	*1,866,909*	*1,392,113*	*34.1%*
Net Fees&Commissions	1,777,945	1,499,103	18.6%
Net Income	1,680,191	1,757,409	-4.4%

Selected Financial Ratios	Current Period 31.Mar.2020	Prior Period 31.Dec.2019	Change Δ bps
Performing Loans/Assets	61.3%	60.5%	79
Deposits/Assets	64.5%	64.1%	37
Return on Average Equity	12.4%	12.4%	-2
Return on Average Assets	1.5%	1.5%	3
Cumulative Net Interest Margin (incl. swap costs)	5.9%	5.2%	72
Non-Performing Loans Ratio*	6.5%	6.8%	-36
Capital Adequacy Ratio	16.6%	17.8%	-120

** Excludes Leasing and Factoring receivables*

Market Shares*	Current Period 31.Mar.2020	Prior Period 31.Dec.2019	Change Δ bps
Performing Loans	10.0%	10.1%	-2
TL Performing Loans	9.8%	10.3%	-45
FC Performing Loans	10.2%	9.6%	57
Customer Deposits	10.5%	10.5%	3
TL Customer Deposits	9.6%	9.7%	-9
FC Customer Deposits	11.1%	11.2%	-12

**Market Shares are calculated per bank-only financials, for fair comparison*

Garanti with Numbers	Current Period 31.Mar.2020	Prior Period 31.Dec.2019	Change Δ %
Branch Network	914	914	0.0%
Number of Employees	18,811	18,784	0.1%
ATM	5,204	5,260	-1.1%
POS*	520,727	508,897	2.3%
Number of Customers	18,019,932	17,639,898	2.2%
Number of Digital Customers**	8,749,862	8,352,034	4.8%
Number of Credit Card Customers	7,168,022	7,083,510	1.2%

**Includes shared and virtual POS.*
*** Active customers only -- min. 1 login or call per quarter*

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

7.2 The amendments in the articles of association during period of 01.01.2020-31.03.2020

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2020-31.03.2020

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 31 March 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 its 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.

As of March 31, 2020, downward revisions on the macro expectations post Covid-19 outbreak indicate downward risks to the expectations announced by the Bank to the Public Disclosure Platform at the beginning of the year.