THIRD SUPPLEMENT dated 10 December 2019 to the Base Prospectus dated 26 April 2019

TÜRKİYE GARANTİ BANKASI A.Ş.

US$6,000,000,000

Global Medium Term Note Programme

This supplement (this "*Supplement*") is supplemental to, and must be read in conjunction with, the Base Prospectus dated 26 April 2019 (the "*Original Base Prospectus*" and, as supplemented by the supplements dated 9 July 2019 and 5 September 2019, the "*Base Prospectus*," which also serves as the "*Listing Particulars*") prepared by Türkiye Garanti Bankası A.Ş. (the "*Issuer*" or the "*Bank*") under the Issuer's global medium term note programme. Capitalised terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Base Prospectus. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("*Euronext Dublin*") for the approval of this Supplement as a supplement to the Listing Particulars (this "*Listing Particulars Supplement*"). Except where expressly provided or the context otherwise requires, where Notes with a maturity of less than one year are to be admitted to trading on the regulated market of Euronext Dublin, references herein to this "Supplement" shall be construed to be references to this "Listing Particulars Supplement" and references herein to the "Base Prospectus" shall be construed to be references to the "Listing Particulars."

This Supplement has been approved by the Central Bank of Ireland pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (S.I. No. 324 of 2005) (as amended, the "*Irish Prospectus Regulations*"). The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Irish Prospectus Regulations. This document constitutes a supplement for the purposes of the Irish Prospectus Regulations and has been prepared and published for the purposes of incorporating into the Base Prospectus the latest financial statements and updating the Base Prospectus with certain recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made. In connection herewith, the Issuer is relying upon Article 46(3) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.

A copy of each of: (a) the consolidated BRSA financial statements of the Group as of and for the nine month period ended 30 September 2019 (including any notes thereto and the independent auditor's review report thereon, the "*Group's New Financial Statements*") and (b) the unconsolidated BRSA financial statements of the Issuer as of and for the nine month period ended 30 September 2019 (including any notes thereto and the independent auditor's review report thereon, the "*Issuer's New Financial Statements*" and, with the Group's New Financial Statements, the "*New Financial Statements*") has been filed with the Central Bank of Ireland and Euronext Dublin and, by means of this Supplement, is incorporated by reference into, and forms part of, the Base Prospectus. Copies of the New Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer's website at: (i) with respect to the Group's New Financial Statements, https://www.garantiinvestorrelations.com/en/library/brsa-consolidated-financials-pdf/PDF/1268/0/0, and (ii) with respect to the Issuer's New Financial Statements, https://www.garantiinvestorrelations.com/en/financial-information/brsa-unconsolidated-financials-pdf/PDF/1281/0/0 (such website is not, and should not be deemed to constitute, a part of, or be incorporated into, this Supplement or the Base Prospectus). The New Financial Statements, which are in English, were prepared as convenience translations of the corresponding Turkish language financial statements (which translations the Issuer confirms are direct and accurate). The New Financial Statements were not prepared for the purpose of their incorporation by reference into the Base Prospectus.

The New Financial Statements were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of KPMG International Cooperative) ("*KPMG*") and KPMG's review reports included within the New Financial Statements note that they applied limited procedures in accordance with professional standards for a review of such information and such reports state that they did not audit and they do not express an opinion on the interim financial information in the New Financial Statements. Accordingly, the degree of reliance upon their reports on such information should be restricted in light of the limited nature of the review procedures applied. The financial information in the New Financial Statements is subject to any adjustments that may be necessary as a result of the audit process to be undertaken in respect of the full financial year.

In addition, the independent auditor's review reports included within the New Financial Statements were qualified with respect to general reserves that were allocated by the Group. These additional provisions were taken in accordance with the conservatism principle applied by the Group in considering the circumstances that might arise from any changes in the economy or market conditions. See "Risk Factors - Risks Relating to the Group's Business - Audit Qualification" in the Base Prospectus as amended by this Supplement.

Statements contained herein shall, to the extent applicable and whether expressly, by implication or otherwise, modify or supersede statements set out in, or previously incorporated by reference into, the Base Prospectus. Where there is any inconsistency between the information contained in (or incorporated by reference into) the Base Prospectus and the information contained herein (or incorporated by reference into the Base Prospectus by means of this Supplement), the information contained herein (or incorporated by reference into the Base Prospectus by means of this Supplement) shall prevail.

Except as disclosed herein (including in the New Financial Statements incorporated by reference into the Base Prospectus by means of this Supplement) and in the previous supplement to the Original Base Prospectus, there has been no: (a) significant new factor, material mistake or inaccuracy relating to the information included in the Original Base Prospectus since the publication of the Original Base Prospectus, (b) significant change in the financial or trading position of either the Group or the Issuer since 30 September 2019 and (c) material adverse change in the financial position or prospects of the Issuer since 31 December 2018.

The Issuer accepts responsibility for the information contained herein. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and contains no omission likely to affect the import of such information. None of the Dealers or the Arranger make any representation, express or implied, regarding, or accept any responsibility for, the contents hereof or any information incorporated by reference into the Base Prospectus by means of this Supplement.

AMENDMENTS

The following amendments are made to the Base Prospectus:

RATINGS

On 27 September 2019, the Bank announced that the credit rating service provided to the Bank by S&P was mutually cancelled. As a result, all references to ratings of the Bank by S&P in the Base Prospectus (including the Bank's credit ratings from S&P set out on page 210 of the Original Base Prospectus as amended by the supplement dated 5 September 2019) are hereby deleted in their entirety.

On 1 November 2019, Fitch revised the outlook of Turkey from negative to stable, following up on 12 November 2019 with a similar outlook change on certain Turkish banks (including the Bank). As a result, all references to the ratings outlook of the Bank by Fitch in the Base Prospectus are hereby so amended.

RISK FACTORS

The following is hereby inserted as a new penultimate sentence in the seventh paragraph of the risk factor titled "Risks Relating to Turkey – Political Developments" on page 16 of the Original Base Prospectus as amended by way of the supplement dated 5 September 2019:

> On 11 November 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, these drilling activities.

The following is hereby inserted as a new paragraph under the fourth paragraph of the risk factor titled "Risks Relating to Turkey – Terrorism and Conflicts" on page 20 of the Original Base Prospectus:

> In October 2019, the Turkish military, following a pullback by the United States of its presence in northern Syria, commenced military operations to create a "safe zone" in northern Syria in an effort to enhance Turkey's border security. As this territory is largely held by the People's Protection Units (YPG) in Syria, which had assisted the U.S. in the fight against ISIS but that Turkey designates as a terrorist organization and believes is affiliated with the Kurdistan Workers' Party (the "*PKK*"), significant conflict in the region might occur. In addition to objections raised by Syria, Iran and Russia to this military activity, the United States (*inter alios*) has taken certain actions (including sanctions on three Turkish ministers and the ministries of defense and energy, though such sanctions were lifted quickly upon an agreement for a pause of operations by Turkey's military) and might impose additional sanctions upon Turkish military personnel, political figures and/or entities and/or take other actions that might negatively impact the Turkish economy and/or Turkey's relationship with the United States (in fact, the U.S. House of Representatives passed a bipartisan bill for sanctions on 29 October 2019 and members of the U.S. Senate have announced bipartisan plans to require that sanctions and other actions be adopted). While Turkey has entered into separate agreements with the United States and Russia that aim to achieve multi-party agreement on this "safe zone," the parties might disagree about the implementation of these agreements and/or Turkey's adherence to their terms.

The following is hereby inserted immediately before the last sentence of the fifth paragraph of the risk factor titled "Risks Relating to Turkey – High Current Account Deficit" on page 23 of the Original Base Prospectus as amended by way of the supplement dated 5 September 2019:

> On 12 September 2019, the Central Bank cut its policy rate by another 325 basis points to 16.50%, which was followed on 24 October 2019 with a further cut to 14.00%. On 19 September 2019, the Central Bank decreased remuneration rates applied to required reserves in U.S. Dollars from 1.00% to 0%. On 20 September 2019, the remuneration rate applied to Turkish lira-denominated required reserves was (effective from 4 October 2019) reduced from 13.00% to 8.00%; *however*, an additional 200 basis points is added to the remuneration rate for banks with an annual loan growth between 10% and 20% (*i.e.*, for a 10.00% remuneration rate) whereas other banks receive 800 basis points lower (*i.e.*, 0%) on their required reserves. As of 20 September 2019, reserve requirement ratios for foreign exchange deposits and participation funds were increased by 100 basis points for all maturity brackets.

The following is hereby inserted as a new paragraph under the last paragraph of the risk factor titled "Risks Relating to the Group's Business – Counterparty Credit Risk" on page 27 of the Original Base Prospectus:

> On 17 September 2019, the BRSA instructed Turkish banks to reclassify as non-performing certain loans (principally to construction and energy companies) totalling TL 46 billion, which reclassification is to occur by 31 December 2019. The BRSA's impact analysis conducted on the July 2019 financial statements of the banks increased the sector's non-performing loan ratio to 6.3% from 4.6% and reduced the sector's capital adequacy ratio to 17.7% from 18.2%. The Bank had (before this announcement) already reclassified a portion of such loans that it held, and the Bank is currently in close contact with the BRSA to determine the appropriate actions with respect to the remaining loans. The extent of the adverse impact of this reclassification on the Bank's and the Group's NPL ratios and capital adequacy ratios has not yet been determined.

The last two sentences of the fifth paragraph of the risk factor titled "Risks Relating to the Group's Business - Foreign Exchange and Currency Risk" starting on page 33 of the Original Base Prospectus as amended by the supplement dated 5 September 2019 are hereby deleted in their entirety and replaced by the following:

> On 25 July 2019, 12 September 2019 and 24 October 2019, the Central Bank altered the direction of changes by decreasing the policy rate by 425 basis points, 325 basis points and 250 basis points, respectively, to 14.00%, citing a moderate recovery in the economic activity, improvement in the inflation outlook and anticipated expansionary monetary policy steps from the U.S. Federal Reserve and other central banks in developed economies. From 31 December 2018 to 31 November 2019, the Turkish Lira depreciated by 8.7% against the U.S. dollar.

The two paragraphs of the risk factor titled "Risks Relating to the Group's Business - Audit Qualification" on page 42 of the Original Base Prospectus as amended by the supplement dated 5 September 2019 are hereby replaced in their entirety by the following:

> The Group's audit reports for the BRSA Financial Statements for 2016, 2017 and 2018 and review report for the BRSA Financial Statements as of and for the nine month period ended 30 September 2019 were qualified with respect to general reserves that were allocated by the Group. In 2016, the Bank's management reversed a net TL 42,000 thousand of general reserves, resulting in a reduction in general reserves to TL 300,000 thousand as of the end of 2016. In 2017, the Bank's management increased the general reserves by TL 860,000 thousand to TL 1,160,000 thousand. In 2018, the Bank's management further increased the general reserves by TL 1,090,000 thousand to TL 2,250,000 thousand. In 2016, 2017 and 2018, the general reserves were allocated for the possible effects of negative circumstances that might arise in the economy or market conditions, which was followed by another increase of TL 100,000 thousand (to TL 2,350,000 thousand) in the first nine months of 2019 for the same purpose.
>
> The Bank's auditors have qualified their respective audit and review (as applicable) reports for such periods as general reserves are not permitted under the BRSA Accounting and Reporting Legislation. Although these reserves do not impact the Group's level of tax, the Group's capital adequacy ratios and net profit/(loss) might otherwise be higher in the periods in which such reserves are established and lower in the periods in which such reserves are reversed. Future financial statements might include similar qualifications. Each auditor's statements on such qualification can be found in its report attached to each of the applicable financial statements incorporated by reference herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The section titled "Recent Developments" included in the Base Prospectus by the supplement dated 5 September 2019 is hereby deleted in its entirety and replaced by the section set out on Schedule A hereto.

SCHEDULE A

RECENT DEVELOPMENTS

The following summary financial and operating data for the nine month period ended 30 September 2018 and 2019 and balance sheet information as of 31 December 2018 and 30 September 2019 have been extracted from the New Financial Statements without material adjustment. This information should be read in conjunction with the New Financial Statements (including the notes thereto). Potential investors in the Notes should note that this section also includes certain financial information for the Bank only, which is extracted from the unconsolidated New Financial Statements of the Bank without material adjustment. Such financial information is identified as being of "the Bank" in the description of the associated tables or information (rather than for the Group on a segmented basis).

Please note that the New Financial Statements incorporated by reference herein have not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 and that there might be material differences in the financial information had Regulation (EC) No. 1606/2002 applied to the historical financial information presented herein. A narrative description of such differences as they apply to the Group has been included in Appendix A ("Overview of Significant Differences Between IFRS and the BRSA Accounting and Reporting Legislation") to the Base Prospectus.

Net Profit/(Loss)

The Group's net profit/(loss) for a period is calculated by reducing its total operating profit for such period by other provisions, expected credit losses, other operating expenses and provision for taxes for such period. The Group's net profit/(loss) for the first nine months of 2019 was TL 4,998,460 thousand, a 11.2% decrease from TL 5,629,870 thousand in the same period of the previous year. The table below summarises the Group's statement of profit or loss for the indicated periods, the components of which are described in greater detail in the following sections:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(TL thousands)	
Interest income	27,886,969	32,583,287
Interest expense	(13,912,713)	(17,493,332)
Net interest income	**13,974,256**	**15,089,955**
Net fees and commissions income/expenses	3,752,240	4,637,015
Dividend income	5,839	9,046
Net trading income/losses (net)	760,940	(1,877,715)
Other operating income	2,746,731	4,716,943
Total operating profit	**21,240,006**	**22,575,244**
Other provisions	(831,904)	(323,937)
Expected credit losses	(6,766,395)	(8,491,807)
Other operating expenses	(6,237,127)	(7,397,184)
Profit/(loss) before taxes	**7,404,580**	**6,362,316**
Provision for taxes	(1,774,710)	(1,363,856)
Net profit/(loss)	**5,629,870**	**4,998,460**
Attributable to equityholders of the Bank	5,575,233	4,938,235
Attributable to minority interests	54,637	60,225

The net profit/(loss) for these periods was affected by certain exceptional items, which are quantified in the table below:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(TL thousands)	
Net profit/(loss)	**5,629,870**	**4,998,460**
Exceptional items	**559,124**	**118,392**
Sale/liquidation of equity participations and other assets	*(140,876)*	*(9,023)*
Sale of NPLs	-	*(55,585)*
Other income	-	*83,000*[(1)]
General reserves[(2)]	*700,000*	*100,000*
Tax effects of the exceptional items listed above	**-**	**11,815**
Net profit/(loss) adjusted for exceptional items	**6,188,994**	**5,128,667**

(1) This only includes an administrative fee reversal.

(2) As such general reserves are not permitted under the BRSA Accounting and Reporting Legislation, the Group's independent auditors noted this departure in the Group's New Financial Statements by qualifying their review report. Should the Bank's management determine that market conditions have improved to such an extent that such additional provisions are not required, then they might elect to reverse such reserves in future periods, which would have the result of increasing income in such period.

Net profit/(loss) adjusted for exceptional gains/losses (*e.g.*, asset sales and general reserves) decreased by 17.1% in the first nine months of 2019 as compared to the same period of the previous year. This decrease was mainly due to an increase in net expected credit losses as a consequence of low economic activity in Turkey and higher interest rates and unemployment.

The Bank expects that Turkey's economic performance in 2019 will be somewhat weaker than 2018 due to regional and domestic macroeconomic and political pressures, including high inflation (see "Risk Factors – Risks Relating to Turkey" in the Base Prospectus), and thus the Group's net profit and asset quality might be adversely impacted in 2019; *however*, the Turkish government has announced that it expects growth to remain broadly positive and supportive of modest growth in the banking sector. The Turkish government released the "New Economic Programme" in September 2019, reducing the 2019 growth forecast from 2.3% to 0.5% while increasing the growth forecast for each of 2020, 2021 and 2022 to 5.0%.

Total Operating Profit

The Group's total operating profit is comprised of its net interest income, net fees and commissions income/expenses, dividend income, net trading income/losses and other operating income. Each of these is described in greater detail below.

Net Interest Income

The Group's net interest income is the difference between its interest income and its interest expense (each described below) and is the principal area of income for the Group. As a result, the differential between the interest rates that the Group receives on interest-earning assets and the interest rates that it pays on interest-bearing liabilities (*i.e.*, its average spread) and the volume of such assets and liabilities have the most significant impact on the Group's results of operations. Net interest income represented 65.8% and 66.8% of the Group's total operating profit in the first nine months of 2018 and 2019, respectively.

Net interest income amounted to TL 15,089,955 thousand in the first nine months of 2019, which was an 8.0% increase from TL 13,974,256 thousand in the same period of the previous year. The Group's net interest margin expanded in the first nine months of 2019 when compared to the same period of 2018 due to an increase in the loan-to-deposit spread and higher income from securities.

The Group's annualised net interest margin was 5.8% in the first nine months of 2019, compared to 5.5% in the same period of the previous year. The improvements in the Group's net interest margin in the first nine months of 2019 were mainly due to: (a) an expansion in the spread of foreign currency-denominated loans to foreign currency-denominated deposits, which was supported by declining costs for foreign currency-denominated deposits as a result of an increasing dollarisation trend in the sector, and (b) increased earnings on securities, which more than offset the impact of the increasing cost of Turkish Lira-denominated funding. Nevertheless, the Group's annualised net interest margin decreased slightly in the first nine months of 2019 compared to overall 2018 mainly due to a lower contribution from CPI-linkers, which was offset in part by improved core spreads. The calculation of the Group's annualised net interest margin for the indicated periods is as follows:

	For the Nine Months Ended 30 September	
	2018	2019
	(TL thousands, except percentages)	
Net interest income	13,974,256	15,089,955
Average interest-earning assets	339,306,292	345,603,489
Net interest margin	**4.1%**	**4.4%**
Annualisation factor(1)	1.34	1.34
Net interest margin (annualised)	**5.5%**	**5.8%**

(1) The annualisation factor for a period is 365 *divided by* the number of days in such period.

The loan-to-time deposit spread for the Group declined to 3.74% for the first nine months of 2019 from 4.29% in the same period of the previous year, which decline was principally the result of a significant increase in deposit costs. During the first nine months of 2019, the Central Bank's average funding cost increased more than 7% compared to the same period of the previous year, which affected the Group's interest-bearing liabilities (principally deposits (given the short-term nature of deposits (average duration is between 30 to 40 days), the repricing of deposits is faster than interest-earning assets (principally loans)). The pressure on such spread was partially offset by higher income provided by CPI-linked securities during the same period (CPI-linked securities, which serve as a hedge against inflation, represented 70.5% of the Bank's Turkish Lira-denominated securities and equaled 9.1% of its interest-earning assets as of 30 September 2019)). Deposit costs increased significantly in the first nine months of 2019 compared to the same period of the previous year, which increase reflected: (a) a significantly lower deposit cost base in the first nine months of 2018 compared to the first nine months of 2019 due to the Central Bank's policy rate increase in September 2018 and (b) dollarisation (*i.e.*, customers preferring to have foreign currency deposits (especially in U.S. dollars) rather than Turkish Lira deposits) that put a pressure on Turkish Lira deposit pricings in the first nine months of 2019. The calculation of the Group's annualised loan-to-time deposit spread for the indicated periods is as follows:

	For the Nine Months Ended 30 September	
	2018	2019
	(TL thousands, except percentages)	
Interest income on loans(1)	22,107,391	25,663,799
Average total performing loans(2)	249,511,553	249,178,418
Yield on loans(3)	**8.86%**	**10.30%**
Interest expense on time deposits	9,411,479	13,658,586
Average total time deposits(4)	166,472,670	182,128,088
Cost of time deposits(5)	**5.65%**	**7.50%**
Loan-to-time deposit spread(6)	**3.21%**	**2.80%**
Annualisation factor(7)	1.34	1.34
Loan-to-time deposit spread (annualised)	**4.29%**	**3.74%**

(1) This does not include interest income received from factoring receivables amounting to TL 292,281 thousand and TL 326,736 thousand for the nine month period ended 30 September 2019 and 2018, respectively.
(2) This is calculated by averaging the amount of total performing loans as of the balance sheet date immediately prior to the commencement of such period (*e.g.*, for any calendar year, 31 December of the previous year) and each intervening quarter-end date (*i.e.*, 31 March, 30 June, 30 September and 31 December, as applicable).
(3) This is calculated by dividing the interest income on loans by average total performing loans.
(4) This is calculated by averaging the amount of time deposits as of the balance sheet date immediately prior to the commencement of such period (*e.g.*, for any calendar year, 31 December of the previous year) and each intervening quarter-end date (*i.e.*, 31 March, 30 June, 30 September and 31 December, as applicable).
(5) This is calculated by dividing interest expense on time deposits by average total time deposits.
(6) This is the yield on loans for such period *minus* the cost of time deposits for such period.
(7) The annualisation factor for a period is 365 *divided by* the number of days in such period.

In both 2018 and the first 11 months of 2019, economic conditions were volatile in Turkey as a result of several factors, including global macro-economic and political circumstances and considerable uncertainty regarding Turkey's political and geopolitical conditions, contributing to currency volatility, high inflation and weak economic activity; *however*, the end of the election cycle, an ease in political tensions between the United States and Turkey and global central bank dovishness contributed in the third quarter of 2019 to a stabilisation in financial assets and an improving inflation outlook. Inflation increased by 20.3% in 2018 and, as of November 2019, the last 12 month consumer price inflation was 10.6% and the last 12 month domestic producer price inflation was 4.3% (Turkstat). After three quarters of negative GDP growth, the Turkish economy grew by 0.9% year-over-year in the third quarter of 2019, principally as a result of a favourable base effect and the impact of certain governmental policy changes; *however*, the quarter-over-quarter growth in the third quarter of 2019 was only 0.4% compared to 1.2% in the second quarter of 2019. As a result of these conditions, in 2018 and in the first 11 months of 2019, the Central Bank took a variety of policy actions, including adjusting policy rates and otherwise making adjustments to its monetary policy as described in the Base Prospectus.

Interest Income. Interest income is the interest (including the amortisation of interest-earning assets purchased at a discount and the interest component of lease receivables entered into for margin management purposes) and certain loan-related fees (such as closing fees received on project finance loans) received by the Group on its interest-earning assets, principally loans and debt securities. Interest income is a function of both the volume of interest-earning assets and the yield that the Group earns on these holdings. In the first nine months of 2019, the Group's interest income increased by 16.8% from the same period of the previous year. The following table sets out the interest earnings on the Group's interest-earning assets during both of the indicated periods:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(TL thousands)	
Interest income on loans	22,434,127	25,956,080
Interest income on reserve deposits	238,419	232,031
Interest income on banks...................................	420,097	757,271
Interest income on money market transactions ...	17,983	230,212
Interest income on securities portfolio	4,141,737	4,639,078
Financial lease income	400,973	386,626
Other interest income	233,633	381,989
Total interest income	**27,886,969**	**32,583,287**

In the first nine months of 2019, the increase in interest income from the same period of the previous year was principally due to a 15.7% increase in "interest income on loans" (resulting largely from an increase in interest rates) and a 12.0% increase in "interest income on securities portfolio" (which was due to a sharp increase in interest rates).

Interest Expense. Interest expense is the interest and certain loan-related fee expenses (such as fees paid on syndicated loans) of the Group on its interest-bearing liabilities, principally time deposits. As with interest income, interest expense is a function of both the volume of interest-bearing liabilities and the interest rates that the Group pays on these liabilities. In the first nine months of 2019, the Group's interest expense increased by 25.7% from the same period of the previous year, which increase was primarily due to a significant increase in the Central Bank's weighted average funding rate (which increased by 7.4% on average in the first nine months of 2019) compared to 30 September 2018. The following table sets out the interest expense on the Group's interest-bearing liabilities by category during both of the indicated periods:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(TL thousands)	
Interest on deposits	9,411,479	13,658,586
Interest on funds borrowed	1,451,356	1,347,087
Interest on money market transactions	1,088,023	102,270
Interest on securities issued	1,911,290	2,163,107
Lease interest expense	664	140,315
Other interest expense.......................................	49,901	81,967
Total interest expense	**13,912,713**	**17,493,332**

The increase in the Group's interest expense in the first nine months of 2019 as compared to the same period of the previous year was principally in line with the increase in interest rates. As the Group's interest-bearing deposits represent the largest portion of its liabilities (51.1% and 51.6%, respectively, as of 30 September 2018 and 2019), the interest rates that the Group pays on its deposits typically have the largest impact on the Group's interest expense.

Net Fees and Commissions Income/Expenses

The Group earns fee and commission income on both capital-intensive products (such as origination fees on cash loans and fees for credit cards, letters of credit and guarantees) and capital-free products (such as money transfers, payment system fees, investment advice and brokerage fees in respect of debt and equity trading). The principal drivers for fee and commission income are money transfer and payment system fees. The Group's net fees and commissions income/expenses for the first nine months of 2019 increased by 23.6% from the same period of the previous year. This robust growth in net fees and commissions was principally driven by earnings from payment systems and money transfer fees. Some payment system fees, such as merchant fees and interchange fees, are linked to prevailing market rates, which were higher in the first nine months of 2019 compared to same period of previous year. In addition, due to the increase in digital banking penetration and an increasing customer base, money transfer fees continued to increase significantly.

The following table sets out the breakdown of the Group's fees and commissions income and expenses and their respective amounts during both of the indicated periods:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(*TL thousands*)	
Fees and commissions received	**4,979,376**	**6,493,581**
Non-cash loans	412,053	537,349
Others	4,567,323	5,956,232
Fees and commissions paid	**1,227,136**	**1,856,566**
Non-cash loans	10,173	11,396
Others	1,216,963	1,845,170
Net fees and commissions income/expenses	**3,752,240**	**4,637,015**

Dividend Income

Dividend income, which is principally received from the Group's securities portfolio and certain small equity investments, is a very small portion of the Group's income. Dividend income of TL 9,046 thousand in the first nine months of 2019 and TL 5,839 thousand in the same period of the previous year both represented less than 0.1% of the Group's total operating profit for the period.

Net Trading Income/Losses

Net trading income/losses represent trading account income/losses, income/losses from derivative financial instruments and foreign exchange gain/losses. In the first nine months of 2019, the Group experienced a net trading loss of TL 1,877,715 thousand, compared to a trading gain of TL 760,940 thousand for the same period of the previous year. The increased net trading loss in the first nine months of 2019 was mainly due to higher swap costs and significantly lower currency hedging-related gains. The following table sets out the categories of the Group's net trading income/losses during both of the indicated period:

	For the Nine Months Ended 30 September	
	2018	2019
	(*TL thousands*)	
Trading Income		
Trading account income	1,605,085	722,881
Derivative financial instruments	24,060,656	11,332,973
Foreign exchange gain	105,044,295	80,811,509
Total trading income	**130,710,036**	**92,867,363**
Trading Losses		
Trading account losses	(593,771)	(502,245)
Derivative financial instruments	(21,431,909)	(14,346,396)
Foreign exchange losses	(107,923,416)	(79,896,437)
Total trading losses	**(129,949,096)**	**(94,745,078)**
Net trading income/losses	**760,940**	**(1,877,715)**

Other Operating Income

Other operating income includes various additional sources of income, including the collection or reversal of previous periods' provisions (including from the sale of NPLs), banking services-related costs recharged to customers, premium income from insurance business and income on custody services. Total other operating income in the first nine months of 2019 was 71.7% greater than for the same period of the previous year. The following table sets out the Group's other operating income by category during both of the indicated periods:

	For the Nine Months Ended 30 September	
	2018	2019
	(*TL thousands*)	
Prior Year Reversals	1,903,484	3,735,374
Stage 1	*706,061*	*999,590*
Stage 2	*423,699*	*1,601,670*
Stage 3	*698,465*	*988,887*
Others	*75,259*	*145,227*
Income from term sale of assets	140,876	64,608
Others	702,371	916,961
Other operating income	**2,746,731**	**4,716,943**

The increase in total other operating income in the first nine months of 2019 compared to the same period of the prior year was largely driven by an increase in reversals of previous years' provisions for expected credit losses.

Provision for Losses on Loans or other Receivables and Expected Credit Losses

The Group's results might be materially negatively affected by provisions that the Group takes for its expected credit losses ("*ECLs*") 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 upon TFRS 9. The following table sets out the Group's expected credit losses and other provisions by category during the indicated periods:

	For the Nine Months Ended 30 September	
	2018	2019
	(TL thousands)	
Expected credit losses	6,766,395	8,491,807
12 month ECL (Stage 1)	*1,164,422*	*1,122,079*
Significant increase in credit risk (Stage 2)	*2,716,057*	*2,783,179*
Impaired credits (Stage 3)	*2,885,916*	*4,586,549*
Impairment losses on securities	39,910	36,790
Financial assets measured at fair value through profit or loss	*39,910*	*12,753*
Financial assets measured at fair value through other comprehensive income	-	*24,037*
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint-ventures (business partnerships)	-	-
Others[(1)]	791,994	287,147
Total	**7,598,299**	**8,815,744**

(1) Includes general reserves amounting to TL 700,000 thousand and TL 100,000 thousand for the first nine months of 2018 and 2019, respectively.

The Group's NPL ratio increased to 6.7% as of 30 September 2019 from 5.1% as of 31 December 2018, which change was mainly due to some transfers from Stage 2 (significant increase in credit risk) to Stage 3 (credit-impaired) as a consequence of the recent contraction in the growth of the Turkish economy. Largely due to inflows in the third quarter of 2019, the Bank had an increase in new commercial NPLs in the first nine months of 2019, reflecting the move of certain loans that were in Stage 2 to Stage 3. As a result, the share of Stage 2 loans in the Group's gross loans dropped to 14.2% as of 30 September 2019 from 14.6% as of 31 December 2018, the Group's NPL coverage increased to 62.3% as of 30 September 2019 from 59.1% on 31 December 2018 and the total loan provision coverage went up from 4.9% as of 31 December 2018 to 6.2% as of 30 September 2019. In the first nine months of 2019, a total of TL 3.9 billion of net NPL inflows (when excluding the net currency impact) increased the Group's NPL ratio to 6.7% as of 30 September 2019 from 5.1% as of 31 December 2018. The share of commercial/corporate loans in new NPL volumes was 61.0% in the first nine months of 2019 (79.4% when just the third quarter of 2019 is considered).

As of the date of this Supplement, the Bank's management believes that the impact of the 17 September 2019 BRSA announcement described in "Risks Relating to the Group's Business – Counterparty Credit Risk" will not have a material negative impact on the Group's NPL ratio.

The calculation of the Group's Stage 3 coverage ratio for the indicated dates is as follows:

	As of 31 December 2018	As of 30 September 2019
	(TL thousands, except percentages)	
Expected credit loss for loans (Stage 3 loans)	8,124,589	11,237,981
NPLs (gross)	13,753,384	18,028,710
Stage 3 coverage ratio	**59.1%**	**62.3%**

The calculation of the Group's NPL ratio for the indicated dates is as follows:

	As of 31 December 2018	As of 30 September 2019
	(TL thousands, except percentages)	
Performing loans	217,177,324[(2)]	211,838,243
Loans under follow-up[(1)]	38,712,181	38,100,232
Total	**255,889,505**	**249,938,475**
NPLs (gross)	13,753,384	18,028,710
Total loans	**269,642,889**	**267,967,185**
NPL ratio	**5.1%**	**6.7%**

(1) NPLs are not included.
(2) Includes loans measured at fair value through profit or loss amounting to TL 4,081,161 thousand as of 31 December 2018.

Considering the economic slowdown and increasing unemployment rate, the Bank's management expects the Group's NPL ratio to be around 7.0% as of the end of 2019.

The calculation of the Group's Stage 2 loans to total loans (gross) for the indicated dates is as follows:

	As of 31 December 2018	As of 30 September 2019
	(TL thousands, except percentages)	
Loans under follow up	38,712,181	38,100,232
Total loans (gross)	269,642,889	267,967,185
Stage 2 loans to total loans (gross)	**14.4%**	**14.2%**

A loan can be assigned to Stage 2 as a result of either a quantitative model or a qualitative assessment. The quantitative model considers the probability of default for loans that are not yet 30 days past due. As of 30 September 2019, loans that had been assigned to Stage 2 as a result of the quantitative assessment (referred to as loans with a "significant increase in credit risk (SICR)") constituted 32.9% of the Bank's Stage 2 loans (80.4% of such SICR was for loans that were not delinquent at all as of such date). The Bank allocated provisions equal to 4.1% of the total SICR amount as of such date. The remaining portion of the Stage 2 loans (*i.e.*, those that were so assigned as a result of a qualitative assessment) as of such date is comprised of loans that are 30 days or more past due, are under watch-list or are being restructured. The Bank allocated provisions equal to 15.0% of this amount as of such date. As a result of this qualitative assessment, among the loans assigned to Stage 2: (a) energy, (b) food, farming and agriculture, (c) consumer and (d) real estate loans constituted 33.3%, 12.5%, 10.1% and 9.1% of the total Stage 2 loans (excluding SICR), respectively.

In the first nine months of 2019, given the Bank's management's view that a potential increase in credit risk might arise due to the challenging operating environment and the risk that some loans might need to be restructured in the medium to long term, the Group continued to reclassify certain Stage 1 loans as Stage 2 loans in accordance with the requirements of TFRS 9.

The calculation of the Group's Stage 2 coverage ratio for the indicated dates is as follows:

	As of 31 December 2018	As of 30 September 2019
	(TL thousands, except percentages)	
Expected credit loss for loans (Stage 2 loans)	4,027,289	4,231,397
Loans under follow up	38,712,181	38,100,232
Stage 2 coverage ratio	**10.4%**	**11.1%**

The Bank's management increased the general reserves by TL 100,000 thousand to TL 2,350,000 thousand in the first nine months of 2019 (as compared to a TL 700,000 thousand increase in general reserves in the same period of 2018) due to the possible effects of negative circumstances that might arise in the economy or in market conditions. Each of the review reports included in the New Financial Statements was qualified with respect to general reserves that were allocated by the Group. The provisions were taken in accordance with the conservatism principle applied by the Group in considering the circumstances that may arise from any changes in the economy or market conditions. See "Risk Factors – Risks Relating to the Group's Business – Audit Qualification" in the Base Prospectus (as revised by this Supplement).

Other Operating Expenses

The Group's other operating expenses include traditional business expenses such as depreciation and amortisation expenses on tangible and intangible assets, personnel expenses and operational lease-related expenses. Other operating expenses in the first nine months of 2019 increased by 18.6% to TL 7,397,184 thousand from TL 6,237,127 thousand in the same period of 2018, which increase principally resulted from an increase in the personnel expenses and other normal course expenses, largely influenced by the significant inflation over the period. The Group's cost-to-income ratio increased to 52.9% in the first nine months of 2019 from 45.3% during the same period of the previous year, while its annualised ratio of operating expenses to average total assets increased to 2.4% in the first nine months of 2019 from 2.1% in the same period of the previous year. This increase in the cost-to-income ratio was due both to the volatility in the value of the Turkish Lira and an increase in the inflation rate during the period.

The following table sets out the Group's other operating expenses by category during each of the indicated periods:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(TL thousands)	
Personnel expenses	2,593,185	3,137,761
Reserve for employee termination benefits	66,499	90,920
Impairment losses on tangible assets	1,742	8
Depreciation expenses of tangible assets	242,343	303,805
Amortisation expenses of intangible assets	92,580	103,645
Impairment losses on assets to be disposed	943	3,679
Depreciation expenses of right-of-use assets	-	234,468
Impairment losses on assets held for sale and discontinued assets	-	581
Operational lease-related expenses(1)	392,022	129,649
Repair and maintenance expenses	58,047	65,241
Advertisement expenses	136,313	104,229
Loss on sale of assets	3,922	8,015
Other expenses(2)	2,020,204	2,353,684
Others(3)	629,327	861,499
Other operating expenses	**6,237,127**	**7,397,184**

(1) Operational lease-related expenses includes lease-related expenses out of the scope of TFRS 16.
(2) Other expenses includes various normal course expenses such as legal expenses, utility charges, none of which is individually material. See Note 5.4.7 in Section Five of the Group's New Financial Statements.
(3) Others includes SDIF-related expenses, repayments of certain fees and commissions to customers and insurance business-claim losses. See Note 5.4.7 in Section Five of the Group's New Financial Statements.

Personnel expenses, the Group's largest other operating expense, include the salaries and wages that it pays to its employees. Personnel expenses increased by 21.0% in the first nine months of 2019 from the same period of the previous year as a result of higher wage levels, which were largely impacted by inflation. The Group's management anticipates that the currently elevated level of Turkish inflation will continue to result in higher personnel expenses throughout 2019.

The calculation of the Group's cost-to-income ratio for the indicated periods is as follows:

	For the Nine Months Ended 30 September	
	2018	**2019**
	(TL thousands, except percentages)	
Net interest income	13,974,256	15,089,955
Net fees and commissions income/expenses	3,752,240	4,637,015
Net trading income/losses	760,940	(1,877,715)
Dividend income	5,839	9,046
Other operating income	2,746,731	4,716,943
Expected credit losses and general reserves	(7,466,395)	(8,591,807)
Total income	**13,773,611**	**13,983,437**
Other operating expenses	6,237,127	7,397,184
Total cost	**6,237,127**	**7,397,184**
Cost-to-income ratio	**45.3%**	**52.9%**

The calculation of the Group's annualised operating expenses to average total assets for the indicated periods is as follows:

	For The Nine Months Ended 30 September	
	2018	2019
	(TL thousands, except percentages)	
Other operating expenses	6,237,127	7,397,184
Average total assets	389,354,855	413,980,505
Operating expenses to average total assets	**1.6%**	**1.8%**
Annualisation factor(1)	1.34	1.34
Operating expenses to average total assets (annualised)	**2.1%**	**2.4%**

(1) The annualisation factor for a period is 365 *divided by* the number of days in such period.

Provision for Taxes

The Group is subject to different forms of income taxation in each market in which it has operations, although the principal driver is Turkish taxation of the Group's taxable income. Taxation and duties other than on income are included in operating expenses whereas taxation on income is applied to profit/(loss) before taxes in order to determine the Group's net operating profit/(loss) after taxes. The provision for taxes for a particular period is a combination of the current tax charge, which is the tax that is calculated to apply to the taxable income for such period, and deferred tax charges/(credits), which reflect the Group's calculation of taxes that it might be required to pay in the future as a result of certain events (*e.g.*, mark-to-market increases in the valuation of financial assets, which would result in the payment of taxes should such financial asset be sold).

Income taxation charges for the first nine months of 2019 amounted to TL 1,363,856 thousand, which was a 23.2% decrease from TL 1,774,710 thousand for the same period of the previous year. The Group's taxation charges for this period in 2019 included a deferred tax credit of TL 311,895 thousand compared to a deferred tax charge of TL 20,667 thousand for the same period of the previous year. The decrease in the Group's taxation charge for the first nine months of 2019 compared to the same period of the previous year reflects both reduction in the Group's taxable income as well as the tax effect of general reserves.

The Group's effective income tax rate (calculated based upon its reported provision for taxes *divided by* its profit/(loss) before taxes) for the first nine months of 2019 was 21.4% as compared to 24.0% for the same period of the previous year. The deviation from the applicable 22% statutory tax rate in the first nine months of 2019 was mainly due to general reserves.

Financial Condition

The following summary balance sheet data for each of the indicated dates have been extracted from the Group's New Financial Statements (including the notes thereto). This information should be read in conjunction with the Group's New Financial Statements.

	As of 31 December 2018		As of 30 September 2019	
	Amount	% of Total	Amount	% of Total
Assets	(TL thousands, except for percentages)			
Cash and Cash Equivalents	72,335,566	18.1	80,022,177	19.5
Financial Assets Measured at Fair Value through Profit/(Loss) (FVTPL)[1]	4,641,037	1.2	4,986,805	1.2
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	27,162,953	6.8	27,572,528	6.7
Derivative Financial Assets	4,093,695	1.0	3,592,796	0.9
Loans[1][2]	256,009,555	64.1	259,800,605	63.2
Lease Receivables	6,966,040	1.7	6,043,985	1.5
Factoring Receivables	2,586,133	0.7	2,122,595	0.5
Other Financial Assets Measured at Amortised Cost[3]	24,654,009	6.2	27,171,127	6.6
Expected Credit Losses(-)[4]	(13,148,150)	(3.3)	(16,613,223)	(4.0)
Assets Held for Sale and Assets of Discontinued Operations	857,695	0.2	1,513,758	0.4
Ownership Investments (net)	132,871	0.0	153,772	0.0
Tangible Assets	4,494,918	1.1	5,426,075	1.3
Intangible Assets	416,072	0.1	453,038	0.1
Investment Property	558,309	0.1	570,600	0.1
Current Tax Assets	175,266	0.0	98,510	0.0
Deferred Tax Assets	1,519,177	0.4	1,920,974	0.5
Other Assets	5,698,455	1.6	6,325,574	1.5
Total assets	**399,153,601**	**100.0**	**411,161,696**	**100.0**
Liabilities				
Deposits	245,016,346	61.4	257,842,200	62.7
Funds Borrowed	33,339,727	8.4	25,803,031	6.3
Money Markets Funds	2,634,590	0.7	1,519,475	0.4
Securities Issued (net)	26,911,463	6.7	22,763,718	5.5
Financial Liabilities Measured at FVTPL	12,312,230	3.1	13,193,294	3.2
Derivative Financial Liabilities	4,510,162	1.1	5,993,684	1.5
Lease Payables	—	—	1,075,282	0.3
Provisions	5,369,512	1.3	5,584,836	1.4
Current Tax Liability	646,881	0.2	1,075,017	0.3
Deferred Tax Liability	19,121	0.0	28,643	0.0
Subordinated Debts	3,977,018	1.0	4,303,764	1.0
Other Liabilities	17,529,709	4.4	20,203,759	4.8
Total liabilities	**352,266,759**	**88.3**	**359,386,703**	**87.4**
Shareholders' equity	**46,886,842**	**11.7**	**51,774,993**	**12.6**
Total liabilities and shareholders' equity	**399,153,601**	**100.0**	**411,161,696**	**100.0**

(1) According to required changes in the format of BRSA Financial Statements effective from 1 January 2019, loans measured at fair value through profit or loss amounting to TL 4,081,161 thousand as of 31 December 2018 that were previously classified under "Loans (net)" have been reclassified to the "Financial Assets Measured at Fair Value through Profit/(Loss) (FVTPL)" line item.

(2) According to required changes in the format of BRSA Financial Statements effective from 1 January 2019, non-performing loans amounting to TL 13,753,384 thousand as of 31 December 2018 that were previously classified as a separate line item under the "Loans (net)" line item have been reclassified to the "Loans," "Lease Receivables" and "Factoring Receivables" line items, as applicable.

(3) According to required changes in the format of BRSA Financial Statements effective from 1 January 2019, financial assets measured at amortised cost amounting to TL 24,654,009 thousand as of 31 December 2018 that were previously classified as "financial assets measured at amortised cost" under the "Financial assets (net)" line item have been reclassified to the "Other Financial Assets Measured at Amortised Cost" line item.

(4) According to required changes in the format of BRSA Financial Statements effective from 1 January 2019, and parallel to the reclassification described in footnote (3), expected credit losses for financial assets measured at amortised cost amounting to TL 54,125 thousand as of 31 December 2018 that were previously classified under the "Financial assets (net)" line item have been reclassified to the "Expected Credit Losses(-)" line item.

As set out in the table above, the Group's total assets as of 30 September 2019 increased by 3.0% from 31 December 2018, which increase was largely the result of the growth in cash and cash equivalents and financial assets measured at fair value through profit or loss. The Group's loans and financial assets (net of expected credit loss) jointly represented 75.7% of the Group's total assets as of 30 September 2019, decreasing from 77.4% as of 31 December 2018.

The calculation of the Group's annualised return on average total assets for the indicated period is as follows:

	For the Nine Months Ended 30 September 2019
	(TL thousands, except percentages)
Net profit/(loss)	4,998,460
Average total assets	413,980,505
Return on average total assets	**1.2%**
Annualisation factor(1)	1.34
Return on average total assets (annualised)	**1.6%**

(1) The annualisation factor for a period is 365 *divided by* the number of days in such period.

Loans. Loans (excluding financial lease and factoring receivables) represented 63.2% of the Group's total assets as of 30 September 2019, decreasing from 64.1% as of 31 December 2018. Note 5.1.5 in Section Five of the Group's New Financial Statements provides significant details about the breakdown of the Group's loan portfolio, including information on performing loans, collateral, maturity, consumer loan breakdown and provisions.

The Group's Turkish Lira-denominated performing cash loan and lease and factoring receivables portfolio grew only 0.3% during the first nine months of 2019, principally due to the muted levels of economic activity in the country. While the growth of Turkish Lira-denominated cash loan and lease and factoring receivables was weak during the first half of 2019 (declining 5.1% during the second quarter), this lending started to increase near the end of the third quarter of 2019 as a result of a decline in interest rates and the Bank's management expects this trend to continue during the fourth quarter of 2019. This third quarter growth included a 0.9% increase in consumer loans (including an acceleration in general purpose loans) and a 3.2% increase in credit card loans, although Turkish Lira-denominated business loans declined by 1.7% during the quarter.

Financial Assets. Financial assets (including: (a) financial assets measured at fair value through profit or loss, (b) financial assets measured at fair value through other comprehensive income and (c) financial assets measured at amortised cost), which are principally comprised of Turkish government securities, represented 12.5% of the Group's total assets as of 30 September 2019, slightly increasing from 11.9% as of 31 December 2018. Securities issued by the Turkish government represented 91.6% and 91.1% of the Group's portfolio of financial assets excluding loans measured at fair value through profit or loss as of 30 September 2019 and 31 December 2018, respectively. For additional information on the Group's securities portfolio, see Notes 5.1.2, 5.1.3 and 5.1.8 in Section Five of the Group's New Financial Statements.

Liabilities and Shareholders' Equity. In the first nine months of 2019: (a) the Group's total liabilities increased by 2.0%, which was largely the result of a 5.2% increase in deposits from customers and banks, and (b) the Group's shareholders' equity increased by 10.4%, which was due largely to internal capital generation as a result of the net income during the period.

The calculation of the Group's annualised return on average shareholders' equity for the indicated period is as follows:

	For the Nine Months Ended 30 September 2019
	(TL thousands, except percentages)
Net profit/(loss)	4,998,460
Average shareholders' equity	49,411,331
Return on average shareholders' equity	**10.1%**
Annualisation factor(1)	1.34
Return on average shareholders' equity (annualised)	**13.5%**

(1) The annualisation factor for a period is 365 *divided by* the number of days in such period.

Off-Balance Sheet Commitments and Contingencies

In the normal course of business in order to meet the needs of its customers and to hedge the Group's own positions (and generally not for speculative purposes), the Group enters into certain off-balance sheet transactions. These transactions expose the Group to credit risk that is not reflected on the Group's balance sheet. The Group applies to these transactions the same credit policies in making commitments and assuming conditional obligations as it does for on-balance sheet transactions, including the requirement to obtain collateral when it is considered necessary.

The most significant category of such transactions includes letters of guarantee, letters of credit, bank acceptances and other support that the Group provides to its import and export customers, as well as off-balance sheet exposure for derivative financial instruments and the Group's commitments to make loans to its borrowers. During the first nine months of 2019, the Group's off-balance sheet exposure increased by 5.0%, which was largely a result of an increase in foreign exchange swaps due to the depreciation of the Turkish Lira against foreign currencies.

The following table summarises the Group's exposure under the principal categories of its off-balance sheet exposures as of the indicated dates:

	As of 31 December 2018	As of 30 September 2019
	(TL thousands)	
Letters of guarantee	50,173,770	48,655,067
Letters of credit	14,685,922	9,287,858
Bank acceptance	2,788,829	1,747,808
Other guarantees	66,907	67,153
Total guarantees and sureties	**67,715,428**	**59,757,886**
Total commitments	65,539,928	83,374,353
Derivative financial instruments	360,581,304	375,387,427
Others	—	—
Total off-balance sheet commitments and contingencies	**493,836,660**	**518,519,666**

Capital Adequacy

The Group maintains regulatory capital adequacy ratios on both a Bank-only and consolidated basis in excess of the regulatory minimums required and recommended levels. Both the Group's Tier 1 capital adequacy ratio and common equity Tier 1 capital adequacy ratio increased from 14.2% as of 31 December 2018 to 15.7% as of 30 September 2019 (15.8% and 17.4%, respectively, with respect to both the Bank's Tier 1 capital adequacy ratio and common equity Tier 1 capital adequacy ratio). The Group's total capital adequacy ratio increased from 16.5% as of 31 December 2018 to 18.1% as of 30 September 2019 (18.3% and 19.9%, respectively, with respect to the Bank). These increases in the capital adequacy ratios were principally a result of an increase in shareholders' equity resulting from earnings.

The following table sets forth the calculation of the Group's capital adequacy ratios as of each of the indicated dates:

	As of 31 December 2018	As of 30 September 2019
	(TL thousands, except percentages)	
Paid-in capital	4,200,000	4,200,000
Paid-in capital inflation adjustment	772,554	772,554
Reserves	32,977,973	39,624,760
Profit	6,641,652	4,938,235
Tier 1 Capital (I)	46,033,825	51,426,905
Tier 2 Capital (II)	7,538,990	7,724,397
Deductions (III)	14,041	8,710
Own Funds (I+II-III)	53,558,774	59,142,592
Risk Weighted Assets (including market and operational risk).	324,153,343	327,222,110
Capital Ratios:		
Tier 1 capital adequacy ratio	14.2%	15.7%
Common equity Tier 1 capital adequacy ratio	14.2%	15.7%
Total capital adequacy ratio	16.5%	18.1%

The increase in the Group's capital in the first nine months of 2019 represented the Group's profit in the relevant period.

In October 2019, the Bank issued TL 252,880,000 in Tier 2 debt, which had a positive impact on the Group's total capital adequacy ratio.

Liquidity and Funding

The Group manages its assets and liabilities to seek to ensure that it has sufficient liquidity to meet its present and future financial obligations and that it is able to take advantage of appropriate business opportunities as they arise. Financial obligations arise from withdrawals of deposits, repurchase transactions, extensions of loans or other forms of credit, as well as the Group's own working capital needs. The ability to replace interest-bearing deposits at their maturity is a key factor in determining liquidity requirements, as well as the exposure to interest and exchange rate risks. As of 31 December 2018 and 30 September 2019, the Group's loan-to-deposit ratio was 104.4% and 96.9%, respectively.

The calculation of the Group's loan-to-deposit ratio for the indicated dates is as follows:

	As of 31 December 2018	**As of 30 September 2019**
	(TL thousands, except percentages)	
Performing loans	217,177,324[2]	211,838,243
Loans under follow-up[1]	38,712,181	38,100,232
Total	**255,889,505**	**249,938,475**
Deposits	245,016,346	257,842,200
Loan-to-deposit ratio	**104.4%**	**96.9%**

(1) NPLs are not included.
(2) Includes loans measured at fair value through profit or loss amounting to TL 4,081,161 thousand as of 31 December 2018.

The Group's liquidity coverage ratios (calculated as simple averages of daily observations during the month) as of the end of 2018 and the last day of each of the first nine months of 2019 are shown below:

	Turkish Lira + Foreign Currency	**Foreign Currency**
31 December 2018	163.06%	157.88%
31 January 2019	238.35%	269.06%
28 February 2019	245.14%	257.89%
31 March 2019	256.42%	278.16%
30 April 2019	247.99%	359.60%
31 May 2019	255.79%	517.85%
30 June 2019	222.89%	446.87%
31 July 2019	264.35%	371.54%
31 August 2019	226.27%	271.55%
30 September 2019	208.48%	226.02%