

*CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS AND  
REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH*

**TÜRK EKONOMİ BANKASI A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES AT 31 MARCH 2020  
WITH AUDITOR'S REVIEW REPORT**

## REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

**To the General Assembly of Türk Ekonomi Bankası A.Ş.**

### *Introduction*

We have reviewed the accompanying consolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) 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 a summary of significant accounting policies and other explanatory notes. The Bank Management is responsible for the preparation and fair presentation of the accompanying consolidated interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including 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 Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements (ISRE) 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 reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 31 March 2020, and of the results of their operations and their cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

## **Report on Other Legal and Regulatory Requirements**

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

*Additional paragraph for English translation:*

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying unconsolidated financial statements. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat, SMMM  
Partner

Istanbul, 5 May 2020

**CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

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The consolidated interim financial report for the three-month period, prepared in accordance with “Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below:

- General Information about the Parent Bank
- Consolidated Interim Financial Statements of the Parent Bank
- Explanations on the Accounting Policies Applied in The Related Period
- Information on Financial Structure and Risk Management of the Group which is under Consolidation
- Disclosures and Footnotes on Consolidated Interim Financial Statements
- Auditor’s Review Report
- Interim Activity Report

The subsidiaries, associates and jointly controlled entities, financial statements have been consolidated in this reporting package are as follows:

	<b>Subsidiaries</b>	<b>Associates</b>	<b>Jointly Controlled Entities</b>
1	TEB Yatırım Menkul Değerler A.Ş.	-	-
2	TEB Faktoring A.Ş.	-	-
3	TEB Portföy Yönetimi A.Ş.	-	-

The accompanying consolidated interim financial statements for the three-month period, related disclosures and footnotes which have been reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance, and in compliance with the financial records of the Parent Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Yavuz Canevi Chairman of the Board of Directors	Nicolas de Baudinet de Courcelles Chairman of the Audit Committee	Ayşe Aşardağ Vice Chairman of the Audit Committee	Ümit Leblebici Chief Executive Officer	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	Gökhan Kazancılar Director Responsible of Financial Reporting
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Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title: Aslıhan Kaya / External Reporting Senior Manager

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**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Parent Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any**

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009, BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below. As a result of the merger of TEB Holding, TEB has a majority stake of 55% and on the other hand Çolakoğlu Group and BNP Paribas have the share of 50%.

**II. Explanation on the Parent Bank’s Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Parent Bank’s Belongs to**

As of 31 March 2020 and 31 December 2019 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	31 March 2020		31 December 2019	
	Paid in capital	%	Paid in capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNPP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Chamber of Commerce	501	0.02	501	0.02
	<b>2,204,390</b>	<b>100.00</b>	<b>2,204,390</b>	<b>100.00</b>

As of 31 March 2020, the Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Parent Bank They Possess**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Education</u></b>
<b>Board of Directors;</b>		
Yavuz Canevi	Chairman of the Board of Directors	Master
Dr.Akın Akbaygil	Deputy Chairman of the Board of Directors	PhD
Jean Paul Sabet	Deputy Chairman of the Board of Directors	University
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee	University
François Andre Jesualdo Benaroya	Member of the Board of Directors	University
Yvan L.A.M De Cock	Member of the Board of Directors and Audit Committee	University
Sabri Davaz	Member of the Board of Directors and Audit Committee	Master
Xavier Henri Jean Guilmineau	Member of the Board of Directors	Master
Özden Odabaşı	Member of the Board of Directors	Master
Jacques Roger Jean Marie Rinino	Member of the Board of Directors	University
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee	University
Ümit Leblebici	Chief Executive Officer and the Executive Member	Master
<b>Assistant General Managers;</b>		
Gökhan Mendi	Senior Assistant General Manager Responsible from Retail and Private Banking Group	Master
Dr.Nilsen Altıntaş (**)	Assistant General Manager Responsible from Human Resources Group	PhD
Melis Coşan Baban	Chief Legal Advisor and Secretary of the Board of Directors	Master
Mehmet Ali Cer	Assistant General Manager Responsible from Information Technologies	Master
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Affairs Group	Master
Osman Durmuş	Assistant General Manager Responsible from Retail and Small Business Credit Group	University
Kubilay Güler	Assistant General Manager Responsible from Banking Operations and Support Services	University
Gülümser Özgün Henden	Assistant General Manager Responsible from Corporate Banking Group	University
Dr.Tuğrul Özbakan	Assistant General Manager Responsible from Asset Liability Management and Treasury Group	PhD
Akil Özçay	Assistant General Manager Responsible from Fixed Income	Master
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans	University
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Corporate Investment Banking Group	Master
Ali İhsan Arıdaşır	Assistant General Manager Responsible from SME Loans	University
Ali Gökhan Cengiz	Assistant General Manager Responsible from SME Banking	Master
<b>Group Heads (*);</b>		
Nimet Elif Akpınar	Head of Group Risk Management	University
Birol Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer	Master
<b>Internal Audit (*);</b>		
Hakan Tıraşın	Head of Internal Audit Group	University

(\*) Group Heads and Head of Internal Audit are in Assistant General Manager status.

(\*\*) Nilsen Altıntaş, Assistant General Manager responsible for the Human Resources Group of the Bank, has resigned from her duties being effective as of 31 March 2020. Bade Sipahioğlu Işık was appointed as the Assistant General Manager responsible for the Human Resources Group, effective from 13 April 2020.

There are no Bank shares owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. Information on the Parent Bank’s Qualified Shareholders**

<b>Name/Commercial Name</b>	<b>Share Amount</b>	<b>Share Ratio</b>	<b>Paid up Shares</b>	<b>Unpaid Shares</b>
TEB Holding A.Ş.	1,212,415	55.00%	1,212,415	-
BNPP Yatırımlar Holding A.Ş.	518,342	23.51%	518,342	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23%	467,879	-

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas Fortis Yatırımlar Holding A.Ş., while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA by 100% shares. 100% of the shares of BNP Yatırımlar Holding are controlled by BNP Paribas SA.

**V. Summary on the Parent Bank’s Functions and Lines of Activity**

The Parent Bank’s operating areas include, corporate, commercial, SME, retail and private banking as well as project finance and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş. and Cardif Hayat Sigorta A.Ş. As of 31 March 2020, the Parent Bank has 467 local branches and 4 foreign branches (31 December 2019: 467 local branches, 4 foreign branches). As of 31 March 2020, the number of employees of the Group is 9,191 (31 December 2019: 9,248).

**VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation about the Entities Subject to Full Consolidation or Proportional Consolidation and Entities which are deducted from Equity or Entities which are not Included in These Three Methods**

There is no difference for the Bank between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements of Banks in Turkey.

The Parent Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş, it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

**VII. Current or Likely, Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts between Parent Bank and its Subsidiaries**

None.



## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated Balance Sheet
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Profit or Loss
- IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2020**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

ASSETS	Section 5 Note	Reviewed Current Period 31.03.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>12,868,564</b>	<b>21,951,896</b>	<b>34,820,460</b>	<b>8,094,017</b>	<b>22,014,859</b>	<b>30,108,876</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4,074,042</b>	<b>18,698,668</b>	<b>22,772,710</b>	<b>2,642,723</b>	<b>18,717,809</b>	<b>21,360,532</b>
1.1.1 Cash and Balances with Central Bank	(I-1)	2,092,616	14,897,904	16,990,520	716,054	11,239,917	11,955,971
1.1.2 Banks	(I-4)	1,982,452	3,809,080	5,791,532	1,087,213	7,488,841	8,576,054
1.1.3 Money Markets		74	-	74	840,304	-	840,304
1.1.4 Expected Loss Provision (-)		1,100	8,316	9,416	848	10,949	11,797
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>1,451,184</b>	<b>701,652</b>	<b>2,152,836</b>	<b>426,085</b>	<b>869,339</b>	<b>1,295,424</b>
1.2.1 Government Debt Securities	(I-2)	1,410,416	621,915	2,032,331	385,317	782,677	1,167,994
1.2.2 Equity Securities		40,768	79,737	120,505	40,768	84,258	125,026
1.2.3 Other Financial Assets		-	-	-	-	2,404	2,404
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-5)</b>	<b>5,203,118</b>	<b>2,167,446</b>	<b>7,370,564</b>	<b>3,324,896</b>	<b>2,216,475</b>	<b>5,541,371</b>
1.3.1 Government Debt Securities		5,193,157	2,167,446	7,360,603	3,317,001	2,216,475	5,533,476
1.3.2 Equity Securities		9,961	-	9,961	7,895	-	7,895
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>		<b>2,140,220</b>	<b>384,130</b>	<b>2,524,350</b>	<b>1,700,313</b>	<b>211,236</b>	<b>1,911,549</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit and Loss	(I-3)	1,550,318	355,499	1,905,817	1,473,795	196,247	1,670,042
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-12)	589,902	28,631	618,533	226,518	14,989	241,507
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>68,969,947</b>	<b>15,034,511</b>	<b>84,004,458</b>	<b>58,026,785</b>	<b>14,346,010</b>	<b>72,372,795</b>
<b>2.1 Loans</b>	<b>(I-6)</b>	<b>67,898,519</b>	<b>12,708,606</b>	<b>80,607,125</b>	<b>56,568,956</b>	<b>12,490,850</b>	<b>69,059,806</b>
<b>2.2 Lease Receivables</b>	<b>(I-11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	<b>(I-15)</b>	<b>1,277,759</b>	<b>756,932</b>	<b>2,034,691</b>	<b>1,209,538</b>	<b>873,720</b>	<b>2,083,258</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(I-7)</b>	<b>3,239,006</b>	<b>1,957,791</b>	<b>5,196,797</b>	<b>3,549,987</b>	<b>1,356,631</b>	<b>4,906,618</b>
2.4.1 Government Debt Securities		3,239,006	1,957,791	5,196,797	3,549,987	1,356,631	4,906,618
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>3,445,337</b>	<b>388,818</b>	<b>3,834,155</b>	<b>3,301,696</b>	<b>375,191</b>	<b>3,676,887</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		<b>141,171</b>	<b>-</b>	<b>141,171</b>	<b>131,362</b>	<b>-</b>	<b>131,362</b>
3.1 Held for Sale Purpose	(I-14)	141,171	-	141,171	131,362	-	131,362
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>(I-9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-10)</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		5	-	5	5	-	5
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>893,947</b>	<b>559</b>	<b>894,506</b>	<b>884,141</b>	<b>677</b>	<b>884,818</b>
<b>VI. INTANGIBLE ASSETS(Net)</b>		<b>544,800</b>	<b>-</b>	<b>544,800</b>	<b>561,432</b>	<b>-</b>	<b>561,432</b>
6.1 Goodwill		421,124	-	421,124	421,124	-	421,124
6.2 Other		123,676	-	123,676	140,308	-	140,308
<b>VII. INVESTMENT PROPERTIES(Net)</b>	<b>(I-13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>6,118</b>	<b>-</b>	<b>6,118</b>	<b>14,810</b>	<b>-</b>	<b>14,810</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>607,135</b>	<b>-</b>	<b>607,135</b>	<b>667,146</b>	<b>-</b>	<b>667,146</b>
<b>X. OTHER ASSETS(Net)</b>		<b>3,224,083</b>	<b>1,947,040</b>	<b>5,171,123</b>	<b>2,375,393</b>	<b>2,097,796</b>	<b>4,473,189</b>
<b>TOTAL ASSETS</b>		<b>87,255,770</b>	<b>38,934,006</b>	<b>126,189,776</b>	<b>70,755,091</b>	<b>38,459,342</b>	<b>109,214,433</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2020**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

LIABILITIES	Section 5 Note	Reviewed Current Period 31.03.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	43,886,354	39,271,132	83,157,486	34,470,683	37,707,169	72,177,852
<b>II. FUNDS BORROWED</b>	(II-3)	1,291,494	9,447,380	10,738,874	1,067,418	9,127,278	10,194,696
<b>III. MONEY MARKET FUNDS</b>		3,737,849	890,764	4,628,613	1,323,300	327,167	1,650,467
<b>IV. SECURITIES ISSUED (Net)</b>	(II-3)	3,441,630	-	3,441,630	2,333,877	-	2,333,877
4.1 Bills		3,441,630	-	3,441,630	2,333,877	-	2,333,877
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		3,284,437	262,107	3,546,544	3,404,041	107,517	3,511,558
7.1 Derivative Financial Liabilities at Fair Value Through Profit and Loss	(II-2)	1,571,566	254,193	1,825,759	1,486,334	100,250	1,586,584
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-6)	1,712,871	7,914	1,720,785	1,917,707	7,267	1,924,974
<b>VIII. FACTORING LIABILITIES</b>	(II-11)	285	1,192	1,477	274	538	812
<b>IX. LEASE LIABILITIES (Net)</b>	(II-5)	638,492	50,722	689,214	617,693	39,964	657,657
<b>X. PROVISIONS</b>	(II-7)	711,117	198,045	909,162	678,877	168,521	847,398
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		421,266	22,621	443,887	372,735	22,713	395,448
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		289,851	175,424	465,275	306,142	145,808	451,950
<b>XI. CURRENT TAX LIABILITY</b>	(II-8)	247,591	-	247,591	222,365	-	222,365
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held For Sale		-	-	-	-	-	-
13.2 Held From Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		-	3,510,967	3,510,967	-	3,190,503	3,190,503
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	3,510,967	3,510,967	-	3,190,503	3,190,503
<b>XV. OTHER LIABILITIES</b>		4,522,890	501,397	5,024,287	4,037,263	480,077	4,517,340
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-9)	10,471,983	(178,052)	10,293,931	9,894,657	15,251	9,909,908
16.1 Paid-in Capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Capital Reserves		391,754	-	391,754	391,754	-	391,754
16.2.1 Share Premiums		2,565	-	2,565	2,565	-	2,565
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		389,189	-	389,189	389,189	-	389,189
16.3 Other Accumulated Comprehensive Income or Expense that will not be Reclassified at Profit and Loss		322,327	-	322,327	310,864	-	310,864
16.4 Other Accumulated Comprehensive Income or Expense that will be Reclassified at Profit and Loss		(700,935)	(178,052)	(878,987)	(884,644)	15,251	(869,393)
16.5 Profit Reserves		7,843,996	-	7,843,996	6,728,424	-	6,728,424
16.5.1 Legal Reserves		490,587	-	490,587	434,338	-	434,338
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		7,161,377	-	7,161,377	6,284,394	-	6,284,394
16.5.4 Other Profit Reserves		192,032	-	192,032	9,692	-	9,692
16.6 Profit or Loss		399,863	-	399,863	1,134,463	-	1,134,463
16.6.1 Prior Periods' Profit / Loss		9,497	-	9,497	9,497	-	9,497
16.6.2 Current Periods' Profit / Loss		390,366	-	390,366	1,124,966	-	1,124,966
16.7 Minority Shares	(II-10)	10,588	-	10,588	9,406	-	9,406
<b>TOTAL LIABILITIES</b>		<b>72,234,122</b>	<b>53,955,654</b>	<b>126,189,776</b>	<b>58,050,448</b>	<b>51,163,985</b>	<b>109,214,433</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED OFF-BALANCE SHEET AS OF 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**

	Section 5 Note	Reviewed Current Period 31.03.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>68,541,952</b>	<b>101,172,874</b>	<b>169,714,826</b>	<b>67,741,200</b>	<b>87,362,056</b>	<b>155,103,256</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-I)</b>	<b>8,495,920</b>	<b>13,526,831</b>	<b>22,022,751</b>	<b>9,129,803</b>	<b>13,244,967</b>	<b>22,374,770</b>
1.1 Letters of Guarantee		6,169,487	7,207,857	13,377,344	6,480,389	7,071,936	13,552,325
1.1.1 Guarantees Subject to State Tender Law		89,735	84,015	173,750	93,314	79,406	172,720
1.1.2 Guarantees Given for Foreign Trade Operations		288,635	452,178	740,813	319,439	417,745	737,184
1.1.3 Other Letters of Guarantee		5,791,117	6,671,664	12,462,781	6,067,636	6,574,785	12,642,421
1.2 Bank Acceptances		-	23,875	23,875	-	12,915	12,915
1.2.1 Import Letter of Acceptance		-	23,875	23,875	-	12,915	12,915
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		25,449	2,736,996	2,762,445	260	2,623,591	2,623,851
1.3.1 Documentary Letters of Credit		25,189	1,049,533	1,074,722	-	1,119,305	1,119,305
1.3.2 Other Letters of Credit		260	1,687,463	1,687,723	260	1,504,286	1,504,546
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		2,300,975	2,498,934	4,799,909	2,649,033	2,382,926	5,031,959
1.9 Other Collaterals		9	1,059,169	1,059,178	121	1,153,599	1,153,720
<b>II. COMMITMENTS</b>	<b>(III-I)</b>	<b>18,071,226</b>	<b>4,788,588</b>	<b>22,859,814</b>	<b>16,824,116</b>	<b>3,460,708</b>	<b>20,284,824</b>
2.1 Irrevocable Commitments		18,071,226	4,788,588	22,859,814	16,824,116	3,460,708	20,284,824
2.1.1 Asset Purchase Commitments		1,681,623	4,110,216	5,791,839	1,406,402	2,278,420	3,684,822
2.1.2 Deposit Purchase and Sale Commitments		-	138,545	138,545	-	759,924	759,924
2.1.3 Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		5,212,683	188,113	5,400,796	5,059,676	174,696	5,234,372
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		1,902,020	-	1,902,020	1,769,641	-	1,769,641
2.1.8 Tax and Fund Liabilities from Export Commitments		62,742	-	62,742	71,566	-	71,566
2.1.9 Commitments for Credit Card Limits		9,202,310	-	9,202,310	8,506,931	-	8,506,931
2.1.10 Commitments for Credit Cards and Banking Services Promotions		4,805	-	4,805	4,975	-	4,975
2.1.11 Receivables from Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments on Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		5,043	351,714	356,757	4,925	247,668	252,593
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>41,974,806</b>	<b>82,857,455</b>	<b>124,832,261</b>	<b>41,787,281</b>	<b>70,656,381</b>	<b>112,443,662</b>
3.1 Derivative Financial Instruments for Hedging Purposes		17,868,723	12,336,560	30,205,283	16,303,838	9,650,297	25,954,135
3.1.1 Fair Value Hedge		2,158,285	3,611,865	5,770,150	-	1,740,184	1,740,184
3.1.2 Cash Flow Hedge		15,710,438	8,724,695	24,435,133	16,303,838	7,910,113	24,213,951
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Held for Trading Transactions		24,106,083	70,520,895	94,626,978	25,483,443	61,006,084	86,489,527
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3,901,685	6,536,593	10,438,278	3,905,504	6,836,778	10,742,282
3.2.1.1 Forward Foreign Currency Transactions-Buy		2,031,531	3,166,476	5,198,007	2,186,296	3,210,603	5,396,899
3.2.1.2 Forward Foreign Currency Transactions-Sell		1,870,154	3,370,117	5,240,271	1,719,208	3,626,175	5,345,383
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		17,906,620	57,907,761	75,814,381	18,588,736	48,542,952	67,131,688
3.2.2.1 Foreign Currency Swap-Buy		3,511,294	29,955,874	33,467,168	4,003,482	25,326,796	29,330,278
3.2.2.2 Foreign Currency Swap-Sell		12,363,326	21,287,135	33,650,461	12,453,254	16,946,840	29,400,094
3.2.2.3 Interest Rate Swaps-buy		1,016,000	3,332,376	4,348,376	1,066,000	3,134,658	4,200,658
3.2.2.4 Interest Rate Swaps-Sell		1,016,000	3,332,376	4,348,376	1,066,000	3,134,658	4,200,658
3.2.3 Foreign Currency, Interest Rate and Securities Options		2,260,988	5,919,085	8,180,073	2,952,821	5,548,060	8,500,881
3.2.3.1 Foreign Currency Options-Buy		1,101,806	2,986,074	4,087,880	1,726,935	2,562,617	4,289,552
3.2.3.2 Foreign Currency Options-Sell		1,159,182	2,933,011	4,092,193	1,225,886	2,985,443	4,211,329
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		36,790	37,101	73,891	36,362	35,164	71,526
3.2.4.1 Foreign Currency Futures-Buy		22,048	14,586	36,634	36,362	-	36,362
3.2.4.2 Foreign Currency Futures-Sell		14,742	22,515	37,257	-	35,164	35,164
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	120,355	120,355	20	43,130	43,150
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>172,097,437</b>	<b>37,392,784</b>	<b>209,490,221</b>	<b>165,611,452</b>	<b>35,349,359</b>	<b>200,960,811</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>39,549,282</b>	<b>3,190,133</b>	<b>42,739,415</b>	<b>32,624,537</b>	<b>3,374,145</b>	<b>35,998,682</b>
4.1 Customer Fund and Portfolio Balances		7,308,949	-	7,308,949	7,318,390	-	7,318,390
4.2 Investment Securities Held In Custody		19,092,349	1,584,992	20,677,341	14,503,776	1,926,086	16,429,862
4.3 Cheques Received for Collection		11,489,912	988,382	12,478,294	10,011,245	929,338	10,940,583
4.4 Commercial Notes Received for Collection		579,495	142,063	721,558	507,526	129,914	637,440
4.5 Other assets Received for Collection		125	474,696	474,821	125	388,807	388,932
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		1,078,452	-	1,078,452	283,475	-	283,475
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>129,066,865</b>	<b>33,645,032</b>	<b>162,711,897</b>	<b>128,531,847</b>	<b>31,315,316</b>	<b>159,847,163</b>
5.1 Marketable Securities		410,347	87,483	497,830	362,798	100,651	463,449
5.2 Guarantee Notes		49,655,816	23,045,340	72,701,156	49,046,126	21,152,188	70,198,314
5.3 Commodity		46,644	51,840	98,484	50,194	-	50,194
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		68,968,995	7,250,575	76,219,570	69,856,979	7,236,289	77,093,268
5.6 Other Pledged Items		9,985,063	3,209,794	13,194,857	9,215,750	2,826,188	12,041,938
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>3,481,290</b>	<b>557,619</b>	<b>4,038,909</b>	<b>4,455,068</b>	<b>659,898</b>	<b>5,114,966</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>240,639,389</b>	<b>138,565,658</b>	<b>379,205,047</b>	<b>233,352,652</b>	<b>122,711,415</b>	<b>356,064,067</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD**  
**ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

INCOME AND EXPENSE ITEMS	Section 5 Note	Reviewed Current Period 01.01-31.03..2020	Reviewed Prior Period 01.01-31.03.2019
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>2,761,395</b>	<b>3,119,578</b>
1.1 Interest Income on Loans		2,300,892	2,672,534
1.2 Interest Income on Reserve Requirements		3,606	36,863
1.3 Interest Income on Banks		24,024	66,526
1.4 Interest Income on Money Market Transactions		5,340	65,445
1.5 Interest Income on Securities Portfolio		379,961	220,241
1.5.1 Financial Assets at Fair Value Through Profit or Loss		58,563	35,553
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		151,754	64,941
1.5.3 Financial Assets Measured at Amortised Cost		169,644	119,747
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		47,572	57,969
<b>II. INTEREST EXPENSE (-)</b>	<b>(IV-2)</b>	<b>1,202,718</b>	<b>1,884,667</b>
2.1 Interest Expense on Deposits		836,891	1,626,484
2.2 Interest Expense on Funds Borrowed		142,101	155,725
2.3 Interest Expense on Money Market Transactions		54,702	28,561
2.4 Interest Expense on Securities Issued		76,778	38,746
2.5 Interest Expense on Leases		26,513	23,943
2.6 Other Interest Expenses		65,733	11,208
<b>III. NET INTEREST INCOME (I - II)</b>		<b>1,558,677</b>	<b>1,234,911</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>415,475</b>	<b>386,053</b>
4.1 Fees and Commissions Received		581,449	592,819
4.1.1 Non-cash Loans		63,226	72,007
4.1.2 Other	(IV-9)	518,223	520,812
4.2 Fees and Commissions Paid (-)		165,974	206,766
4.2.1 Non-cash Loans		1,794	1,258
4.2.2 Other	(IV-9)	164,180	205,508
<b>V. DIVIDEND INCOME</b>		<b>172</b>	<b>127</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(IV-3)</b>	<b>(369,518)</b>	<b>(132,944)</b>
6.1 Securities Trading Gains / Losses		(105,346)	(91,281)
6.2 Gains / Losses on Derivative Financial Instruments		(575,283)	116,636
6.3 Foreign Exchange Gains / Losses		311,111	(158,299)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-4)</b>	<b>24,666</b>	<b>26,238</b>
<b>VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII+VIII)</b>		<b>1,629,472</b>	<b>1,514,385</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(IV-5)</b>	<b>260,328</b>	<b>323,556</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(IV-5)</b>	<b>(28,012)</b>	<b>61,839</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>409,000</b>	<b>366,509</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-6)</b>	<b>460,593</b>	<b>363,199</b>
<b>XIII. NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>		<b>527,563</b>	<b>399,282</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED</b>			
<b>XV. ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XVI. INCOME/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>		<b>527,563</b>	<b>399,282</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-7)</b>	<b>(136,007)</b>	<b>(85,433)</b>
18.1 Current Tax Provision		(69,164)	(9,171)
18.2 Deferred Tax Income Effect(+)		(215,244)	(222,628)
18.3 Deferred Tax Expense Effect(-)		148,401	146,366
<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>			
<b>XIX. (XVII±XVIII)</b>		<b>391,556</b>	<b>313,849</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1 Expenses from Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-7)</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect(+)		-	-
23.3 Deferred Tax Income Effect(-)		-	-
<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
<b>XXIV. (XXII±XXIII)</b>	<b>(IV-8)</b>	<b>-</b>	<b>-</b>
<b>XXV. NET INCOME/LOSS (XIX+XXIV)</b>		<b>391,556</b>	<b>313,849</b>
25.1 Group's Profit / Loss		390,366	313,251
25.2 Minority Interest Profit / Loss (-)		1,190	598
Earnings per Share		0.1771	0.1421

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY TO 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**

	Reviewed Current Period 31.03.2020	Reviewed Prior Period 31.03.2019
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>391,556</b>	<b>313,849</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(7,533)</b>	<b>55,415</b>
<b>2.1 Other Comprehensive Income that will not be Reclassified through Profit or Loss</b>	<b>2,069</b>	<b>2,300</b>
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2 Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on Remeasurement of Defined Benefit Plans	2,586	2,875
2.1.4 Other Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	-	-
2.1.5 Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified through Profit or Loss	(517)	(575)
<b>2.2 Other Comprehensive Income that will be Reclassified to Profit or Loss</b>	<b>(9,602)</b>	<b>53,115</b>
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	(269,069)	27,633
2.2.3 Income (loss) related with Cash Flow Hedges	252,118	39,592
2.2.4 Income (loss) related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified through Other Profit or Loss	-	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that will be Reclassified through Profit or Loss	7,349	(14,110)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>384,023</b>	<b>369,264</b>

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Current Period Profit or (Loss)			Total Equity Except from Minority Shares	Minority Shares	Total Shareholder s' Equity
Reviewed	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Period Profit or (Loss)			
<b>Prior Period – 01.01-31.03.2019</b>																
I. Prior Period End Balance	2,204,390	2,565	-	485,536	266,122	31,706	1,796	-	(139,731)	273,733	5,675,707	1,062,214	-	9,864,038	8,589	9,872,627
II. Corrections According to TAS 8	-	-	-	(96,347)	-	-	-	-	-	-	-	-	-	(96,347)	-	(96,347)
2.1 The Effect of Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The Effects of Changes in Accounting Policy	-	-	-	(96,347)	-	-	-	-	-	-	-	-	-	(96,347)	-	(96,347)
III. New Balance (I+II)	2,204,390	2,565	-	389,189	266,122	31,706	1,796	-	(139,731)	273,733	5,675,707	1,062,214	-	9,767,691	8,589	9,776,280
IV. Total Comprehensive Income	-	-	-	-	-	2,300	-	-	21,583	31,562	-	-	313,251	368,696	568	369,264
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1,052,717	(1,052,717)	-	-	(1,447)	(1,447)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,447)	(1,447)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1,052,717	(1,052,717)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.03.2019 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>	<b>2,204,390</b>	<b>2,565</b>	<b>-</b>	<b>389,189</b>	<b>266,122</b>	<b>34,006</b>	<b>1,796</b>	<b>-</b>	<b>(118,148)</b>	<b>305,295</b>	<b>6,728,424</b>	<b>9,497</b>	<b>313,251</b>	<b>10,136,387</b>	<b>7,710</b>	<b>10,144,097</b>
<b>Current Period – 01.01-31.03.2020</b>																
I. Prior Period End Balance	2,204,390	2,565	-	389,189	266,122	39,999	4,743	-	17,357	(886,750)	6,728,424	1,134,463	-	9,900,502	9,406	9,909,908
II. Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2,204,390	2,565	-	389,189	266,122	39,999	4,743	-	17,357	(886,750)	6,728,424	1,134,463	-	9,900,502	9,406	9,909,908
IV. Total Comprehensive Income	-	-	-	-	-	2,069	-	-	(209,866)	200,272	-	-	390,366	382,841	1,182	384,023
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	9,394	-	-	-	-	-	1,115,572	(1,124,966)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	9,394	-	-	-	-	-	1,115,572	(1,124,966)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance 31.03.2020 (III+IV+V+VI+VII+VIII+IX+X+XI)</b>	<b>2,204,390</b>	<b>2,565</b>	<b>-</b>	<b>389,189</b>	<b>275,516</b>	<b>42,068</b>	<b>4,743</b>	<b>-</b>	<b>(192,509)</b>	<b>(686,478)</b>	<b>7,843,996</b>	<b>9,497</b>	<b>390,366</b>	<b>10,283,343</b>	<b>10,588</b>	<b>10,293,931</b>

1. Increase/decrease from tangible assets accumulated revaluation reserve,

2. Accumulated gains / losses on remeasurements of defined benefit plans,

3. Other (Other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / losses of financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedge gains / losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

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

**TÜRK EKONOMİ BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD FROM 1 JANUARY TO 31 MARCH 2020**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Reviewed Current Period 01.01-31.03.2020	Reviewed Prior Period 01.01-31.03.2019
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>2,422,834</b>	<b>2,227,301</b>
1.1.1 Interest received	2,835,657	2,998,237
1.1.2 Interest paid	(1,098,026)	(1,905,074)
1.1.3 Dividend received	172	127
1.1.4 Fees and commissions received	633,323	599,315
1.1.5 Other income	215,600	(242,822)
1.1.6 Collections from previously written off loans	357,997	216,850
1.1.7 Payments to personnel and service suppliers	(409,000)	(357,959)
1.1.8 Taxes paid	(30,043)	(102,878)
1.1.9 Others	(82,846)	1,021,505
<b>1.2 Changes in operating assets and liabilities</b>	<b>1,958,629</b>	<b>(2,778,457)</b>
1.2.1 Net (increase) in financial asset at fair value through profit or loss	(860,540)	(992,911)
1.2.2 Net (increase)/ decrease in due from banks and other financial institutions	5,117,297	(8,607)
1.2.3 Net (increase) in loans	(10,812,578)	(2,836,206)
1.2.4 Net (increase) in other assets	(3,627,765)	(346,967)
1.2.5 Net (decrease) in bank deposits	3,343,735	1,171,902
1.2.6 Net increase in other deposits	7,597,794	2,005,794
1.2.7 Net increase / decrease in financial asset at fair value through profit or loss	-	-
1.2.8 Net (decrease) in funds borrowed	506,480	(1,158,620)
1.2.9 Net increase / decrease in matured payables	-	-
1.2.10 Net increase in other liabilities	694,206	(612,842)
<b>I. Net cash provided from banking operations</b>	<b>4,381,463</b>	<b>(551,156)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>	<b>(2,140,169)</b>	<b>(1,244,254)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)	-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)	-	-
2.3 Cash paid for purchase of tangible assets	(73,208)	(1,852)
2.4 Cash obtained from sale of tangible assets	377	69
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(2,952,757)	(610,040)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	1,020,067	121,857
2.7 Cash paid for purchase of financial assets measured at amortised cost	(729,542)	(748,553)
2.8 Cash obtained from sale of financial assets measured at amortised cost	597,947	-
2.9 Others	(3,053)	(5,735)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>	<b>1,043,453</b>	<b>1,231,900</b>
3.1 Cash obtained from funds borrowed and securities issued	4,869,836	1,930,691
3.2 Cash used for repayment of funds borrowed and securities issued	(3,762,090)	(644,475)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	(1,447)
3.5 Payments for financial leases	(64,293)	(52,869)
3.6 Others	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>312,940</b>	<b>109,341</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>3,597,687</b>	<b>(454,169)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>11,162,301</b>	<b>13,060,154</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>14,759,988</b>	<b>12,605,985</b>

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



**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

**a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and “Regulation on Accounting Applications for Banks and Safeguarding of Documents”**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to reporting principles on accounting records of Banks published by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Financial Reporting Standards (TFRS) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned regulations. The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

New type of coronavirus (COVID-19), first emerging in China, has been classified as an pandemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and it still maintains uncertainty about the future. While many countries announce economic and financial programs in order to limit the damage caused by the virus, Turkey also set regulatory fiscal and monetary actions in motion to support the companies and households in such difficult conditions. Additional regulatory measures are continued to be announced to tackle adverse impacts on companies and certain sectors.

The effects of this global pandemic on the Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the interim financial statements as of 31 March 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 31 March 2020, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

**b. The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements:**

The accounting policies and valuation principles used in the preparation of the financial statements are subject to the regulations, communiqués, annotations and circulars issued by BRSA on accounting and financial reporting principles and the TFRS (“BRSA Accounting and Financial Reporting Legislation”) which has been put into force by the POA on issues not regulated by the BRSA.

The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained between notes II and XXV.

**c. Different accounting policies applied in the preparation of the consolidated financial statements:**

In case the accounting policies used by the subsidiaries are different from the Parent Bank, the differences are adjusted in the financial statements considering the materiality criterion.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

**II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions**

The Group aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Parent Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

Group aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Group, risk bearing short term positions of currency, interest or price movements is performed only by the Asset-Liability Management and Treasury Group using the limits defined by the Board of Directors. The Asset-Liability Committee of the Parent Bank manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors of the Parent Bank allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Parent Bank’s foreign currency asset and liability balances are valued with the Parent Bank’s exchange buying rate at the reporting date and recognized as “Foreign Exchange Gains / Losses” within statement of income.

The Parent Bank’s hedging activities for the currency risk due to foreign currency available for sale equity instruments are described under the Currency Risk section; and the Parent Bank’s hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Parent Bank’s Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the Parent Bank’s balance sheet structure.

**III. Information about the Parent Bank and its Consolidated Subsidiaries**

The Parent Bank, with no difference in practice between TAS and TFRS, and also the subsidiaries are consolidated by using line-by-line consolidation method. Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

The accompanying consolidated financial statements are prepared in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated 8 November 2006 numbered 26340.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

**Explanations on Consolidation Method and Scope**

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions:

<u>Commercial Name</u>	<u>Head Office</u>
TEB Faktoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

Line-by-line consolidation method is used for all the financial institutions included in the consolidation.

Stichting TEB Diversified Payment Rights and TEB Diversified Payment Rights S.A., which is not subsidiary of the Parent Bank but over which the Parent Bank has controlling power, has been included in the consolidation due to the reason that this company is “Structured Entity”. It has been publicly announced that the decision regarding the liquidation of “Stichting TEB Diversified Payment Rights” and “TEB Diversified Payment Rights S.A.” has been taken on 19 July 2019. “TEB Diversified Payment Rights S.A.” liquidation was completed on 23 July 2019. Bank has been notified that the liquidation of “TEB Diversified Payment Rights S.A.” was completed on 7 April 2020.

The financial statements of subsidiaries were prepared as of 31 March 2020, 31 December 2019 and 31 March 2019.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. Explanations on Forward and Option Contracts and Derivative Instruments**

The Parent Bank's derivative transactions mainly consist of foreign currency swaps and interest rate swaps, cross currency swaps, currency options and forward foreign currency purchase and sale contracts.

Pursuant to "IFRS 9 Financial Instruments" ("IFRS 9"), derivative financial instruments of the Parent Bank are classified as "Derivative financial assets at fair value through profit or loss" or "Derivative financial assets at fair value through other comprehensive income".

Assets and liabilities arising from derivative transactions are recorded in off-balance sheet through their contractual amounts. Derivative transactions are measured at fair value after initial recognition. In accordance with the classification of derivative financial instruments, they are disclosed under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" in financial statements. Differences arising from the fair value changes of derivative financial instruments at fair value through profit or loss are recognized under "Gains / Losses on Derivative Financial Instruments" in "Trading Income / Loss" in the statement of profit or loss. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Derivative financial instruments are booked under off-balance sheet items. Derivative financial instruments where the underlying asset is money or commodity are booked based on the amounts to be received/paid at the maturity date. Derivative financial instruments based on interest rate are booked with the principal amount on which the interest rate is calculated.

All derivative financial instruments are measured with fair value method. The fair value of the derivative financial instruments traded in organized markets is the price on the organized market.

The cash flows of forward, currency swap, interest rate swap, and cross currency swap transactions should be determined firstly in order to measure with fair value method. Expected cash flows due to the floating interest rate for these products are defined according to market interest rate at the valuation date. Valuation is calculated by discounting the cash flows with the market interest rate and foreign currencies are converted into Turkish Lira with exchange rates at the valuation date.

Derivative financial instruments based on interest rate are measured not only with fair value method but also with amortized cost. While the fair value of derivatives are reflected in a single valuation account within the balance sheet, the amortized cost and the difference between the fair value and the amortized cost are reflected separately on the income/expense accounts.

Black and Scholes Model is used to measure the fair value of options. Options premiums are accrued on the start date of maturity. The valuation amount is composed of premiums valued at each valuation date. Premium to be paid calculated within this model is recorded as income, and the premium to be collected as expense.

The Parent Bank has adopted fair value and cash flow hedge accounting. Hedge accounting can be applied in order to prevent short-term fluctuations in the income statement resulting from differences between valuation methods of assets and liabilities exposed to interest rate risk and their hedging derivative instruments.

A part of the Parent Bank's fixed income foreign currency securities and Turkish Lira Loans are subject to fair value hedge accounting. The fair value risk of the related financial assets with fixed interest rate is hedged by currency swaps and cross currency swaps. The Parent Bank is also hedging the cash flow risk arising from financial debts, with interest rate swaps and cross currency swaps.

The hedge effectiveness between the derivative instruments/transactions used for hedging and hedged item are measured regularly, and the results are documented. In case of ineffectiveness of hedge accounting, the hedge accounting is terminated.

During period where the relation between hedging instrument and the hedged item is measured;

- a) Within the scope fair value hedge accounting, the fair value change of the hedged item is recognized in profit and loss,
- b) Within the scope of cash flow hedge accounting, the fair value change of the hedged item is recognized in other comprehensive income and the ineffective part of the gain or loss arisen from the hedging instrument is booked in profit or loss.

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**IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)**

In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39. Within this context, the Bank will continue to apply the hedge accounting provisions of TAS 39.

While the Parent Bank recognizes the fair value changes of the hedged items in the “Other Interest Income” and “Other Interest Expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “Gains/Losses on Derivative Financial Instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “Other Interest Income” and “Other Interest Expense” accounts.

**V. Explanations on Interest Income and Expenses**

Interest income and expenses are recorded on accrual basis. As the interest income and expense is accrued, all tax liabilities are fulfilled.

Financial assets and liabilities for which the future cash payments and collections are known, are discounted by using effective interest rate.

Accrued but not collected interests and discounts of loans, those classified as non-performing (Stage 3) are not reversed and included in interest income.

The interest amount representing the time value of the future collections of the non-performing loans is recognized under interest income and fully provisioned. The income effect arising from the discount of the estimates of expected collection as getting closer to the estimated date of collection, is recorded under interest income.

**VI. Explanations on Fees and Commission Income and Expenses**

Fees and commissions other than integral part of the effective interest rate of the financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 Revenue from Contracts with Customers Standard.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in “commissions on cash loans” account and are recognized as income over the period of the loan by discounting with effective interest rate.

For Bank assurance services provided by the Parent Bank commissions from insurance companies are recorded as income on accrual basis.

The commissions related with non-cash loans or periodic banking services are deferred and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities and which create operational costs are discounted by effective interest rate and are recorded as expense in relevant period according to the cut-off principle.

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**VII. Explanations on Financial Assets**

The Group classifies and recognizes its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of "IFRS 9 Financial Instruments" standard published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

The Group recognizes a financial asset in the financial statement when, and only when, the Parent Bank becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the settlement date. When the Parent Bank first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

*Financial Assets at Fair Value through Profit or Loss*

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit / loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

*Financial Assets at Fair Value through Other Comprehensive Income*

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

The Group may elect, at initial recognition, to irrevocably designate an equity investments at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends continue to be recognized in profit or loss in the financial statements.

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**VII. Explanations on Financial Assets (continued)**

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

*Financial Assets Measured at Amortised Cost*

*Financial investments measured at amortised cost:*

A financial asset is classified as a financial asset measured at amortized cost when the Parent Bank’s policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at “amortized cost” by using the “effective interest rate method”. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

*Loans*

Loans are financial assets with fixed or determinable payment terms which are not traded on an active market and measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the “effective interest rate method”.

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**VIII. Explanations on Impairment of Financial Assets**

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles 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” which came into force starting from 1 January 2018. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

- Time value of Money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

The Parent Bank has changed its credit calculation method with the expected credit loss model as of 1 January 2018. Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. The financial assets is divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

**Stage 1:**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

**Stage 2:**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument’s lifetime expected credit losses. Following criterias have been taken into account in classification a financial asset as Stage 2:

- Loans having past due more than 30 days and less than 90 days
- Restructuring loans
- Concordatum events
- Significant deterioration in probability of default

In the case of the occurrence of any of the first three items above, it is classified under Stage 2 loans regardless of the comparison between probability of default.

Significant deterioration in probability of default is considered as significant increase in credit risk and the financial asset is classified under Stage 2 loans. In this regard, it is assumed that the probability of default deteriorates, if the probability of default exceeds the thresholds defined by the Bank's internal rating based credit rating models.

The BRSA increased the default period on loans from 90 days to 180 days with the decision dated 17 March 2020. Following the BRSA decision, the Bank significantly worsened the probability of default for loans with a delay of more than 90 days and less than 180 days, which are continued to be followed in Stage 2, and reflected this deterioration effect in the financials of 31 March 2020. The regulation change does not include loans with a delay date more than 90 days before 17 March 2020.

**Stage 3:**

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

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**VIII. Explanations on Impairment of Financial Assets (continued)**

**Expected Credit Loss Calculation**

Expected credit loss calculation refers to the calculation to estimate the loss of the financial instrument in case of default and it is based on 3-stage impairment model based on the change in credit quality. The Parent Bank uses two different calculations considering 12-month and lifetime probability of default of the financial instruments.

If there is a significant increase in credit risk between the origination date and the reporting date of the loan, the lifetime probability of default is used and if there is no significant increase in credit risk the 12-month probability of default is used.

There is mainly three loan portfolios as commercial portfolios, retail portfolios and public portfolios.

While the Bank uses the internal credit ratings for commercial portfolios, the internal behavioural scores for the retail portfolios is used. It is determined whether there is any significant increase in credit risk by comparing the credit ratings/behavioural scores at the origination date and reporting date for both portfolios.

Default Definition: Debts having past due more than 90 days; in addition, the fact 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.

In addition, due to COVID-19, the "more than 90 days delay" condition, which was used in the definition of default for the classification of loans, began to be applied as "more than 180 days delay" in accordance with the BRSA decision as of 17 March 2020. This implementation will be valid until 31 December 2020. Consistent with the subjected change, provision has been provided in accordance with the Bank's risk policies.

As of 31 March 2020, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

The Bank does not have any financial asset as purchased or originated credit-impaired.

Probability of Default (PD): PD represents the likelihood of default over a specified time period. Based on the historical data, 1-year PD of a customer is calculated for each portfolio on the basis of credit ratings and behavioural scores. PDs and LGDs used in the ECL calculation are point in time (“PIT”) based on key portfolios and consider both current conditions and expected cyclical changes. Two types of probability of default are calculated.

- 12-Month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Internal rating systems are used to measure the risk of both commercial and retail portfolios. The internal rating models used in the commercial portfolio include the customer's financial information and the answers to the qualitative question set. Behavioural score cards used in the retail portfolio include the behavioural data of the customer and the product in the Bank, the demographic information of the customer and the behavioural data of the customer in the sector. The probability of default is calculated based on historical data, current conditions and forward-looking macroeconomic expectations.

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

The Bank calculates the recovery rates for each portfolio in a way that include the collateral types and several risk elements based on historical data, and it is ensured that the time value of money is included into the calculation by discounting of these recoveries to the reporting date. The collaterals in the calculation are taken into account by considering the credit conversion factors. The collaterals included in “Communique on Credit Risk Mitigation Techniques” is taken into account with their rules in the communique. The remaining part is considered as unsecured portfolio and loss given default rate determined for this portfolio is applied.



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**VIII. Explanations on Impairment of Financial Assets (continued)**

**Expected Credit Loss Calculation (continued)**

Exposure at Default (EAD): The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. The expected default amount is calculated by discounting the principal and interest repayments for cash loans and income accruals by effective interest method while it refers to the value calculated through using credit conversion factors for non-cash loans and commitments. It shows the risk of the borrower at the date of default.

Effective interest rate: the discount factor which reflects the time value of money.

Lifetime ECL is calculated by taking into account the period during which the Bank will be exposed to credit risk. The maturity information defined for all cash and non-cash loans is used in the calculation of the expected credit loss along with their maturity and payment plans. The maturity refers to the contractual life of a financial instruments unless there is the legal right to call it earlier. The maturity analysis and credit risk mitigation processes such as cancellation/revision of the limits have been developed for the definition of behavioural maturity for loans that do not have maturity information and revolving loans.

When expected credit losses are estimated, it is considered that three different macroeconomic scenarios as “Base”, “Adverse” and “Favourable” and the weighted average of the results of this scenarios is taken into account. Forward-looking PDs based on the weighted average of these three scenarios are calculated on segment basis. The fundamental macroeconomic variable in the macroeconomic models is the estimated annual growth rate in gross national product. The Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Expected Credit Loss Calculation of Stage 1 Loans: It is calculated by considering 12-month (1 year) PDs for the financial assets measured at amortized cost, which do not reflect a significant increase in credit risk. Therefore, it is a part of the lifetime expected credit losses. Such expected 12-month PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In the case of the current default rate is below a defined threshold without comparison with the origination date, the related loans are classified under Stage 1 loans by considering their credit qualities. Treasury Bills and CBRT balances are classified under Stage 1 loans. In addition, the institutions related to risk group of the Bank and other banks’ placements are classified under Stage 1 loans.

Expected Credit Loss Calculation of Stage 2 Loans: It is calculated by considering lifetime PDs for the loans which has shown a significant increase in credit risk since origination. Such expected lifetime PDs are applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

In determining of the significant increase in credit risk, qualitative and quantitative assessments are performed.

Qualitative assessments:

The loans with a delay on repayment more than 30 days are classified under Stage 2 loans. In addition, the restructured loans are classified under this stage. Also all the customers declaring concordatum are classified under this stage.

The Parent Bank periodically reviews the parameters included in the calculation and updates them when necessary.

Quantitative assessments:

“Significant increase in credit risk” is quantitatively based on the comparison the risk of default at the reporting date with the risk of default at the date of initial recognition. Where the change is above the defined threshold it is considered as significant increase in the credit risk, meaning that the credit is classified under Stage 2 loans.

In the case of the internal credit rating of the loan is above a defined threshold without comparison with the origination date, the related loans are classified under Stage 2 loans.

Expected Credit Loss Calculation of Stage 3 Loans: Lifetime expected credit losses are booked for the loans considered as impaired. When calculating the provisions by discounting the individual cash flow expectations for financial instruments which are above a defined threshold, loss given default rates are taken into account in case of default for financial instruments which are below the defined threshold.

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**IX. Explanations on Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has 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.

**X. Explanations on Sales and Repurchase Agreements and Lending of Securities**

Treasury bills and government bonds within the scope of repurchase agreements are classified in financial statements as financial assets carried at amortized costs, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income according to the classification of marketable securities subject to repurchase agreement, and are valued according to the measurement rules of the relevant category. Funds obtained through repurchase agreements are booked in a separate liability account, namely “Funds provided under repurchase agreements” under “Money market balances”. Income and expenses arisen from these transactions are booked in “Interest Income on Marketable Securities Portfolio” and “Interest Expense on Money Market Borrowings” in income statement.

Securities purchased under repurchase agreements (“Reverse repos”) are accounted under “Money Market Placements” in the balance sheet. The difference between the purchase and resell price of the repurchase agreements is accrued over the life of repurchase agreements. As of 31 March 2020, the Group has TL 74 reverse repo transaction. (31 December 2019: TL 840,304).

As of 31 March 2020, the Bank does not have any marketable securities lending transaction (31 December 2019: None).

**XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets**

Non-current assets held for sale consists of property, plant and equipment acquired for impairment and accounted in financial statements convenient with “TFRS 5 Assets Held for Sale and Discontinued Operations”.

As of 31 March 2020, assets held for sale and discontinued operations of the Group are TL 141,171 (31 December 2019: TL 131,362). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 14,662 (31 December 2019: TL 10,598) has been reserved as provision for impairment losses.

As of 31 March 2020 the Group has no discontinued operations.

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**XII. Explanations on Goodwill and Other Intangible Assets**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

As explained in footnote 1 of Section 1, under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Newspaper 12 February 2011 dated and numbered as 27844, all rights, receivables, assets and liabilities of Fortis Bank A.Ş. would be transferred to the Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 “Business Combination”, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between TL 2,385,482, the fair value of transferred amount and TL 1,964,358, the identifiable net asset value is accounted as goodwill in the financial statements and the equity impact is shown under other shareholder's equity section.

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Parent Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and are amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Group comprise mainly software. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Software's used are mainly developed within the Parent Bank by the Parent Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

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**XIII. Explanations on Tangible Fixed Assets**

Tangible assets of the Group are accounted for at their restated cost until 31 December 2004 and afterwards, the acquisition cost and any other cost incurred to prepare the asset ready for use are reflected, less reserve for impairment, if any.

Depreciation rates are defined according to the economic life of the relevant assets.

Depreciation is calculated using the straight line method, without taking residual values in to consideration, based on the number of months that the asset is used. No amendment has been made to the depreciation method in the current period. The economic useful lives of the tangible fixed assets are as follows:

Buildings	50 years
Furniture, Fixtures and Office Equipment and Others	5-15 years

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other maintenance costs are expensed. Leasehold improvements amount are subject to depreciation during leasing period.

This period is taken into consideration maximum five years. For the branches, this period is considered as three years in parallel with the Bank's business plans.

The Parent Bank employs independent appraisers in determining the current fair values of its real estate's when there is any indication of impairment in value of real estates.

**XIV. Explanations on Leasing Transactions**

TFRS 16 Leases was promulgated in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and faithful representation. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements. The Bank has started to apply the related standard for the first time on 1 January 2019 by reflecting the application effects to the equity accounts.

Lease obligations under the contract in the amount of liabilities on the balance sheet equal to the sum of all cash payments and offset with the form shown gross interest expense arising from the contract. The right of use arising from the leasing transactions, at the date of commencement, the present value of the lease payments which have not been paid at that date is measured and measured. In this measurement, if the interest can be easily determined, the implied interest rate in the lease is used. If this ratio is not easily determined, the Bank's alternative borrowing interest rate announced by the Asset and Liability Management Department is used.

With the “TFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Tangible Assets” as an asset (tenure) and under “Lease Payables” as a liability.

**XV. Explanations on Provisions and Contingent Liabilities**

Provisions are provided for liabilities of uncertain timing or amount arising from past events have the probability to result in an expense or loss in the future and when it can be measured reliably.

Provisions are determined by using the Group's best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material. Provisions and contingent liabilities, excluding specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (“TAS 37”) regarding “Provisions, Contingent Liabilities and Contingent Assets”.

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**XVI. Explanations on Contingent Assets**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

Contingent assets are disclosed in the financial statements’ notes where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in 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.

**XVII. Explanations on Liabilities Regarding Employee Benefits**

In accordance with existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Parent Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS 19 “Employee Benefits”.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

Employees transferred to the Parent Bank following the business combination defined in “General Information” of the Parent Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Emekli Sandığı” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No. 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 March 2020, the Pension Fund has 1,534 employees and 1,150 pensioners (31 December 2019 1,552 employees and 1,139 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the “TGNA”) initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers’ resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years. Upon the Council of Ministers’ resolution dated 24 February 2014 issued in the Official Gazette No:28987 on 30 April 2014, mentioned transfer period has been extended for one more year while it has been extended for one year upon the Council of Ministers’ resolution dated 8 April 2013 issued in the Official Gazette No:28636 on 3 May 2013. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “president”.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2018. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Parent Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Parent Bank.

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**XVIII. Explanations on Taxation**

*Corporate tax*

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset from the final tax liability for the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are offset against the corporate tax levied in Turkey.

A 50% portion of the gains derived from the sale of immovable (from 5 December 2017) which have been acquired due to loans under follow-up from the Bank and 75% portion of participation shares, founder's shares, dividend shares and pre-emption rights is tax exempt. A 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the immovable properties held for at least two years are exempt from corporate taxation, providing that such gains are added to paid-in capital or held in a special fund account under liability for five years.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

*Deferred Tax Liability/Asset*

The Group calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized

Deferred tax asset is calculated over temporary differences arisen from expected credit loss provision in line with TFRS 9 principles from 1 January 2018.

Deferred tax income balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

**XIX. Additional Explanations on Borrowings**

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

**XX. Explanations on Issued Equity Securities**

There is no share issued in the year 2020.

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**XXI. Explanations on Bill Guarantees and Acceptances**

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

**XXII. Explanations on Government Incentives**

There is no government incentive utilized by the Group.

**XXIII. Explanations on Reporting According to Segmentation**

The operating segments of the Parent Bank include retail and private banking, SME banking, corporate banking, treasury and asset-liability management.

Retail and private banking lines of the Parent Bank provide consumer loans, personal financing, housing, workplace and vehicle loans for customer needs related to general consumption, purchase of durable goods, and real estate. The Parent Bank also provides account products like “Marifetli”, “Fırsat” and “CEPTETEB” along with the standard time deposit products to enable advantageous savings in different currencies and maturities. In regards to investment needs for customers, retail and private banking offers brokerage services for treasury bill transactions, government bonds, Eurobonds, foreign exchange purchases/sales, a wide-range of investment funds, private pension funds and equity securities transactions. It also provides practical account, credit deposit account, automatic bill/regular payment options, safe-deposit boxes and insurance services beside credit and debit cards offering advantages in shopping and banking transactions. These products and services are provided to customers through widespread physical branches and ATM network and also via a 24/7 call centre, internet and mobile banking.

Corporate banking provides financial solutions and banking services to large-scale local firms, holdings and their group companies, and multinational companies operating in Turkey. In addition to the bank deposit services provided to corporate customers, corporate banking also develops tailored solutions and products for standard cash and non-cash loans, investment loans, cash management services in line with customer needs and demands and foreign trade financing. Foreign exchange purchase and sale transactions, corporate financing services, derivative products and solutions to manage foreign exchange and interest rate risk and commodity financing are other services provided by the Parent Bank. The Bank provides these services and products for its corporate customers via teams, located in its corporate branches and Head Office, who are specialized in foreign trade, cash management, structured finance and multinational companies. It also benefits from the global business network and expertise of BNP Paribas Group.

SME banking provides small and medium-sized enterprises with financial solutions and exclusive services for non-financial matters. The Parent Bank, which specifically designed its services for different segments in the field of SME Banking, has developed solutions that are tailored to the needs of these segments. In addition to solutions developed for small and medium-sized enterprises, solutions were developed for agricultural producers, jewellers, female leaders and entrepreneurship segments and for SME banking, enterprise banking, agriculture banking, gold banking, women’s banking and entrepreneurship banking. These solutions are provided on a larger scale based on the types of financial problems encountered by customers, and they are supported in non-financial matters via offering access to information, training and networks. At this point, the Parent Bank does not only provide financial support to the SMEs but also provides the training and expertise they need to grow their business, strengthen their competitiveness and use their financing properly.

When determining the short, medium and long-term pricing strategy, Asset-Liability Management and the Treasury Group also manage the maturity mismatch, by adopting a principle foreseeing to work with a positive balance sheet margin. Spot and forward TL and foreign exchange purchase-sale transactions, treasury bill, government bond, and Eurobond purchase-sale transactions, and derivative product purchase/sale transactions are carried out under defined authorizations. The Parent Bank also carries out activities related to providing medium and long-term funding, enabling funding at a price below the price reflecting the country risk price, diversifying funding resources, and creating an international investor base in this field.

The Financial Markets Group provides structured financial solutions to hedge foreign exchange/interest rate risks of customers and provides the most appropriate price for the market instruments offered to customers by monitoring market conditions.

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**XXIII. Explanations on Reporting According to Segmentation (continued)**

The details of the income statement and the balance sheet which the Bank operates as a business lane:

<b>Current Period</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Dividend Income	-	-	-	27,950	(27,778)	172
Profit Before Tax	159,198	138,952	31,665	226,497	(28,749)	527,563
Tax Provision (-)	-	-	-	136,007	-	136,007
<b>Net Profit for the Period</b>	<b>159,198</b>	<b>138,952</b>	<b>31,665</b>	<b>90,490</b>	<b>(28,749)</b>	<b>391,556</b>

<b>Current Period</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Segment Assets	28,577,735	31,058,220	18,208,477	48,613,625	(268,286)	126,189,771
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	124,923	(124,918)	5
<b>Total Assets</b>	<b>28,577,735</b>	<b>31,058,220</b>	<b>18,208,477</b>	<b>48,738,548</b>	<b>(393,204)</b>	<b>126,189,776</b>
Segment Liabilities	55,245,380	21,961,987	7,982,689	30,974,535	(268,746)	115,895,845
Shareholders' Equity	-	-	-	10,418,389	(124,458)	10,293,931
<b>Total Liabilities</b>	<b>55,245,380</b>	<b>21,961,987</b>	<b>7,982,689</b>	<b>41,392,924</b>	<b>(393,204)</b>	<b>126,189,776</b>

<b>Prior Period (31.03.2019)</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Dividend Income	-	-	-	18,878	(18,751)	127
Profit before Tax	166,317	268,882	25,029	(42,195)	(18,751)	399,282
Tax Provision (-)	-	-	-	85,433	-	85,433
<b>Net Profit For The Period</b>	<b>166,317</b>	<b>268,882</b>	<b>25,029</b>	<b>(127,628)</b>	<b>(18,751)</b>	<b>313,849</b>

<b>Prior Period (31.12.2019)</b>	<b>Retail and Private Banking</b>	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Segment Assets	25,906,561	22,913,607	17,290,247	43,401,275	(297,262)	109,214,428
Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	124,923	(124,918)	5
<b>Total Assets</b>	<b>25,906,561</b>	<b>22,913,607</b>	<b>17,290,247</b>	<b>43,526,198</b>	<b>(422,180)</b>	<b>109,214,433</b>
Segment Liabilities	51,517,147	16,048,947	6,479,553	25,556,598	(297,720)	99,304,525
Shareholders' Equity	-	-	-	10,034,368	(124,460)	9,909,908
<b>Total Liabilities</b>	<b>51,517,147</b>	<b>16,048,947</b>	<b>6,479,553</b>	<b>35,590,966</b>	<b>(422,180)</b>	<b>109,214,433</b>

**XXIV. Explanations on Other Matters**

It has been resolved in the Ordinary General Assembly dated 26 March 2020 of the Parent Bank, TL 1,070,354 that constitutes the 2019 net balance sheet profit shall be transferred to the Extraordinary Reserves after setting aside, in accordance with the proposal in the resolution of the Board of Directors, TL 53,518 as Legal Reserves, TL 9,394 as Special Reserves, TL 0.87 (full TL) as profit distributed to the holders of the founder jouissance certificates.

**XXV. Reclassifications**

In order to comply with the presentation of the financial statements dated 31 March 2020, some classifications were made on the statement of income and statement of cash flows dated 31 March 2019.



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**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE**

**I. Explanations Related to Components of Consolidated Shareholders’ Equity**

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 31 March 2020, Group’s total capital has been calculated as TL 15,256,150 (31 December 2019: TL 14,538,530) and Capital Adequacy Ratio is 15.34% (31 December 2019: 16.74%). This ratio is well above the minimum ratio required by the legislation. The credit risk of banking accounts has been calculated by using the “Standard Approach”, the market risk of purchase and sale accounts by using the “Standard Method”, counterparty credit risk of derivative and repo transactions by using the “Fair Value Method”, credit valuation adjustments of over the counter derivative transactions by using the “Standard Model” and operational risk by using the “Basic Indicator Approach”.

**Information related to the components of Consolidated Shareholders' Equity:**

	Amount related	
	Current Period	treatment before 01.01.2014(*)
<b>Common Equity Tier 1 Capital</b>	<b>31.03.2020</b>	<b>01.01.2014(*)</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	8,517,428	
Gains Recognized in Equity as per TAS	2,171	
Profit	399,863	
Current Period Profit	390,366	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Minority interest	283	425
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>11,327,489</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</b>	
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	-	
Leasehold Improvements on Operational Leases	40,709	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	114,524	114,524
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4 <sup>th</sup> paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from common equity Tier 1 Capital</b>	<b>576,357</b>	
<b>Common Equity Tier 1 Capital</b>	<b>10,751,132</b>	

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**I. Explanations Related to Components of Consolidated Shareholders’ (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	<b>Current Period</b> <b>31.03.2020</b>	<b>Amount related to</b> <b>treatment before</b> <b>01.01.2014(*)</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third Parties Share in the Additional Tier 1 Capital	61	61
Third Parties Share in the Additional Tier 1 Capital (in the scope of Temporary Article 3)	61	61
<b>Additional Tier 1 Capital before deductions</b>	<b>61</b>	<b>61</b>
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment on its own Tier 1 Capital	-	-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier I Capital which are compatible with 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 Common Equity Tier 1 Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
<b>Items to be deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
<b>Total Deductions from Additional Tier 1 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>61</b>	<b>61</b>
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)</b>	<b>10,751,193</b>	<b>10,751,193</b>
<b>TIER 2 CAPITAL</b>		
Debt instruments and premiums approved by BRSA	3,420,579	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier 2 Capital	81	81
Third parties' share in the Tier 2 Capital (in the scope of Temporary Article 3)	81	81
Provisions (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital)	1,092,944	-
<b>Tier 2 Capital Before Deductions</b>	<b>4,513,604</b>	<b>4,513,604</b>
<b>Deductions From Tier 2 Capital</b>		
Bank's direct or indirect investment on its own Tier 2 Capital (-)	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-)	-	-
Other Items Determined by BRSA (-)	-	-
<b>Total Deductions From Tier 2 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier 2 Capital</b>	<b>4,513,604</b>	<b>4,513,604</b>
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>15,264,797</b>	<b>15,264,797</b>

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**I. Explanations Related to Components of Consolidated Shareholders’ (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	<b>Current Period</b> <b>31.03.2020</b>	<b>Amount related to</b> <b>treatment before</b> <b>01.01.2014(*)</b>
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)</b>	-	
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	2,026	
Net Book Value of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	
Other items to be defined by the BRSA	6,621	
<b>Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period</b>	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
<b>TOTAL CAPITAL</b>		
Total Capital	15,256,150	
Total Risk Weighted Assets	99,483,130	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	10.81	
Tier 1 Capital Adequacy Ratio (%)	10.81	
Capital Adequacy Ratio (%)	15.34	
<b>BUFFERS</b>	2.50	
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	-	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	2.30	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	120,321	
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	607,135	
<b>Limits related to provisions considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,640,018	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (**)	1,092,944	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4		
Upper limit for Additional Tier II Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4		
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	177,147	

(\*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

(\*\*) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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**I. Explanations Related to Components of Consolidated Shareholders’ Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2004(*)
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,404,652	
Share Premium	2,565	
Reserves	7,478,812	
Gains Recognized in Equity as per TAS	23,065	
Profit	1,134,463	
Current Period Profit	1,124,966	
Prior Period Profit	9,497	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	527	
Minority interest	309	464
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>11,044,393</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the (I) item of first paragraph of Article 9 of the Regulation on Bank	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	3,536	
Leasehold Improvements on Operational Leases	45,335	
Goodwill netted off deferred tax liability	421,124	421,124
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights.	130,077	130,077
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank’s liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law (Article 56 4th paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions from common equity Tier 1 Capital</b>	<b>600,072</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>10,444,321</b>	

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**I. Explanations Related to Components of Consolidated Shareholders’ Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014(*)
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premium approved by BRSA(Temporary Article 4)	-	
Third parties’ share in the Additional Tier 1 capital	67	
Third parties’ share in the Additional Tier 1 capital (Temporary Article 3)	67	
<b>Additional Tier 1 Capital before deductions</b>	<b>67</b>	
<b>Deductions from Additional Tier 1 Capital</b>		
Bank’s direct or indirect investment on its own Tier 1 Capital	-	
Investments in equity instruments issued by banks or financial institutions invested in Bank’s additional Tier I Capital which are compatible with 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 Common Equity Tier 1 Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other Items Determined by BRSA	-	
<b>Items to be deducted from Tier I Capital during the Transition Period</b>	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Bank Capital (-)	-	
The amount to be deducted from Additional Tier 1 Capital (-)	-	
<b>Total Deductions from Additional Tier 1 Capital</b>	-	
<b>Total Additional Tier 1 Capital</b>	<b>67</b>	
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity + Additional Tier 1 Capital)</b>	<b>10,444,388</b>	
<b>TIER 2 CAPITAL</b>		
Debt instruments and premiums approved by BRSA	3,145,908	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties’ share in the Tier 2 Capital	88	
Third parties’ share in the Tier 2 Capital (in the scope of Temporary Article 3)	88	
Provisions (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital)	956,837	
<b>Tier 2 Capital Before Deductions</b>	<b>4,102,833</b>	
<b>Deductions From Tier 2 Capital</b>		
Bank’s direct or indirect investment on its own Tier 2 Capital (-)	-	
Investments in equity instruments issued by banks and financial institutions invested in Bank’s Tier II Capital which are compatible with Article 8 of the regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Common Equity Tier 1 Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital (-)	-	
Other Items Determined by BRSA (-)	-	
<b>Total Deductions From Tier 2 Capital</b>	-	
<b>Total Tier 2 Capital</b>	<b>4,102,833</b>	
<b>Total Capital (The sum of Tier 1 and Tier 2 Capital)</b>	<b>14,547,221</b>	

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**I. Explanations Related to Components of Consolidated Shareholders’ Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	Prior Period 31.12.2019	Amount related to treatment before 01.01.2014 (*)
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Equity)</b>	-	
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	2,467	
Net Book Value of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	
Other items to be defined by the BRSA	6,224	
<b>Items to be deducted from the sum of Tier I and Tier II Capital (“Capital”) during the Transition Period</b>	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks.	-	
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
<b>TOTAL CAPITAL</b>		
Total Capital	14,538,530	
Total Risk Weighted Assets	86,848,849	
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12.03	
Tier 1 Capital Adequacy Ratio (%)	12.03	
Capital Adequacy Ratio (%)	16.74	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) (%)	2.50	
a) Capital conservation buffer requirement (%)	2.50	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3.52	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Group owns 10% or less of the issued common share capital	124,855	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Group owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	667,146	
<b>Limits related to provisions considered in Tier 2 Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,507,423	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(**)	956,837	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4		
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4		
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4		
The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9	265,721	

(\*) Amounts in this column represents the amounts of items that are subject to phasing and taken into consideration at the end of transition process.

(\*\*) The positive difference between the expected credit loss provision amount in accordance with TFRS 9 and the total provision amount before the application of TFRS 9 has been deducted.

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**I. Explanations Related to Components of Consolidated Shareholders’ Equity (continued)**

**Information related to the Components of Shareholders' Equity: (continued)**

	<b>T</b>	<b>T-1</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
<b>CAPITAL ITEMS</b>					
Common Equity Tier 1 Capital	10,751,132	10,444,321	10,141,013	9,926,306	9,519,181
Common Equity Tier 1 Capital where the transition impact of TFRS 9 has not been applied (a)	10,573,985	10,178,600	9,875,292	9,660,585	9,253,460
Tier 1 Capital	10,751,193	10,444,388	10,141,061	9,926,364	9,519,229
Tier 1 Capital where the transition impact of TFRS 9 has not been applied (b)	10,574,046	10,178,667	9,875,340	9,660,643	9,253,508
Capital	15,256,150	14,538,530	14,000,366	13,914,911	13,285,848
Capital where the transition impact of TFRS 9 has not been applied (c)	15,079,003	14,272,809	13,734,645	13,649,190	13,020,127
<b>TOTAL RISK WEIGHTED ASSETS</b>					
Total Risk Weighted Assets	99,483,130	86,848,849	85,541,783	84,742,241	85,648,245
<b>CAPITAL ADEQUENCY RATIOS</b>					
Common Equity Tier 1 Capital Adequacy Ratio (%)	10.81	12.03	11.86	11.71	11.11
Common Equity Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	10.63	11.72	11.54	11.40	10.80
Tier 1 Capital Adequacy Ratio (%)	10.81	12.03	11.86	11.71	11.11
Tier 1 Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	10.63	11.72	11.54	11.40	10.80
Capital Adequacy Ratio (%)	15.34	16.74	16.37	16.42	15.51
Capital Adequacy Ratio (%) where the transition impact of TFRS 9 has not been applied (ç)	15.16	16.43	16.06	16.11	15.20
<b>LEVERAGE RATIO</b>					
Leverage Ratio Total Risk Amount	169,502,593	150,407,442	150,775,475	152,240,915	151,922,800
Leverage Ratio	6.23%	6.94%	6.73%	6.52%	6.27%
FTA not Applied Leverage Ratio (d)	6.12%	6.77%	6.55%	6.35%	6.09%

**Basic information for the TFRS 9 transition process**

- a: Common equity Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.  
b: Tier 1 capital if Temporary Article 5 of the Regulation on equities of banks has not applied.  
c: Total capital if Temporary Article 5 of the Regulation on equities of banks has not applied.  
ç: Capital adequacy ratios calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.  
d: The leverage ratio calculated with capital items if Temporary Article 5 of the Regulation on banks has not applied.

**Explanations on Reconciliation of Capital Items to Balance Sheet:**

<b>Total Capital per Balance Sheet</b>	<b>10,293,931</b>
Hedging Funds (effective portion)	686,478
Deductions Made Under Regulation	(598,933)
Transition Impact of TFRS 9 (Temporary 5th Article)	177,147
Accumulated revaluation and / or classification on gains / losses of financial assets with fair value through comprehensive income	192,509
<b>Common Equity Tier 1 Capital</b>	<b>10,751,132</b>
Additional Tier 1 Capital	61
<b>Tier 1 Capital</b>	<b>10,751,193</b>
General Provisions (Stage 1 and 2)	1,092,944
Bank's Borrowing Instruments	3,420,579
Deductions Made Under Regulation	(8,647)
Share of Third Parties in Capital	81
<b>Total Equity</b>	<b>15,256,150</b>

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**I. Explanations Related to Components of Consolidated Shareholders’ Equity (continued)**

**Information related to debt instruments included in equity calculation:**

All of the debt securities included in the equity calculation are issued by the Parent Bank.

<b>Issuer</b>	<b>TEB</b>	<b>TEB</b>	<b>TEB</b>	<b>TEB</b>
Unique identifier of the debt instrument (e.g. CUSIP, ISIN)	XS1895575071	XS2023308278	XS1973559484	XS1845118865
Governing law(s) of the instrument	Turkey	Turkey	Turkey	Turkey
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at consolidated /unconsolidated/ consolidated and unconsolidated	Available	Available	Available	Available
Type of the debt instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument	Borrowing Instrument
Amount recognized in regulatory capital (TL Currency in mil, as of most recent reporting date)	1,374.8	717.8	430.7	897.3
Par value of instrument(TL Currency in mil)	1,374.8	717.8	430.7	897.3
Accounting classification of the debt instrument	34701100	34701100	34701100	34701100
Original date of issuance	05.11.2018	22.07.2019	14.05.2019	27.06.2018
Perpetual or dated	Time	Time	Time	Time
Original maturity date	05.11.2028	22.07.2029	14.05.2029	27.06.2028
Issuer call subject to prior supervisory approval	Available	Available	Available	Available
Optional call date, contingent call dates and redemption amount	05.11.2023	22.07.2024	14.05.2024	27.06.2023
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Stable	Floating	Floating	Floating
Coupon rate and any related index	10.40%	Euribor+7.10%	Euribor+7.10%	Euribor+5.10%
Existence of a dividend stopper	None	None	None	None
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables	Deposit and other receivables
Whether conditions which stands in Article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess	Possess	Possess	Possess
According to Article 7 and 8 of Banks’ shareholders equity law that are not possessed (*)	-	-	-	-

(\*) Under Article 8/2 in subsection (ğ) mechanism of write-down or conversion to common shares are stated.



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**II. Explanations Related to the Consolidated Currency Risk**

Foreign currency risk indicates the probability of loss that the Group is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration and risk is calculated by using the standard method.

The Board of Directors of the Parent Bank sets limits for the positions, which are followed up daily. Any possible changes in the foreign currency transactions in the Parent Bank’s positions are also monitored.

As an element of the Group’s risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

Asset Liability Management and Treasury Department of the Parent Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Parent Bank’s Asset-Liability Committee on a weekly basis.

As of 31 March 2020, the Group’s balance sheet short position is TL 14,950,421 (31 December 2019: TL 12,301,993 short position) off-balance sheet long position is TL 14,938,357 (31 December 2019: TL 11,928,995 long position) and as a result net foreign currency short position is TL 12,064 (31 December 2019: net TL 372,997 short position).

The announced current foreign exchange buying rates of the Parent Bank at 31 March 2020 and the previous five working days in full TL are as follows:

	<b>24.03.2020</b>	<b>25.03.2020</b>	<b>26.03.2020</b>	<b>27.03.2020</b>	<b>30.03.2020</b>	<b>31.03.2020</b>
<b>USD</b>	6.4429	6.4376	6.3743	6.4188	6.5569	6.5469
<b>JPY</b>	0.0579	0.0577	0.0581	0.0593	0.0608	0.0605
<b>EURO</b>	6.9596	6.9546	6.9881	7.0626	7.2296	7.1780

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 March 2020 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	6.3156
<b>JPY</b>	0.0587
<b>EURO</b>	6.9749

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**II. Explanations Related to the Consolidated Currency Risk (continued)**

**Information on the foreign currency risk of the Group:**

The table below shows the Group’s distribution of balance sheet and derivative foreign exchange transactions taking into account the options transactions with nominal values as indicated in the BRSA regulation on foreign currency position. Besides taking into account this position by monitoring legal limits, the Group also monitors the delta-adjusted position of the option transactions. As of 31 March 2020, the Parent Bank has net USD long position TL 228,077 and net EUR short position TL 9,325.

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(1)</sup>	6,910,429	5,901,348	2,083,273	14,895,050
Banks <sup>(2)</sup>	980,441	525,196	2,297,981	3,803,618
Financial Assets at Fair Value Through Profit or Loss	492,824	208,828	-	701,652
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1,631,817	515,380	20,249	2,167,446
Loans <sup>(3)</sup>	9,103,434	2,428,184	1,172,763	12,704,381
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-to-Maturity Investments <sup>(4)</sup>	996,546	960,804	-	1,957,350
Derivative Financial Assets for Hedging Purposes <sup>(5)</sup>	36	-	-	36
Tangible Assets	559	-	-	559
Intangible Assets	-	-	-	-
Other Assets <sup>(6)</sup>	2,512,278	161,476	41,827	2,715,581
<b>Total Assets</b>	<b>22,628,364</b>	<b>10,701,216</b>	<b>5,616,093</b>	<b>38,945,673</b>
<b>Liabilities</b>				
Bank Deposits	536	261,877	6	262,419
Foreign Currency Deposits <sup>(7)</sup>	15,576,075	18,316,449	5,116,189	39,008,713
Money Market Borrowings	890,764	-	-	890,764
Funds Provided From Other Financial Institutions	7,903,062	4,629,700	425,585	12,958,347
Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	7,914	-	-	7,914
Other Liabilities <sup>(8)</sup>	418,585	320,484	28,868	767,937
<b>Total Liabilities</b>	<b>24,796,936</b>	<b>23,528,510</b>	<b>5,570,648</b>	<b>53,896,094</b>
<b>Net Balance Sheet Position</b>	<b>(2,168,572)</b>	<b>(12,827,294)</b>	<b>45,445</b>	<b>(14,950,421)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1,728,110</b>	<b>13,423,803</b>	<b>(213,556)</b>	<b>14,938,357</b>
Financial Derivative Assets <sup>(9)</sup>	19,499,839	30,049,294	1,403,881	50,953,014
Financial Derivative Liabilities <sup>(9)</sup>	17,771,729	16,625,491	1,617,437	36,014,657
Non-Cash Loans <sup>(10)</sup>	7,065,825	5,545,588	915,418	13,526,831
<b>Prior Period</b>				
Total Assets	20,444,208	14,393,861	3,917,750	38,755,819
Total Liabilities	21,469,848	25,727,978	3,859,986	51,057,812
Net Balance Sheet Position	(1,025,640)	(11,334,117)	57,764	(12,301,993)
Net Off-Balance Sheet Position	797,511	11,133,800	(2,316)	11,928,995
Financial Derivative Assets <sup>(9)</sup>	14,804,346	26,844,874	782,678	42,431,898
Financial Derivative Liabilities <sup>(9)</sup>	14,006,835	15,711,074	784,994	30,502,903
Non-Cash Loans <sup>(10)</sup>	6,880,451	5,459,747	904,769	13,244,967

(1) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey includes the balances of expected credit losses amounting to TL 2,854 (31 December 2019: TL 1,890).

(2) The banks include TL 5,462 (31 December 2019: TL 9,059) of expected credit loss provisions.

(3) Foreign currency indexed loans amounting to TL 377,419 (31 December 2019: TL 495,451) are included in the loan portfolio. As of 31 March 2020, there is no (31 December 2019: None) foreign currency indexed factoring receivables are added in loans. Also, it includes TL 381,644 (31 December 2019: TL 368,603) amounting to expected credit loss.

(4) Financial assets at amortized cost includes expected credit loss amounting to TL 441 (31 December 2019: TL 305).

(5) TL 28,595 (31 December 2019: TL 14,112) income accruals from derivative financial instruments is deducted from derivative financial assets held for risk management.

(6) TL 337,157 (31 December 2019: TL 184,862) income accruals from derivative financial instruments is deducted from other assets. Other assets line includes factoring receivables amounting to TL 756,932 and factoring receivables expected credit loss amounting to TL 6,733. As of 31 March 2020, there is no foreign currency indexed factoring receivables<sup>(7)</sup> (31 March 2019: None).

(7) Precious metal accounts amounting to TL 3,647,454 (31 December 2019: TL 2,349,023) are included in the foreign currency deposits.

(8) TL 237,612 (31 December 2019: TL 90,922) expense accruals from derivative financial instruments are deducted from other liabilities. As of 31 March 2020, there is no foreign currency indexed factoring payable (31 December 2019: None).

(9) Forward asset and marketable securities purchase-sale commitments of TL 2,259,211 (31 December 2019: TL 1,395,075) are added to derivative financial assets and TL 1,851,005 (31 December 2019: TL 883,345) has been added to derivative financial assets.

(10) There is no effect on the net off-balance sheet position.

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**III. Explanations Related to Consolidated Interest Rate Risk**

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent Bank’s position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to avoid the impact of the fluctuations in interest rates. In this context, duration, maturity and sensitivity analysis are calculated by the Risk Management Department and presented to both Market and Liquidity Risk Committee and Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Group.

The Parent Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Parent Bank when necessary.

Since the Group does not allow maturity mismatches or imposes limits on the mismatch, no significant interest rate risk exposure is expected.

**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing <sup>(1)</sup>	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(2)</sup>	12,686,751	-	-	-	-	4,300,540	16,987,291
Banks <sup>(3)</sup>	3,712,115	-	-	-	-	2,073,230	5,785,345
Financial Assets at Fair Value Through Profit or Loss	72,553	21,367	924,578	690,559	323,275	120,504	2,152,836
Money Market Placements	74	-	-	-	-	-	74
Financial Assets at Fair Value Through Other Comprehensive Income	432,959	131,482	1,382,817	4,794,047	619,298	9,961	7,370,564
Loans <sup>(4)</sup>	20,739,951	4,481,496	15,470,242	31,666,885	4,157,215	294,051	76,809,840
Financial Assets Measured at Amortized Cost <sup>(5)</sup>	1,067,835	1,272,000	1,164,956	1,574,047	117,959	(1,170)	5,195,627
Other Assets <sup>(6)</sup>	806,574	774,928	1,152,267	885,327	243,617	8,025,486	11,888,199
<b>Total Assets</b>	<b>39,518,812</b>	<b>6,681,273</b>	<b>20,094,860</b>	<b>39,610,865</b>	<b>5,461,364</b>	<b>14,822,602</b>	<b>126,189,776</b>
<b>Liabilities</b>							
Bank Deposits	742,774	-	-	-	-	28,837	771,611
Other Deposits	54,629,648	7,073,539	614,909	7,612	-	20,060,167	82,385,875
Money Market Borrowings	4,628,613	-	-	-	-	-	4,628,613
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,910,653	1,530,977	-	-	-	-	3,441,630
Funds Provided From Other Financial Institutions	3,318,458	4,872,320	2,458,366	89,730	3,510,967	-	14,249,841
Other Liabilities	161,800	222,877	616,931	1,861,783	182,479	17,666,336	20,712,206
<b>Total Liabilities</b>	<b>65,391,946</b>	<b>13,699,713</b>	<b>3,690,206</b>	<b>1,959,125</b>	<b>3,693,446</b>	<b>37,755,340</b>	<b>126,189,776</b>
Balance Sheet Long Position	-	-	16,404,654	37,651,740	1,767,918	-	55,824,312
Balance Sheet Short Position	(25,873,134)	(7,018,440)	-	-	-	(22,932,738)	(55,824,312)
Off-Balance Sheet Long Position	3,304,986	5,535,933	-	-	-	-	8,840,919
Off-Balance Sheet Short Position	-	-	(4,270,104)	(3,835,324)	(553,163)	-	(8,658,591)
<b>Total Position</b>	<b>(22,568,148)</b>	<b>(1,482,507)</b>	<b>12,134,550</b>	<b>33,816,416</b>	<b>1,214,755</b>	<b>(22,932,738)</b>	<b>182,328</b>

(1) The expected loss provisions are presented under the “Non-Interest Bearing” column.

(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 3,229.

(3) Banks include balance of expected loss provisions amounting to TL 6,187.

(4) The revolving loans amounting to TL 9,081,692 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,797,285.

(5) Financial assets at amortized cost include balance of expected loss provisions of TL 1,170.

(6) Includes factoring receivables amounting to TL 2,034,691 and factoring receivables expected loss provisions amounting to TL 35,700.

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**III. Explanations Related to Consolidated Interest Rate Risk (continued)**

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 894,506, intangible assets amounting to TL 544,800, assets held for resale amounting to TL 141,171, entities under common control (joint vent.) amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 10,293,931.

**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates): (continued)**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	8,951,411	-	-	-	-	3,002,601	11,954,012
Banks	6,072,870	-	-	-	-	2,493,375	8,566,245
Financial Assets at Fair Value Through Profit or Loss	180,593	132,240	55,307	669,507	132,752	125,025	1,295,424
Money Market Placements	840,304	-	-	-	-	(29)	840,275
Financial Assets at Fair Value Through Other Comprehensive Income (1)	1,057,349	530,691	523,340	2,417,091	1,005,005	7,895	5,541,371
Loans and receivables	16,724,073	4,579,167	11,359,041	28,333,166	3,917,453	506,014	65,418,914
Financial Assets at Amortised Cost	164,665	796,314	2,075,934	1,699,969	169,736	(1,104)	4,905,514
Other Assets (2)	1,148,017	689,675	657,912	951,007	94,067	7,152,000	10,692,678
<b>Total Assets</b>	<b>35,139,282</b>	<b>6,728,087</b>	<b>14,671,534</b>	<b>34,070,740</b>	<b>5,319,013</b>	<b>13,285,777</b>	<b>109,214,433</b>
<b>Liabilities</b>							
Bank Deposits	362,573	-	-	-	-	23,739	386,312
Other Deposits	49,529,000	4,829,633	677,235	7,293	-	16,748,379	71,791,540
Money Market Borrowings	1,650,467	-	-	-	-	-	1,650,467
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	1,692,304	641,573	-	-	-	-	2,333,877
Funds Provided From Other Financial Institutions	2,448,096	3,560,585	6,009,788	100,473	1,266,257	-	13,385,199
Other Liabilities	23,862	117	711,943	2,330,152	86,263	16,514,701	19,667,038
<b>Total Liabilities</b>	<b>55,706,302</b>	<b>9,031,908</b>	<b>7,398,966</b>	<b>2,437,918</b>	<b>1,352,520</b>	<b>33,286,819</b>	<b>109,214,433</b>
Balance Sheet Long Position	-	-	7,272,568	31,632,822	3,966,493	-	42,871,883
Balance Sheet Short Position	(20,567,020)	(2,303,821)	-	-	-	(20,001,042)	(42,871,883)
Off-Balance Sheet Long Position	5,720,979	4,734,356	-	-	-	-	10,455,335
Off-Balance Sheet Short Position	-	-	(4,006,053)	(5,678,954)	(623,850)	-	(10,308,857)
<b>Total Position</b>	<b>(14,846,041)</b>	<b>2,430,535</b>	<b>3,266,515</b>	<b>25,953,868</b>	<b>3,342,643</b>	<b>(20,001,042)</b>	<b>146,478</b>

(1) The expected loss provisions are presented under the “Non-Interest Bearing” column.

(2) Cash balances (Cash, Effective Deposit, Money in transit, Notes Payable) and the Central Bank of the Republic of Turkey include balances of expected losses amounting to TL 1,959.

(3) Banks include balance of expected loss provisions amounting to TL 9,809.

(4) Money market placements include balance of expected loss provisions amounting to TL 29.

(5) The revolving loans amounting to TL 7,177,755 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,640,892.

(6) Financial assets at amortized cost include balance of expected loss provisions of TL 1,104.

(7) Includes factoring receivables amounting to TL 2,083,258 and factoring receivables expected loss provisions amounting to TL 34,891.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 884,818, intangible assets amounting to TL 561,432, assets held for resale amounting to TL 131,362 , entities under common control (joint vent.) amounting to TL 5 and the other liabilities line includes the shareholders’ equity of TL 9,909,908.

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**III. Explanations Related to Consolidated Interest Rate Risk (continued)**

**Average interest rates applied to monetary financial instruments:**

	EUR %	USD %	YEN %	TL %
<b>Current Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	(0.08)	-	-	9.32
Financial Assets at Fair Value Through Profit or Loss	2.42	7.80	-	9.45
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.86	7.16	-	12.89
Loans	2.75	4.52	4.72	15.03
Financial Assets Measured at Amortized Cost	2.70	7.29	-	15.67
Liabilities				
Bank Deposits	-	0.13	-	3.75
Other Deposits	0.18	0.54	0.25	9.69
Money Market Borrowings	-	-	-	8.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	10.05
Funds Provided From Other Financial Institutions	1.99	5.68	-	12.09
(*) Includes factoring receivable.				
	EUR %	USD %	YEN %	TL %

**Prior Period**

Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	10.00
Banks	-	1.59	-	11.42
Financial Assets at Fair Value Through Profit or Loss	1.52	4.89	-	8.66
Money Market Placements	-	-	-	11.46
Financial Assets at Fair Value Through Other Comprehensive Income	2.11	4.57	-	13.83
Loans(*)	3.08	4.95	5.28	16.42
Financial Assets Measured at Amortized Cost	2.48	4.51	-	14.63
Liabilities				
Bank Deposits	-	1.40	-	5.10
Other Deposits	0.16	1.86	0.25	10.26
Money Market Borrowings	-	-	-	11.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	12.05
Funds Provided From Other Financial Institutions	1.99	5.61	-	17.62

(\*) Includes factoring receivable.

**IV. Explanations Related to Equity Share Position Risk in Consolidated Banking Accounts**

Equity securities which are not publicly traded in the Parent Bank’s financial statements are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

The Parent Bank does not have any shares traded on Borsa Istanbul.

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**V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio**

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

The Asset-Liability Management and Treasury Group is responsible for following up the Parent Bank's current liquidity position and for complying with liquidity limits approved by the Board of Directors. After evaluating the liquidity position, the Asset-Liability Management and Treasury Group use authorized products to provide sufficient liquidity based on liquidity position.

Responsibilities for liquidity management are described in the Liquidity Risk Policy which is reviewed and approved by the Board of Directors annually. The various responsibilities have been shared among the appropriate departments and committees as outlined in duty descriptions. While the Asset-Liability Management and Treasury Group alone is responsible for managing liquidity and for developing short-term liquidity estimates, the Asset-Liability Management and Treasury Group works with the Asset-Liability Management Committee to jointly developing/setting short-term liquidity strategies and middle and long term liquidity estimates. The Asset-Liability Management Committee is responsible for preparing middle and long term liquidity strategies.

The Risk Management Group monitors daily all set liquidity risk limits, and periodically reports internal and legal liquidity rates and changes to the Audit Committee and Board of Directors, in addition to providing daily reports to senior management. Information about the Parent Bank's liquidity structure and policies is provided to the relevant business lines at an Assets-Liabilities Committee meeting which is held every couple of weeks and at a Market and Liquidity Risk Committee meeting which is held monthly.

- b) Information on the centralization degree of liquidity management and funding strategy, and on operations between Parent Bank and its partnerships:

The Asset-Liability Management and the Treasury Group manage the Parent Bank's liquidity risk and performs this role only for the bank. Liquidity gap values are monitored within the limits set by the Board of Directors, and for compliance with these limits, the necessary debt instruments are used, while considering price and maturity structure. Our subsidiaries manage their own liquidity and we provide them borrowing facilities within market conditions and legal limits.

- c) Information about the Parent Bank's funding strategy including policies on funding types and variety of maturities:

While the Parent Bank tries to diversify its funding resources, it also tries to extend its payment terms. Customer deposits are the bank's main funding resource. Our main strategy for deposit management is to be inclusive while extending the average maturity. In addition to borrowings from money markets and collecting deposit, the Parent Bank uses instruments such as long-term syndicated loans, securities issued in TL and foreign currency to diversify funding resources.

- d) Information on liquidity management based on currency which consists of a minimum of 5% of the Parent Bank's total liabilities:

Excluding TL, USD and EUR, there is no foreign currency which exceeds 5% of total liabilities. For these currencies, liquidity gaps are reported on a monthly basis and the liquidity coverage ratio is calculated daily for TL and foreign currency. The Asset-Liability Management and Treasury Group is responsible for taking the necessary steps to keep ratios within the limits determined by the Board of Directors. Trend of these ratios are monitored on a monthly basis by the Liquidity Risk Committee which includes the General Manager, Assistant General Manager responsible from Financial Affairs Group, Group Risk Chief Officer, and the Assistant General Manager in charge of the Asset-Liability Management and Treasury Group. Furthermore, senior management is periodically informed about the relevant ratios.

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**V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

e) Information on liquidity risk mitigation techniques:

The Parent Bank's main liquidity management strategy is to diversify funding resources and extend the maturity structure. The Parent Bank's balance sheet liquidity risk is periodically measured by Assets-Liabilities management and closely monitored with the Treasury. In accordance with market expectations, the Assets-Liabilities Management and Treasury Group carries out the actions necessary to minimize risk.

Within this framework, the Parent Bank's liquidity risk is attempted to manage efficiently by long-term structural changes (such as diversifying funding sources, extending maturity structure etc.) and short and mid-term money market and derivative transactions.

In the short term, liquidity risk is minimized with FX swaps, interbank borrowings and repurchase agreements, while cross currency swap and interest rate swap transactions are used to minimize these risks in the long term.

f) Explanation on the usage of the stress test:

The aim of the liquidity stress test is to analyse how liquidity squeeze affects bank liquidity. Cash inflows and outflows which may arise in cases of stress event are analysed based on products with different maturities. Stress events which may arise as a result of the liquidity squeeze, both in the Parent Bank and in the whole banking system, in cases of stress event are analysed. Also, situations where the two scenarios might coincide are considered. The analysis addresses how much of the net cash outflows of different maturities would be covered by the current liquid stock during all relevant stress events.

g) General information on liquidity emergency and contingency plans:

The extraordinary liquidity situation is evaluated to determine;

- Whether the liquidity problem is specific to the Parent bank or applies to the whole banking system and
- Whether there is a permanent or temporary problem.

Profitability has second degree importance in extraordinary liquidity conditions. In cases of cash shortage or cash withdrawal, the branches are responsible for informing the Asset-Liability Management and Treasury Group about withdrawn liabilities. The Asset-Liability Management and Treasury Group takes the necessary actions to cover the cash outflow which may occur in the accounts and informs the Asset-Liability Committee of any related delays.

In a liquidity crisis, the Asset-Liability Management and Treasury Group, the Asset-Liability Committee, the Liquidity Risk Committee, senior management, and the Board of Directors are responsible for solving the liquidity problem. It is predicted that, in a liquidity crisis, in order to create additional liquidity, written actions (considering the cost) must be taken within current market conditions.

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**V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

**Liquidity Coverage Ratio:**

	Rate of Percentage to Be Taken into Account not Implemented Total Value(*)		Rate of Percentage to Be Taken into Account Implemented Total Value(*)	
	TL+FC	FC	TL+FC	FC
<b>Current Period – 31 March 2020</b>				
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			25,853,763	16,972,446
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	54,616,426	27,929,705	4,816,443	2,792,971
3 Stable Deposits	12,903,998	-	645,200	-
4 Less Stable Deposits	41,712,428	27,929,705	4,171,243	2,792,971
5 Unsecured Debts Other than Real Person and Retail Deposits	27,245,453	11,939,688	14,455,693	5,708,756
6 Operational Deposits	479,842	197,004	119,960	49,251
7 Non-operational Deposits	21,814,612	10,311,604	9,413,551	4,228,425
8 Other Unsecured Funding	4,950,999	1,431,080	4,922,182	1,431,080
9 Secured Funding			30,103	-
10 Other Cash Outflows	1,632,396	1,994,281	1,632,396	1,994,281
11 Outflows Related to Derivative Exposures and	1,632,396	1,994,281	1,632,396	1,994,281
12 Other Collateral Requirements	-	-	-	-
13 Outflows Related to Restructured Financial Instruments	-	-	-	-
14 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15 Other Revocable Off-Balance Sheet	32,623,611	10,668,668	2,661,188	1,114,923
<b>16 Total Cash Outflows</b>			<b>23,595,823</b>	<b>11,610,931</b>
<b>Cash Inflows</b>				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	13,433,311	6,100,333	9,668,746	5,538,076
19 Other Cash Inflows	1,708,970	10,284,265	1,708,970	10,284,265
<b>20 Total Cash Inflows</b>	<b>15,142,281</b>	<b>16,384,598</b>	<b>11,377,716</b>	<b>15,822,341</b>
			<b>Upper Limit Applied Values</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>25,853,763</b>	<b>16,972,446</b>
<b>22 Total Net Cash Outflows</b>			<b>12,218,107</b>	<b>2,902,733</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>211.60</b>	<b>584.71</b>

(\*) Simple arithmetic average of the last three months data calculated by using monthly simple arithmetic averages.



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**V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

**Liquidity Coverage Ratio: (continued)**

Prior Period – 31 December 2019	Rate of “Percentage” to Be Taken into Account not Implemented Total Value(*)		Rate of “Percentage” to Be Taken into Account” Implemented Total Value(*)	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
1 High Quality Liquid Assets			21,836,422	13,917,929
<b>Cash Outflows</b>				
2 Real Person and Retail Deposits	51,313,467	25,406,593	4,514,492	2,540,659
3 Stable Deposits	12,337,090	-	616,854	-
4 Less Stable Deposits	38,976,377	25,406,593	3,897,638	2,540,659
5 Unsecured Debts Other than Real Person and Retail Deposits	21,297,924	11,014,451	11,767,184	5,804,238
6 Operational Deposits	435,470	187,907	108,867	46,977
7 Non-operational Deposits	15,944,770	8,635,837	6,769,930	3,566,554
8 Other Unsecured Funding	4,917,684	2,190,707	4,888,387	2,190,707
9 Secured Funding			11,458	-
10 Other Cash Outflows	1,540,455	2,290,197	1,540,455	2,290,197
11 Outflows Related to Derivative Exposures and	1,540,455	2,290,197	1,540,455	2,290,197
12 Other Collateral Requirements	-	-	-	-
13 Outflows Related to Restructured Financial Instruments	-	-	-	-
14 Payment Commitments and Other Off-Balance Sheet Commitments Granted for Debts to Financial Market	-	-	-	-
15 Other Revocable Off-Balance Sheet	32,014,818	10,476,671	2,646,516	1,098,773
<b>16 Total Cash Outflows</b>			<b>20,480,105</b>	<b>11,733,867</b>
<b>Cash Inflows</b>				
17 Secured Liabilities	-	-	-	-
18 Unsecured Liabilities	12,640,333	5,416,414	9,256,464	4,759,747
19 Other Cash Inflows	1,691,512	8,203,937	1,691,512	8,203,938
<b>20 Total Cash Inflows</b>	<b>14,331,845</b>	<b>13,620,351</b>	<b>10,947,976</b>	<b>12,963,685</b>
			<b>Upper Limit Applied Values</b>	
<b>21 Total High Quality Liquid Assets</b>			<b>21,836,422</b>	<b>13,917,929</b>
<b>22 Total Net Cash Outflows</b>			<b>9,532,129</b>	<b>2,933,467</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>229.08</b>	<b>474.45</b>

(\*) Simple arithmetic average of the last three months data calculated by using monthly simple arithmetic averages.

The amount of high quality liquid assets, distribution of deposits based on segment, maturity types of borrowings and the share of revolving loans in loan portfolio can be considered as the most important factors affecting liquidity coverage ratio.

High quality liquid assets in order to their priority consist of the time accounts, bond portfolio, reserve deposit and cash. Funding sources consists of corporate customer deposits, real person deposits, borrowings and SME deposit accounts which are weighted by ratios used in Liquidity Coverage Ratio reporting considering their maturity types. Due to amount differences between buy and sell transactions, derivative products effects more FC Liquidity Coverage Ratio rather than the total. Besides, cash outflows due to withdrawal of the collaterals securing derivatives and market valuation changes on derivative transactions are considered in calculations.

There are concentration limits on funding sources approved by Board of Directors of the Parent Bank. Proportional limits on product type are reported in relation to how much of the funding can be obtained from deposits, group funding, borrowings from banks and repo and other long-term sources.

Liquidity management of the subsidiaries subject to consolidation is carried out by the companies themselves. Although there is a consolidated reporting for the liquidity coverage ratio, there is no centralized liquidity management. Finally, there is no significant cash inflow and cash outflow related to the liquidity profile of the Parent Bank, which is included in the calculation of liquidity coverage ratio, but which is not included in the public disclosure template in the second paragraph of the related communiqué.

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**V. Explanations Related to Consolidated Liquidity Risk and Liquidity Coverage Ratio (continued)**

Consolidated Liquidity Coverage Ratios for the last three months are presented below:

	Current Period	
	TL+FC	FC
January 2020	241.86%	695.20%
February 2020	234.16%	647.38%
March 2020	174.72%	511.68%
	Prior Period	
	TL+FC	FC
October 2019	166.14%	452.52%
November 2019	319.48%	566.39%
December 2019	176.08%	373.90%

**Presentation of assets and liabilities according to their remaining maturities:**

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed(*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey <sup>(2)</sup>	4,303,769	12,686,751	-	-	-	-	(3,229)	16,987,291
Banks <sup>(3)</sup>	2,079,417	3,712,115	-	-	-	-	(6,187)	5,785,345
Financial Assets at Fair Value Through Profit and Loss	-	826	21,367	441,478	1,245,384	323,276	120,505	2,152,836
Money Market Placements	-	74	-	-	-	-	-	74
Financial Assets Measured at Other Comprehensive Income	9,961	250,402	131,482	897,676	5,054,929	1,026,114	-	7,370,564
Loans <sup>(4)</sup>	-	20,194,967	4,445,678	15,470,242	32,247,687	4,157,215	294,051	76,809,840
Financial Assets Measured at Amortised Cost <sup>(5)</sup>	-	341,136	33,596	908,653	3,574,096	339,316	(1,170)	5,195,627
Other Assets <sup>(6)</sup>	-	1,636,612	872,903	1,397,738	957,476	243,617	6,779,853	11,888,199
<b>Total Assets</b>	<b>6,393,147</b>	<b>38,822,883</b>	<b>5,505,026</b>	<b>19,115,787</b>	<b>43,079,572</b>	<b>6,089,538</b>	<b>7,183,823</b>	<b>126,189,776</b>
<b>Liabilities</b>								
Bank Deposits	28,837	742,774	-	-	-	-	-	771,611
Other Deposits	20,060,167	54,629,648	7,073,539	614,909	7,612	-	-	82,385,875
Funds Provided From Other Financial Institutions	-	3,275,012	2,211,594	5,132,692	119,576	3,510,967	-	14,249,841
Money Market Borrowings	-	4,628,613	-	-	-	-	-	4,628,613
Securities Issued	-	1,910,653	1,530,977	-	-	-	-	3,441,630
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	45,304	5,519,698	322,770	883,064	2,217,743	534,873	11,188,754	20,712,206
<b>Total Liabilities</b>	<b>20,134,308</b>	<b>70,706,398</b>	<b>11,138,880</b>	<b>6,630,665</b>	<b>2,344,931</b>	<b>4,045,840</b>	<b>11,188,754</b>	<b>126,189,776</b>
<b>Liquidity Gap</b>	<b>(13,741,161)</b>	<b>(31,883,515)</b>	<b>(5,633,854)</b>	<b>12,485,122</b>	<b>40,734,641</b>	<b>2,043,698</b>	<b>(4,004,931)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>80,954</b>	<b>(200,421)</b>	<b>168,849</b>	<b>39,300</b>	<b>32,333</b>	<b>-</b>	<b>121,015</b>
Financial Derivative Assets	-	22,701,721	6,466,383	17,534,095	11,975,329	3,799,110	-	62,476,638
Financial Derivative Liabilities	-	22,620,767	6,666,804	17,365,246	11,936,029	3,766,777	-	62,355,623
Non-Cash Loans	5,992,094	1,260,458	2,534,170	6,243,420	5,992,609	-	-	22,022,751
<b>Prior Period</b>								
Total Assets	5,515,639	34,182,163	6,637,624	13,281,044	37,193,771	5,767,493	6,636,699	109,214,433
Total Liabilities	16,794,047	59,807,324	6,517,914	8,903,793	2,793,702	3,642,509	10,755,144	109,214,433
<b>Liquidity Gap</b>	<b>(11,278,408)</b>	<b>(25,625,161)</b>	<b>119,710</b>	<b>4,377,251</b>	<b>34,400,069</b>	<b>2,124,984</b>	<b>(4,118,445)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>217,295</b>	<b>(20,526)</b>	<b>21,127</b>	<b>62,051</b>	<b>1,665</b>	<b>-</b>	<b>281,612</b>
Financial Derivative Assets	-	18,322,414	6,162,762	13,378,270	15,125,169	3,374,022	-	56,362,637
Financial Derivative Liabilities	-	18,105,119	6,183,288	13,357,143	15,063,118	3,372,357	-	56,081,025
Non-Cash Loans	6,077,407	942,642	2,658,433	5,667,723	7,028,565	-	-	22,374,770

(1) Active accounts with fixed assets, associates and subsidiaries, fixed assets, prepaid expenses and non-performing loans, which are required for the continuation of banking activities and which do not have the chance to convert to cash in a short time, are recorded here. The expected loss provisions are also shown here.

(2) Cash and cash equivalents (Cash in Vault, Foreign Currency, Cash, Money in Transit, Cheques Purchased) and the Central Bank of Turkey includes expected credit loss amounting to TL 3,229.

(3) Banks include balance of expected loss provisions amounting to TL 6,187.

(4) The revolving loans amounting to TL 9,081,692 are presented under the “Up to 1 Month” column. It includes expected loss provisions amounting to TL 3,797,285.

(5) Financial assets at amortized cost include balance of expected loss provisions of TL 1,170.

(6) Includes factoring receivables amounting to TL 2,034,691 and factoring receivables expected loss provisions amounting to TL 35,700.

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**VI. Explanations Related to Consolidated Leverage Ratio**

a) Information on issues that cause differences between current period and previous period leverage ratios:

There is a decrease in the leverage ratio in line with the increase on-balance sheet risks.

b) Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:

	<b>Current Period (**)</b>	<b>Prior Period (**)</b>
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	121,182,013	106,140,378
2 Difference between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	-	-
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	613,191	560,417
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	4,684	3,323
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	45,702,034	46,736,319
6 Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1,424,763)	(1,383,371)
<b>7 Total Risk</b>	<b>166,077,159</b>	<b>152,057,066</b>

(\*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communique on Preparation of Consolidated Financial Statements of the Banks.

(\*\*) The arithmetic average of the last 3 months in the related periods.

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**VI. Explanations Related to Consolidated Leverage Ratio (continued)**

c) Leverage Ratio:

	<b>Current Period(*)</b>	<b>Prior Period(*)</b>
<b>Assets On the Balance Sheet</b>		
1 Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	119,656,503	104,904,660
2 (Assets Deducted from Core Capital)	(582,447)	(586,136)
3 Total Risk Amount for Assets on the Balance Sheet	119,074,056	104,318,524
<b>Derivative Financial Instruments and Credit Derivatives</b>		
4 Renewal Cost of Derivative Financial Instruments and Credit Derivatives	683,194	438,483
5 Potential Credit Risk Amount of Derivative Financial Instruments and Credit Derivatives	613,191	560,417
6 Total Risk Amount of Derivative Financial Instruments and Credit Derivatives	1,296,385	998,900
<b>Financing Transactions With Securities Or Goods Warranties</b>		
7 Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	4,684	3,323
8 Risk Amount Arising from Intermediated Transactions	-	-
9 Total Risk Amount of Financing Transactions with Securities or Goods Warranties	4,684	3,323
<b>Off-Balance Sheet Transactions</b>		
10 Gross Nominal Amount of the Off-balance Sheet Transactions	45,702,034	46,736,319
11 (Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
12 Total Risk Amount for Off-balance Sheet Transactions	45,702,034	46,736,319
<b>Capital and Total Risk</b>		
13 Tier 1 Capital	10,602,611	10,392,276
14 Total Risk Amount	166,077,159	152,057,066
<b>Leverage Ratio</b>		
15 Leverage Ratio	6.38%	6.83%

(\*) The amounts in the table are calculated by using the quarterly average amounts.

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**VII. Explanations Related to Consolidated Risk Management**

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The notes to be presented within the scope of internal rating based approach have not been presented due to use of standard approach for the calculation of capital adequacy ratio by the Group.

**Overview of Risk Weighted Amounts**

	Risk Weighted Amounts		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit Risk (Excluding Counterparty Credit Risk) (CCR)	85,543,390	75,343,174	6,843,471
2 Of which Standardized Approach (SA)	85,543,390	75,343,174	6,843,471
3 Of which Internal Rating-based (IRB) Approach	-	-	-
4 Counterparty Credit Risk	1,892,101	1,203,770	151,368
5 Of which Standardized Approach for Counterparty Credit Risk (SA-CCR)	1,892,101	1,203,770	151,368
6 Of which Internal Model Method (IMM)	-	-	-
7 Equity positions in banking accounts under market-based approach	-	-	-
8 Equity investments in funds – Look-through Approach	-	-	-
9 Equity investments in funds – Mandate-based Approach	-	-	-
10 Equity investments in funds – 1250% Weighted Risk Approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization Positions in banking accounts.	-	-	-
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	2,153,177	1,637,917	172,254
17 Standardized Approach (SA)	2,153,177	1,637,917	172,254
18 Internal Model Approaches (IMM)	-	-	-
19 Operational Risk	9,894,462	8,663,988	791,557
20 Of which Basic Indicator Approach	9,894,462	8,663,988	791,557
21 Of which Standard Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the Thresholds for Deduction (Subject to a 250% Risk Weight)	-	-	-
24 Floor Adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>99,483,130</b>	<b>86,848,849</b>	<b>7,958,650</b>

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Consolidated Assets**

**1. a) Information on Cash and Balances with the Central Bank of the Republic of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	424,970	2,064,391	410,345	2,031,625
Balances with the Central Bank of Turkey	1,667,646	12,683,145	305,709	8,942,832
Other	-	150,368	-	265,460
<b>Total</b>	<b>2,092,616</b>	<b>14,897,904</b>	<b>716,054</b>	<b>11,239,917</b>

**b) Information related to the account of the Central Bank of the Republic of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	1,664,040	-	297,130	-
Unrestricted Time Deposit	-	4,738,057	-	3,932,318
Restricted Time Deposit	3,606	7,945,088	8,579	5,010,514
<b>Total</b>	<b>1,667,646</b>	<b>12,683,145</b>	<b>305,709</b>	<b>8,942,832</b>

Foreign currency unrestricted deposit amounting to TL 4,738,057 (31 December 2019: TL 3,932,318), foreign currency restricted deposit amounting to TL 7,945,088 (31 December 2019: TL 5,010,514), unrestricted deposit balance amounting to TL 1,664,040 (31 December 2019: TL 297,130) and restricted deposit amounting to TL 3,606 (31 December 2019: TL 8,579) comprises of reserve deposits. As of 31 March 2020, the Turkish Lira required reserve ratios are determined to be within the range of 1%-7% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2019: 1%-2%), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 5%-21% (31 December 2019: 5%-21%).

**2. Information on financial assets at fair value through profit or loss (net):**

- a.1) Information on financial assets at fair value through profit or loss given as collateral / blocked: None (31 December 2019: None).
- a.2) Financial assets at fair value through profit or loss subject to repurchase agreements: None (31 December 2019: None).

Net book value of unrestricted financial assets at fair value through profit or loss is TL 2,032,331 (31 December 2019: TL 1,167,994).

**3. Positive differences related to derivative financial assets held-for-trading:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	149,181	11,489	144,959	9,474
Swap Transactions	1,368,246	314,390	1,302,918	179,827
Futures Transactions	-	-	-	-
Options	32,891	29,620	25,918	6,946
Other	-	-	-	-
<b>Total</b>	<b>1,550,318</b>	<b>355,499</b>	<b>1,473,795</b>	<b>196,247</b>

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**4. Information on banks:**

a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	1,928,025	502,920	1,031,578	185,445
Foreign Banks	54,427	3,306,160	55,635	7,303,396
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>1,982,452</b>	<b>3,809,080</b>	<b>1,087,213</b>	<b>7,488,841</b>

**5. Information on financial assets at fair value through other comprehensive income:**

a.1) Information on financial assets at fair value through other comprehensive income given as collateral / blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	149,805	2,092,043	333,201	-
Other	-	-	-	-
<b>Total</b>	<b>149,805</b>	<b>2,092,043</b>	<b>333,201</b>	<b>-</b>

a.2) Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1,460,182	124,137	77,088	-
Treasury Bills	-	-	-	-
Other Government Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,460,182</b>	<b>124,137</b>	<b>77,088</b>	<b>-</b>

The book value of debt securities and equity securities in unrestricted financial assets at fair value through other comprehensive income is TL 3,544,397 (31 December 2019: TL 5,131,082).

b.1) Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	7,360,603	5,533,476
Quoted on a Stock Exchange	7,339,105	5,512,862
Unquoted	21,498	20,614
Equity Securities	9,961	7,895
Quoted on a Stock Exchange	-	-
Unquoted	9,961	7,895
Impairment Provision (-)	-	-
<b>Total</b>	<b>7,370,564</b>	<b>5,541,371</b>

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans:**

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Loans Granted to Shareholders	1,805	196,333	1,596	182,856
Corporate Shareholders	1,805	196,333	1,596	182,856
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	148,590	-	139,703	-
<b>Total</b>	<b>150,395</b>	<b>196,333</b>	<b>141,299</b>	<b>182,856</b>

b) Information on the standard loans, loans under close monitoring and restructured loans under close monitoring:

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with Revised Contract Terms	Refinancing
<b>Cash Loans</b>				
Non-specialized loans	67,815,429	6,680,765	131,606	1,887,989
Working Capital Loans	4,213,600	600,455	16,832	721,963
Export Loans	8,615,680	300,835	34,717	129,761
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,052,827	946	-	-
Consumer Loans	16,500,963	2,901,860	2,285	142,304
Credit Cards	3,820,196	699,157	53,521	-
Other	32,612,163	2,177,512	24,251	893,961
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>67,815,429</b>	<b>6,680,765</b>	<b>131,606</b>	<b>1,887,989</b>

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Loss	430,713	-	394,194	-
Significant increase in Credit Risk	-	962,767	-	894,153
<b>Total</b>	<b>430,713</b>	<b>962,767</b>	<b>394,194</b>	<b>894,153</b>



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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans: (continued)**

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>599,286</b>	<b>18,175,940</b>	<b>18,775,226</b>
Housing Loans	2,711	5,299,523	5,302,234
Vehicle Loans	14,287	408,639	422,926
General Purpose Loans	582,288	12,467,778	13,050,066
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>17,342</b>	<b>17,342</b>
Housing Loans	-	17,342	17,342
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>-</b>	<b>26,412</b>	<b>26,412</b>
Housing Loans	-	5,859	5,859
Vehicle Loans	-	3,312	3,312
General Purpose Loans	-	17,241	17,241
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3,058,601</b>	<b>47,882</b>	<b>3,106,483</b>
With Instalments	940,357	47,882	988,239
Without Instalments	2,118,244	-	2,118,244
<b>Individual Credit Cards-FC</b>	<b>6,260</b>	<b>-</b>	<b>6,260</b>
With Instalments	-	-	-
Without Instalments	6,260	-	6,260
<b>Personnel Loans-TL</b>	<b>14,070</b>	<b>102,559</b>	<b>116,629</b>
Housing Loans	-	479	479
Vehicle Loans	-	-	-
General Purpose Loans	14,070	102,080	116,150
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>28,078</b>	<b>111</b>	<b>28,189</b>
With Instalments	8,289	111	8,400
Without Instalments	19,789	-	19,789
<b>Personnel Credit Cards-FC</b>	<b>69</b>	<b>-</b>	<b>69</b>
With Instalments	-	-	-
Without Instalments	69	-	69
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>611,799</b>	<b>-</b>	<b>611,799</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>4</b>	<b>-</b>	<b>4</b>
<b>Total</b>	<b>4,318,167</b>	<b>18,370,246</b>	<b>22,688,413</b>

(\*) Overdraft accounts include personnel loans amounting to TL 3,703.

(\*\*) Loans granted via branches abroad.

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans: (continued)**

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>567,813</b>	<b>15,880,140</b>	<b>16,447,953</b>
Housing Loans	3,287	5,334,276	5,337,563
Vehicle Loans	18,385	422,741	441,126
General Purpose Loans	546,141	10,123,123	10,669,264
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>18,308</b>	<b>18,308</b>
Housing Loans	-	18,308	18,308
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>-</b>	<b>27,949</b>	<b>27,949</b>
Housing Loans	-	6,031	6,031
Vehicle Loans	-	3,655	3,655
General Purpose Loans	-	18,263	18,263
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3,135,899</b>	<b>54,120</b>	<b>3,190,019</b>
With Instalments	1,012,747	54,120	1,066,867
Without Instalments	2,123,152	-	2,123,152
<b>Individual Credit Cards-FC</b>	<b>11,775</b>	<b>-</b>	<b>11,775</b>
With Instalments	-	-	-
Without Instalments	11,775	-	11,775
<b>Personnel Loans-TL</b>	<b>13,520</b>	<b>89,484</b>	<b>103,004</b>
Housing Loans	-	517	517
Vehicle Loans	-	-	-
General Purpose Loans	13,520	88,967	102,487
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>31,920</b>	<b>-</b>	<b>31,920</b>
With Instalments	10,293	-	10,293
Without Instalments	21,627	-	21,627
<b>Personnel Credit Cards-FC</b>	<b>393</b>	<b>-</b>	<b>393</b>
With Instalments	-	-	-
Without Instalments	393	-	393
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>608,567</b>	<b>-</b>	<b>608,567</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>4</b>	<b>-</b>	<b>4</b>
<b>Total</b>	<b>4,369,891</b>	<b>16,070,001</b>	<b>20,439,892</b>

(\*) Overdraft accounts include personnel loans amounting to TL 4,386.

(\*\*) Loans granted via branches abroad.

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans: (continued)**

d) Information on commercial loans with instalments and corporate credit cards:

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Loans with Instalment -TL</b>	<b>973,292</b>	<b>9,826,015</b>	<b>10,799,307</b>
Business Loans	950	180,396	181,346
Vehicle Loans	29,224	786,101	815,325
General Purpose Loans	943,118	8,859,518	9,802,636
Other	-	-	-
<b>Commercial Loans with Instalment - Indexed to FC</b>	<b>-</b>	<b>262,889</b>	<b>262,889</b>
Business Loans	-	5,968	5,968
Vehicle Loans	-	70,228	70,228
General Purpose Loans	-	186,693	186,693
Other	-	-	-
<b>Commercial Loans with Instalment - FC</b>	<b>181</b>	<b>-</b>	<b>181</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	181	-	181
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,428,211</b>	<b>2,182</b>	<b>1,430,393</b>
With Instalments	384,404	2,182	386,586
Without Instalments	1,043,807	-	1,043,807
<b>Corporate Credit Cards-FC</b>	<b>1,480</b>	<b>-</b>	<b>1,480</b>
With Instalments	-	-	-
Without Instalments	1,480	-	1,480
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>923,389</b>	<b>-</b>	<b>923,389</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,326,553</b>	<b>10,091,086</b>	<b>13,417,639</b>

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Loans with Instalment -TL</b>	<b>1,006,177</b>	<b>9,781,970</b>	<b>10,788,147</b>
Business Loans	1,000	170,690	171,690
Vehicle Loans	26,836	682,638	709,474
General Purpose Loans	978,341	8,928,642	9,906,983
Other	-	-	-
<b>Commercial Loans with Instalment - Indexed to FC</b>	<b>-</b>	<b>331,604</b>	<b>331,604</b>
Business Loans	-	5,899	5,899
Vehicle Loans	-	83,943	83,943
General Purpose Loans	-	241,762	241,762
Other	-	-	-
<b>Commercial Loans with Instalment - FC</b>	<b>478</b>	<b>-</b>	<b>478</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	478	-	478
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1,504,191</b>	<b>-</b>	<b>1,504,191</b>
With Instalments	385,150	-	385,150
Without Instalments	1,119,041	-	1,119,041
<b>Corporate Credit Cards-FC</b>	<b>2,439</b>	<b>-</b>	<b>2,439</b>
With Instalments	-	-	-
Without Instalments	2,439	-	2,439
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>849,525</b>	<b>-</b>	<b>849,525</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,362,810</b>	<b>10,113,574</b>	<b>13,476,384</b>

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans: (continued)**

e) Domestic and foreign loans:

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	75,855,468	64,365,150
Foreign Loans	660,321	547,750
<b>Total</b>	<b>76,515,789</b>	<b>64,912,900</b>

f) Loans granted to subsidiaries and associates:

These amounts are eliminated in the consolidated financial statements.

g) Specific or non-performing loan (Stage 3) provisions for loans:

	<b>Current Period</b>	<b>Prior Period</b>
Loans and Receivables with Limited Collectability	203,874	349,033
Loans and Receivables with Doubtful Collectability	593,255	572,537
Uncollectible Loans and Receivables	1,606,676	1,430,975
<b>Total</b>	<b>2,403,805</b>	<b>2,352,545</b>

h) Information on loans under follow-up (Net):

h.1) Information on loans and other receivables included in loans under follow-up which are restructured or rescheduled:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
Gross Amounts before Provisions	48,848	79,048	21,589
Restructured Loans	48,848	79,048	21,589
<b>Prior Period</b>			
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	55,867	41,008	18,928
Rescheduled Loans and Other Receivables	55,867	41,008	18,928

h.2) Movement of loans under follow-up:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period</b>			
<b>Prior Period End Balance</b>	<b>624,321</b>	<b>1,168,994</b>	<b>2,353,591</b>
Additions (+)	305,381	23,741	95,756
Transfers from Other Categories of Loans under Follow-up (+)	-	535,212	455,466
Transfers to Other Categories of Loans under Follow-up (-)	535,212	455,466	-
Collections (-)	82,242	103,979	164,766
Write-offs (-) (*)	1	680	22,896
Sold Portfolio (-) (*)	3	1,962	103,919
Corporate and Commercial Loans	-	1,883	59,515
Retail Loans	2	-	14,261
Credit Cards	1	79	30,143
Other	-	-	-
<b>Current Period End Balance</b>	<b>312,244</b>	<b>1,165,860</b>	<b>2,613,232</b>
Provision (-)	203,874	593,255	1,606,676
<b>Net Balances on Balance Sheet</b>	<b>108,370</b>	<b>572,605</b>	<b>1,006,556</b>

(\*) Past due receivables amounting to TL 105,884 for which TL 101,156 of provision had been allocated, is sold for TL 7,010 during 2020. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans: (continued)**

h.3) Information on foreign currency loans under follow-up:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectable Loans and Receivables</b>
<b>31 March 2020</b>			
Current Period End Balance	9,391	59,789	185,198
Provision (-)	7,497	34,140	133,120
<b>Net Balance on Balance Sheet</b>	<b>1,894</b>	<b>25,649</b>	<b>52,078</b>
<b>31 December 2019</b>			
Prior Period End Balance	40,984	76,556	153,192
Provision (-)	22,125	42,944	121,969
<b>Net Balance on Balance Sheet</b>	<b>18,859</b>	<b>33,612</b>	<b>31,223</b>

h.4) Information regarding gross and net amounts of loans under follow-up with respect to user groups:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Receivables with Limited Collectability</b>	<b>Loans and Receivables with Doubtful Collectability</b>	<b>Uncollectible Loans and Receivables</b>
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	312,244	1,165,860	2,613,232
Provision (-)	203,874	593,255	1,606,676
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>108,370</b>	<b>572,605</b>	<b>1,006,556</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	624,321	1,168,994	2,353,591
Provision (-)	349,033	572,537	1,430,975
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>275,288</b>	<b>596,457</b>	<b>922,616</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

h.5) Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans and their provisions:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period(Net)</b>			
Interest Accruals, Rediscounts and Valuation Differences	42,827	183,625	470,964
Provision (-)	35,894	99,046	201,790
<b>Prior Period (Net)</b>	<b>18,822</b>	<b>77,767</b>	<b>229,640</b>
Interest Accruals, Rediscounts and Valuation Differences	76,914	175,092	394,218
Provision (-)	58,092	97,325	164,578

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**6. Information on loans: (continued)**

i) Explanations on write-off policy:

Group 5 - Loans classified as Bad Debt, with at least one reporting period remaining in this group, and provided with life-long expected credit loss provision due to the debtor's default, constitute the bank's loans to be written-off. Write-off is an accounting practice and does not result in giving up the right on the receivable. Loans which are written-off do not affect the legal follow-up of the Parent Bank. Indicators are utilized concerning the absence of reasonable expectations regarding the recovery of loans. The write-off is examined on an incident basis with predefined criterias. And the following write-off criterias are considered:

- Limited possibility of recovery: Loans with low collateralization rates, limited collateral capability, limited assets that provide foreclosure collection opportunities, loans with higher collection costs and lower collection expectations are evaluated,
- Financial indicators: Financial indicators regarding the inability to recover the entire loan are evaluated,
- Long-term follow-up: Loans which do not have reasonable collection expectations, among the loans that have been in legal follow-up for a long time, are evaluated,

The following applications regarding the loans which is under follow-up and written-off cannot be different form registered loans:

- a) The methods applied for legal collection of loans from debtors,
- b) Decisions regarding the inclusion to the non-performing loans sale
- c) Decisions to waive the receivables by waiving the loans.

The amount written-off by the Parent Bank within the scope of TFRS 9 during the financial period is TL 22,130 (31 December 2019: TL 171,832) and its effect on NPL ratio is 0.02% (31 December 2019: 0.23%). The follow-up conversion rate is 5.08% (31 December 2019: 5.99%) with the current period non-performing loans after write-offs, while the calculated rate including the loans written-off during the year is 5.10%(31 December 2019: 6.22%).

**7. Information on financial assets measured at amortized cost:**

a) a.1) Information on financial assets subject to repurchase agreements and those given as collateral/blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	966,658	1,001,318	1,194,716	405,580
<b>Total</b>	<b>966,658</b>	<b>1,001,318</b>	<b>1,194,716</b>	<b>405,580</b>

a.2) Information on financial assets measured at amortized cost and given as collateral / blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity Securities	-	-	-	-
Bond, Treasury bill and similar investment securities	1,211,764	792,582	1,978,084	-
Other	-	-	-	-
<b>Total</b>	<b>1,211,764</b>	<b>792,582</b>	<b>1,978,084</b>	<b>-</b>

Unrestricted financial assets at amortized cost amounting to TL 1,224,475 (31 December 2019: TL 1,328,238).

a.3) Information on government debt securities measured at amortized cost:

	Current Period	Prior Period
Government Bonds	5,196,797	4,906,618
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>5,196,797</b>	<b>4,906,618</b>

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**7. Information on financial assets measured at amortized cost: (continued)**

a.4) Information on financial assets measured at amortized cost:

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	5,196,797	4,906,618
Quoted on a Stock Exchange	5,196,797	4,906,618
Unquoted	-	-
Impairment Provision(-)	-	-
<b>Total</b>	<b>5,196,797</b>	<b>4,906,618</b>

a.5) Movement of financial assets measured at amortized cost:

	<b>Current Period</b>	<b>Prior Period</b>
Beginning Balance	4,906,618	2,792,080
Foreign Currency Differences on Monetary Assets	126,851	-
Purchases during the Year (*)(**)	761,275	2,114,538
Disposals Through Sales and Redemptions	(597,947)	-
Impairment Provision (-)	-	-
<b>Closing Balance</b>	<b>5,196,797</b>	<b>4,906,618</b>

(\*) Includes rediscount amounts.

(\*\*) In the current period, the securities portfolio of the Chief Investment Office were transferred to the Asset-Liability Management and Treasury Group due to the change in the business model of the Parent Bank management. During this transition, securities held as “Financial Assets at Fair Value through Other Comprehensive Income” amounting to TL 291,603 were classified as “Financial Assets Measured at Amortized Cost”. After this reclassification, the valuation difference amounting to TL 20,141 has been reversed from equity.

**8. Information on associates (Net):**

- a.1) Information on consolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2019: None).
- a.2) Information on the unconsolidated associates: None (31 December 2019: None).
- a.3) Information on the consolidated associates: None (31 December 2019: None).
- a.4) Information on sector information on consolidated associates: None (31 December 2019: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2019: None).

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**9. Information on subsidiaries (Net):**

- a) Information on shareholders’ equity of significant subsidiaries:

	<b>TEB Faktoring A.Ş.</b>	<b>TEB Yatırım Menkul Değerler A.Ş.</b>	<b>TEB Portföy Yönetimi A.Ş.</b>
Paid-in Capital to be Entitled for Compensation after All Creditors	30,000	28,794	6,860
Reserves	120,955	48,340	6,779
Net income for the period and prior period income	17,757	40,000	9,887
Income/ Loss recognized under equity in accordance with TAS	-	-	(132)
Leasehold Improvements on Operational Leases (-)	260	127	-
Goodwill and intangible asset and the related deferred tax liability (-)	2,794	2,615	352
<b>Total Common Equity Tier 1 Capital</b>	<b>165,658</b>	<b>114,392</b>	<b>23,042</b>
General Provision	4,357	-	-
<b>Total Equity</b>	<b>170,015</b>	<b>114,392</b>	<b>23,042</b>

The Parent Bank has no capital requirements arising from its subsidiaries included in the Consolidated Capital Adequacy Standard Ratio.

- a) If there is any unconsolidated subsidiary, the justifications for non-inclusion and, if subject to, the total equity amount that is needed to achieve the minimum capital requirement: None (31 December 2019: None).
- b) Information on the unconsolidated subsidiaries: None (31 December 2019: None).
- c) Information on the consolidated subsidiaries:
- d.1) Information on the consolidated subsidiaries:

<b>Title</b>	<b>Address (City/Country)</b>	<b>Group’s share percentage- If different voting percentage (%)</b>	<b>Other shareholders’ share percentage (%)</b>
1 TEB Faktoring A.Ş.	Istanbul/Turkey	100.00	-
2 TEB Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100.00	-
3 TEB Portföy Yönetimi A.Ş.	Istanbul/Turkey	54.74	45.26

Information on the consolidated subsidiaries with the order as presented in the table above:

	<b>Total Assets</b>	<b>Shareholders’ Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Marketable Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss (*)</b>	<b>Fair Value</b>
1	2,114,872	168,712	2,363	44,998	-	6,719	9,430	-
2	184,578	117,134	3,219	6,601	-	14,866	9,411	-
3	29,318	23,394	1,284	584	26	2,629	1,322	-

(\*) These figures are shown per BRSA financial statements as of 31 March 2019.

- d.2) Information on consolidated subsidiaries:

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the Beginning of the Period	124,918	124,424
Movements during the Period	-	494
Purchases	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	494
Value Increase/(Decrease)	-	-
<b>Balance at the End of the Period</b>	<b>124,918</b>	<b>124,918</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-



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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**9. Information on subsidiaries (Net): (continued)**

d.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies/TEB Faktoring A.Ş.	43,417	43,417
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries/TEB Yatırım Menkul Değerler A.Ş.	74,941	74,941
TEB Portföy Yönetimi A.Ş.	6,560	6,560
<b>Total</b>	<b>124,918</b>	<b>124,918</b>

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2019: None).

**10. Information on entities under common control (Joint Ventures):**

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current Asset	Long-term Receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	85,803	53,003	26,946	54,462	(47,745)

b) Accounting method of the reasonable justification of unconsolidated in Joint Ventures that booked on the unconsolidated parent bank’s financial statements.

The Parent Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, and it is carried by cost value since necessary requirements for consolidation is not met.

**11. Information on financial lease receivables (Net):** None (31 December 2019: None).

**12. Positive differences related to derivative financial assets for hedging purposes**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	113,125	28,595	7,024	14,112
Cash Flow Hedge	476,777	36	219,494	877
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>589,902</b>	<b>28,631</b>	<b>226,518</b>	<b>14,989</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Parent Bank, as of 31 March 2020 accumulated valuation differences amounted TL 12,489 (31 December 2019: TL 20,286) is recorded under equity and these accumulated differences are transferred into income statement by considering maturity date of hedged items.

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**I. Explanations and Disclosures Related to the Consolidated Assets (continued)**

**13. Information on investment property:** None (31 December 2019: None).

**14. Information on held for sale fixed assets and discontinued operations:**

	<b>Current Period</b>	<b>Prior Period</b>
Beginning of Period Cost	131,362	109,104
Beginning of Period Accumulated Depreciation (-)	-	-
<b>Net Book Value</b>	<b>131,362</b>	<b>109,104</b>
Opening Balance	131,362	109,104
Acquired	39,814	149,647
Disposed (-)	25,940	122,922
Impairment (-)	4,065	4,467
Depreciation Value (-)	-	-
End of Period Cost	141,171	131,362
End of Period Accumulated Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>141,171</b>	<b>131,362</b>

**15. Information on Group’s factoring receivables:**

a) Maturity analysis explanation:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short Term(*)	1,273,825	756,932	1,207,988	873,720
Mid and Long Term	3,934	-	1,550	-
Stage 1 Provision (-)	1,897	127	1,334	146
Stage 2 Provision (-)	2,333	-	1,959	-
Stage 3 Provision (-)	24,737	6,606	25,315	6,137
<b>Total</b>	<b>1,248,792</b>	<b>750,199</b>	<b>1,180,930</b>	<b>867,437</b>

(\*) Includes factoring receivables amounting to TL 32,339 (31 December 2019: TL 31,946).

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**II. Explanations and Disclosures Related to the Consolidated Liabilities**

**1. a) Information on maturity structure of deposits:**

**a.1) Current period:**

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	3,474,829	-	13,049,053	8,473,700	132,798	46,276	146,861	-	25,323,517
Foreign Currency Deposits	10,358,959	-	8,269,308	16,430,034	152,794	82,933	67,231	-	35,361,259
Residents in Turkey	9,570,648	-	7,749,052	15,969,670	125,527	36,061	47,993	-	33,498,951
Residents Abroad	788,311	-	520,256	460,364	27,267	46,872	19,238	-	1,862,308
Public Sector Deposits	459,800	-	7,940	257,980	7,602	-	-	-	733,322
Commercial Deposits	3,277,838	-	7,341,045	5,253,633	36,961	3,136	52,676	-	15,965,289
Other Institutions Deposits	146,985	-	67,744	1,083,315	56,468	93	429	-	1,355,034
Precious Metals Deposits	2,341,756	-	58,023	783,807	67,793	276,501	119,574	-	3,647,454
Bank Deposits	28,837	-	742,774	-	-	-	-	-	771,611
Central Bank of Turkey	59	-	-	-	-	-	-	-	59
Domestic Banks	20	-	-	-	-	-	-	-	20
Foreign Banks	28,758	-	742,774	-	-	-	-	-	771,532
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20,089,004</b>	<b>-</b>	<b>29,535,887</b>	<b>32,282,469</b>	<b>454,416</b>	<b>408,939</b>	<b>386,771</b>	<b>-</b>	<b>83,157,486</b>

**a.2) Prior period:**

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	2,913,675	-	11,685,382	8,760,022	198,974	159,316	142,791	-	23,860,160
Foreign Currency Deposits	8,678,150	-	9,179,868	16,994,157	220,469	75,587	91,126	-	35,239,357
Residents in Turkey	8,114,695	-	8,724,284	16,524,666	196,404	32,768	74,233	-	33,667,050
Residents Abroad	563,455	-	455,584	469,491	24,065	42,819	16,893	-	1,572,307
Public Sector Deposits	424,598	-	73,628	50,872	7,475	0	0	-	556,573
Commercial Deposits	3,312,492	-	3,919,789	1,904,438	101,496	3,210	55,398	-	9,296,823
Other Institutions Deposits	143,878	-	65,741	266,882	12,458	91	554	-	489,604
Precious Metals Deposits	1,275,586	-	90,788	700,588	38,080	142,511	101,470	-	2,349,023
Bank Deposits	23,739	-	362,573	-	-	-	-	-	386,312
Central Bank of Turkey	25	-	-	-	-	-	-	-	25
Domestic Banks	16	-	-	-	-	-	-	-	16
Foreign Banks	23,698	-	358,772	-	-	-	-	-	382,470
Special Financial Institutions	-	-	3,801	-	-	-	-	-	3,801
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,772,118</b>	<b>-</b>	<b>25,377,769</b>	<b>28,676,959</b>	<b>578,952</b>	<b>380,715</b>	<b>391,339</b>	<b>-</b>	<b>72,177,852</b>

**b) Information on saving deposits under the guarantee of saving deposit insurance:**

**b.1) Saving deposits exceeding the limit of insurance:**

**i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:**

Saving Deposits	Under the Guarantee of Insurance(*)		Exceeding the Limit of Insurance(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	15,141,052	14,607,157	9,714,036	8,731,764
Foreign Currency Saving Deposits	5,917,924	6,075,469	14,205,920	12,928,549
Other Deposits in the Form of Saving Deposits	1,223,859	781,197	2,070,545	1,320,538
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>22,282,835</b>	<b>21,463,823</b>	<b>25,990,501</b>	<b>22,980,851</b>

(\*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts

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b) Information on saving deposits under the guarantee of saving deposit insurance: (continued)

b.1) Saving deposits exceeding the limit of insurance: (continued)

ii) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Foreign Branches’ Deposits and Other Accounts	604,756	615,203
Deposits of Controlling Shareholders and Their Close Families	3,017,433	3,823,134
Deposits of Chairman and Members of the Board of Directors and Their Close Families	55,974	68,002
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 Numbered Turkish Criminal Code Dated September 26, 2004.	-	-
Saving Deposits in Banks Established in Turkey exclusively for Off-shore Banking Activities	-	-

**2. Information on derivative financial liabilities:**

a) Negative differences related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	165,056	26,737	97,772	25,075
Swap Transactions	1,361,000	204,699	1,362,074	71,890
Futures Transactions	-	-	-	-
Options	45,510	22,757	26,488	3,285
Other	-	-	-	-
<b>Total</b>	<b>1,571,566</b>	<b>254,193</b>	<b>1,486,334</b>	<b>100,250</b>

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	679,795	203,106	633,010	169,116
From Foreign Banks, Institutions and Funds	611,699	9,244,274	434,408	8,958,162
<b>Total</b>	<b>1,291,494</b>	<b>9,447,380</b>	<b>1,067,418</b>	<b>9,127,278</b>

As of 31 March 2020 the Group has borrowings from its related parties amounting to TL 5,090,057 (31 December 2019: TL 4,774,508).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,291,494	5,803,783	1,057,415	5,593,155
Medium and Long-term	-	3,643,597	10,003	3,534,123
<b>Total</b>	<b>1,291,494</b>	<b>9,447,380</b>	<b>1,067,418</b>	<b>9,127,278</b>

c) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	3,441,630	-	2,333,877	-
Treasury Bills	-	-	-	-
<b>Total</b>	<b>3,441,630</b>	<b>-</b>	<b>2,333,877</b>	<b>-</b>

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**4. Other external funding payables which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:**

Other external funding payables amounting to TL 1,155,710 (31 December 2019: TL 1,293,901) do not exceed 10% of the total balance sheet.

**5. Explanations on financial lease obligations (Net):**

With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognized under “Liabilities from Leasing” as a liability. As of 31 March 2020 the banks has leasing liability amounting to TL 689,214 (31 December 2019: TL 657,657)

**6. Negative differences table of derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	1,712,871	7,914	1,917,707	7,267
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1,712,871</b>	<b>7,914</b>	<b>1,917,707</b>	<b>7,267</b>

In case of termination of the fair value hedge accounting, any adjustment to the book value of the hedging instrument calculated using the effective interest method under fair value hedge accounting is amortized through profit or loss to the financial asset price until the maturity of the asset.

According to cash flow hedges terminated by the Parent Bank, accumulated valuation differences as of 31 March 2020 amounted TL 12,489 (31 December 2019: TL 20,286) is recorded under equity. These accumulated differences are transferred into income statement by considering maturity date of hedged items.

**7. Information on provisions:**

- a) Foreign exchange provision on the foreign currency indexed loans and financial lease receivables: There are no provision on the foreign currency indexed loans that is offset from the loans on the balance sheet (31 December 2019: None).
- b) The specific provisions provided for unidentified non-cash loans or expected credit loss for non-cash loans:

	Current Period	Prior Period
Stage 1	53,817	55,551
Stage 2	175,896	145,818
Stage 3	39,806	42,111
<b>Total</b>	<b>269,519</b>	<b>243,480</b>

- c) Liabilities on unused vacation, bonus, health and employee termination benefits:

As of 31 March 2020, TL 24,472 (31 December 2019: TL 14,195) unused vacation provision, TL 208,195 (31 December 2019: TL 200,712) employee termination benefit provision, TL 179,120 (31 December 2019: TL 148,441) bonus provision, and TL 32,100 (31 December 2019: TL 32,100) health expense provision are presented under “Reserve for Employee Benefit” in financial statements.

- d) Information on other provisions:

	Current Period	Prior Period
Provision for Non-cash Loans	269,519	243,480
Provision for Legal Cases	66,102	52,635
Provision for Promotions of Credit Cards and Banking Services	12,506	12,936
Other	117,148	142,899
<b>Total</b>	<b>465,275</b>	<b>451,950</b>

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**II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)**

**8. Explanations on taxes payable:**

a) Information on current tax liability:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	65,739	32,155
Taxation on Securities	73,840	70,139
Property Tax	2,637	2,569
Banking Insurance Transaction Tax (BITT)	51,226	61,088
Foreign Exchange Transaction Tax	5,032	2,430
Value Added Tax Payable	4,872	5,310
Other (*)	20,651	26,299
<b>Total</b>	<b>223,997</b>	<b>199,990</b>

(\*) Others include income taxes deducted from wages amounting to TL 14,531 (31 December 2019: 20,576) and stamp taxes payable amounting to TL 2,247 (31 December 2019: TL 1,535).

b) Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employee	10,098	9,572
Social Security Premiums-Employer	11,221	10,641
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	855	809
Unemployment Insurance-Employer	1,420	1,347
Other	-	6
<b>Total</b>	<b>23,594</b>	<b>22,375</b>

a) Explanations on deferred tax liabilities, if any: The Group does not have any deferred tax liability of the Group as of 31 March 2020 (31 December 2019: None).

**9. Information on Shareholders' Equity:**

b) Presentation of Paid-in capital:

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	2,204,390	2,204,390
Preferred Stock	-	-

c) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Capital System	2,204,390	-

c) Information on share capital increases and their sources and other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Parent Bank's equity:

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**II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)**

**9. Information on Shareholders’ Equity (continued):**

The income diversified with various business line and related channels/products/sectors, supported with different projects result a sustainable and relatively non-volatile profitability. Besides, interest rate, currency rate and liquidity risks, which are being kept under control, are tested with various simulations, and the effects which may affect the profitability are prevented. The profitability of the bank is followed up and estimated by the Parent Bank’s Planning and Performance Management in short and long term. It is also reported to Asset-Liability Committee and other related organs. As result, current and future negative effect on equity is not occurred and expected.

g) Information on preferred shares: None.

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(19,781)	(172,728)	(3,538)	20,895
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(19,781)</b>	<b>(172,728)</b>	<b>(3,538)</b>	<b>20,895</b>

**10. Information on minority interest:** As of 31 March 2020, part of the group equity that belongs to minority shares is TL 10,588 (31 December 2019: TL 9,406).

**11. Information on factoring liabilities:** As of 31 March 2020 group has factoring debt of TL 1,477 (31 December 2019: TL 812).

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**III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Items**

**1. Information on off-balance sheet liabilities:**

- a) Nature and amount of irrevocable loan commitments:

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for Credit Card Expenditure Limits	9,202,310	8,506,931
Asset Purchase and Sale Commitments	5,791,839	3,684,822
Loan Granting Commitments	5,400,796	5,234,372
Payment Commitments for Cheques	1,902,020	1,769,641
Time Deposit Purchase and Sale Commitments	138,545	759,924
Tax and Fund Liabilities from Export Commitments	62,742	71,566
Commitments for Promotions Related with Credit Cards and Banking Activities	4,805	4,975
Other Irrevocable Commitments	356,757	252,593
<b>Total</b>	<b>22,859,814</b>	<b>20,284,824</b>

- b) Possible losses and commitments related to off-balance sheet items:

The Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

- b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Credit	2,762,445	2,623,851
Bank Acceptances	23,875	12,915
Other Commitments	4,799,909	5,031,959
Other Contingencies	1,059,178	1,153,720
<b>Total</b>	<b>8,645,407</b>	<b>8,822,445</b>

- b.2) Guarantees, surety ships, and similar transactions:

	<b>Current Period</b>	<b>Prior Period</b>
Guarantee Letters	9,721,210	9,855,883
Advance Guarantee Letters	1,485,953	1,481,220
Guarantee Letters Given for Customs	407,699	429,999
Temporary Guarantee Letters	276,713	286,101
Other Guarantee Letters	1,485,769	1,499,122
<b>Total</b>	<b>13,377,344</b>	<b>13,552,325</b>

- c) Total amount of non-cash loans

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans Given Against Achieving Cash Loans	1,486,440	1,499,838
With Maturity of One Year or Less Than One Year	130,793	130,687
With Maturity of More Than One Year	1,355,647	1,369,151
Other Non-Cash Loans	20,536,311	20,874,932
<b>Total</b>	<b>22,022,751</b>	<b>22,374,770</b>



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**IV. Explanations and Disclosures Related to the Consolidated Statement of Income**

**1. Explanations on Interest Income**

a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest income on loans (*)</b>				
Short Term Loans	869,700	63,166	1,233,330	89,186
Medium and Long Term Loans	1,252,061	57,508	1,229,873	72,230
Interest on Loans under Follow-Up	58,457	-	47,915	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2,180,218</b>	<b>120,674</b>	<b>2,511,118</b>	<b>161,416</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 70,232 (31 March 2019: TL 54,977)

b) Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	8,031
Domestic Banks	16,620	369	33,859	486
Foreign Banks	1,196	5,839	9,733	14,417
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>17,816</b>	<b>6,208</b>	<b>43,592</b>	<b>22,934</b>

c) Information on interest income on marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Valued at Fair Value Through Profit or Loss	52,899	5,664	32,270	3,283
Financial Assets at Fair Value Through Other				
Comprehensive Income	130,494	21,260	54,690	10,251
Financial Assets at Amortized Cost	151,554	18,090	116,984	2,763
<b>Total</b>	<b>334,947</b>	<b>45,014</b>	<b>203,944</b>	<b>16,297</b>

d) Information on interest income on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

**2. Explanations on Interest Expense**

a) Information on interest expense on funds borrowed (\*):

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	18,574	1,042	9,485	5,095
Foreign Banks	11,618	110,867	21,106	120,039
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>30,192</b>	<b>111,909</b>	<b>30,591</b>	<b>125,134</b>

(\*) Includes fees and commission expenses related to cash loans amounting to TL 2,705 (31 March 2019: TL 6,313).

b) Information on interest expense on associates and subsidiaries:

These amounts are eliminated in the consolidated financial statements.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. Explanations and Disclosures Related to the Consolidated Statement of Income (continued)**

**2. Explanations on Interest Expense (continued)**

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	76,778	-	38,746	-
<b>Total</b>	<b>76,778</b>	<b>-</b>	<b>38,746</b>	<b>-</b>

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Demand Deposit	Time Deposit					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Current Period:</b>								
<b>TL</b>								
Bank Deposits	-	19,452	-	-	-	-	-	19,452
Saving Deposits	-	278,702	196,523	4,111	2,635	6,285	-	488,256
Public Sector Deposits	-	311	3,395	193	-	-	-	3,899
Commercial Deposits	-	141,953	95,856	1,686	76	1,952	-	241,523
Other Deposits	-	1,819	21,332	545	3	20	-	23,719
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>442,237</b>	<b>317,106</b>	<b>6,535</b>	<b>2,714</b>	<b>8,257</b>	<b>-</b>	<b>776,849</b>
<b>FC</b>								
Foreign Currency Deposits	-	12,667	42,071	833	245	411	-	56,227
Bank Deposits	-	217	-	-	-	-	-	217
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	206	1,670	143	916	663	-	3,598
<b>Total</b>	<b>-</b>	<b>13,090</b>	<b>43,741</b>	<b>976</b>	<b>1,161</b>	<b>1,074</b>	<b>-</b>	<b>60,042</b>
<b>Grand Total</b>	<b>-</b>	<b>455,327</b>	<b>360,847</b>	<b>7,511</b>	<b>3,875</b>	<b>9,331</b>	<b>-</b>	<b>836,891</b>

Account Name	Demand Deposit	Time Deposit					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>Prior Period:</b>								
<b>TL</b>								
Bank Deposits	-	9,250	-	-	-	-	-	9,250
Saving Deposits	-	325,038	588,513	95,041	19,278	6,960	-	1,034,830
Public Sector Deposits	-	2,387	1,750	1,226	-	-	-	5,363
Commercial Deposits	-	85,942	152,636	35,577	13,578	16,547	-	304,280
Other Deposits	-	2,049	68,558	11,132	50,591	3,970	-	136,300
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>424,666</b>	<b>811,457</b>	<b>142,976</b>	<b>83,447</b>	<b>27,477</b>	<b>-</b>	<b>1,490,023</b>
<b>FC</b>								
Foreign Currency Deposits	-	23,982	95,315	2,370	2,212	1,570	-	125,449
Bank Deposits	-	6,276	-	-	-	-	-	6,276
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	170	3,319	223	1,024	-	-	4,736
<b>Total</b>	<b>-</b>	<b>30,428</b>	<b>98,634</b>	<b>2,593</b>	<b>3,236</b>	<b>1,570</b>	<b>-</b>	<b>136,461</b>
<b>Grand Total</b>	<b>-</b>	<b>455,094</b>	<b>910,091</b>	<b>145,569</b>	<b>86,683</b>	<b>29,047</b>	<b>-</b>	<b>1,626,484</b>

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**IV. Explanations and Disclosures Related to the Consolidated Statement of Income (continued)**

**3. Information on trading gain/loss:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gains</b>	<b>14,937,417</b>	<b>9,319,554</b>
Gains on capital market operations	60,697	59,704
Gains on derivative financial instruments <sup>(1)</sup>	6,256,417	4,775,634
Foreign exchange gains	8,620,303	4,484,216
<b>Losses (-)</b>	<b>15,306,935</b>	<b>9,452,498</b>
Losses on capital market operations	166,043	150,985
Losses on derivative financial instruments <sup>(1)</sup>	6,831,700	4,658,998
Foreign exchange losses	8,309,192	4,642,515

<sup>(1)</sup> Includes exchange rate fluctuations of hedging transactions net gain of TL 372,382 (31 March 2019: TL 25,554), derivative financial instruments exchange rate changes in profit / loss accounts amounting to TL 33,459 (31 March 2019: TL 537,259) net exchange income.

**4. Information on other operating income:**

Other operating income of the Group mainly consists of all transaction costs collected from clients and disposal of assets.

**5. Provision expenses of banks for loans and other receivables:**

Expected Credit Losses and Other Provisions:

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Losses	260,328	323,556
12-Month Expected Credit Losses (Stage 1)	27,568	(33,676)
Significant Increase in Credit Risk (Stage 2)	63,492	28,234
Credit-Impaired (Stage 3)	169,268	328,998
Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Others <sup>(1)</sup>	(28,012)	61,839
<b>Total</b>	<b>232,316</b>	<b>385,395</b>

<sup>(1)</sup> Includes reversal of provisions amounting to TL 29,520 (31 March 2019: TL 9,269).

**6. Information on other operating expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for employee termination benefits <sup>(1)</sup>	7,483	8,550
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	63,336	54,774
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Depreciation expenses of intangible assets	19,288	17,434
Impairment for investments accounted with equity method	-	-
Impairment expenses of assets to be disposed	4,065	1,000
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	266,669	220,120
Rent expenses related to TFRS16 Exceptions	9,704	15,839
Maintenance expenses	5,151	4,690
Advertisement expenses	14,877	15,809
Other expenses	236,937	183,782
Loss on sales of assets	1,043	4,122
Other <sup>(2)</sup>	106,192	65,749
<b>Total</b>	<b>468,076</b>	<b>371,749</b>

<sup>(1)</sup> The provision for employment termination benefits is included in the personnel expenses item in the financial statements.

<sup>(2)</sup> Includes other premiums and expenses paid to the Savings Deposit Insurance Fund amounting to TL 45,293 (31 March 2019: TL 27,150) and other taxes and fees paid in the amount of TL 36,808 (31 March 2019: TL 36,836).

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**IV. Explanations and Disclosures Related to the Consolidated Statement of Income (continued)**

**7. Information on tax provision for continued and discontinued operations:**

- a) As of 31 March 2020, the continuing operations’ current tax expense is TL 69,164 (31 March 2019: TL 9,171) and deferred tax income is TL 66,843 (31 March 2019: TL 76,262 deferred tax expense), there is no current and deferred tax income/expense from discontinued operations (31 March 2019: None).
- b) As of 31 March 2020, deferred tax charge on temporary differences resulted from continuing operations is TL 66,843 (31 March 2019: TL 76,262 deferred tax charge).
- c) Tax reconciliation:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit Before Taxes</b>	<b>527,563</b>	<b>399,282</b>
<b>Additions</b>	<b>105,003</b>	<b>13,435</b>
Nonallowable Expenses	7,223	7,033
The Effect of Different Tax Rates	96,889	5,625
Other	891	777
<b>Deductions</b>	<b>(14,829)</b>	<b>(24,385)</b>
Dividend Income	-	81
Other	(14,829)	(24,466)
<b>Taxable Profit/Loss</b>	<b>617,737</b>	<b>388,332</b>
Corporation Tax Rate	22%	22%
<b>Calculated Tax</b>	<b>135,902</b>	<b>85,433</b>
Prior Year Tax Correction	105	-
<b>Tax Charge</b>	<b>136,007</b>	<b>85,433</b>

**8. The explanations on net income/loss for the period:**

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 March 2019: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 March 2019: None).
- c) Profit/loss attributable to minority interest:

	<b>Current Period</b>	<b>Prior Period</b>
Minority interest profit/loss	1,190	598

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**IV. Explanations and Disclosures Related to the Consolidated Statement of Income (continued)**

**9. If the other items in the income statement exceed 10% of the income statement total accounts amounting to at least 20% of these items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b><u>Other Interest Income</u></b>		
Interest Received from Factoring Transactions	44,980	52,386
Other	2,592	5,583
<b>Total</b>	<b>47,572</b>	<b>57,969</b>

	<b>Current Period</b>	<b>Prior Period</b>
<b><u>Other Fees and Commissions Received</u></b>		
Card Fee and Commissions	219,869	318,504
Insurance Commissions	135,250	44,316
Periodic Service Commissions	31,035	15,511
Fund Management Fees	28,297	49,160
Settlement Expense Provision, Eft, Swift, Agency Commissions	20,302	10,775
Transfer Commissions	11,479	11,420
Commissions and Fees Earned from Correspondent Banks	10,274	7,730
Intelligence Fee and Commissions	2,377	951
Other	2,069	906
Intelligence Fee and Commissions	529	219
Other	56,742	61,320
<b>Total</b>	<b>518,223</b>	<b>520,812</b>

<b><u>Other Fees and Commissions Given</u></b>		
Credit Cards Commissions and Fees	<b>110,678</b>	<b>162,782</b>
Settlement Expense Provision, Eft, Swift, Agency Commissions	16,487	4,982
Commission and Fees Paid to Correspondent Banks	8,087	16,442
Other	28,928	21,302
<b>Total</b>	<b>164,180</b>	<b>205,508</b>

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**V. Explanations and Disclosures Related to Risk Group of the Parent Bank**

**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:**

Balance sheet items of previous periods are presented as of 31 December 2019 and income/expense items of previous periods are presented as of 31 March 2019.

a) Current Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of Period	-	-	19,196	182,856	393,152	101,145
Balance at End of Period	-	-	61,844	196,333	335,763	212,096
Interest and Commission Income	-	-	747	558	1,923	142

Direct and indirect shareholders of the Group balance above includes TL 60,039 and other entities included in the risk group balance above includes TL 85,045 placement in “Banks”.

b) Prior Period:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Balance at Beginning of period	-	-	75,725	260,569	423,513	20,136
Balance at End of Period	-	-	19,196	182,856	393,152	101,145
Interest and Commission Income	-	-	7,682	-	1,382	18

Direct and indirect shareholders of the Group balance above includes TL 17,600 and other entities included in the risk group balance above includes TL 63,260 placement in “Banks”.

c) c.1) Information on related party deposits balances:

Related parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Balance at Beginning of Period	-	-	3,313,150	1,497,789	648,747	1,055,942
Balance at End of Period	-	-	3,764,417	3,313,150	966,111	648,747
Interest on Deposits	-	-	9,516	14,472	7,618	25,623

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, Associates and Entities under Common Control (Joint Vent.)		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Financial Assets at Fair Value Through Profit or Loss					
Beginning of Period	-	-	30,904,435	28,512,967	109,762	1,210,586
End of Period	-	-	24,056,226	30,904,435	247,862	109,762
Total Profit/Loss	-	-	(87,297)	354,561	(14,032)	(10,766)
Hedging Transactions Purposes						
Beginning of Period	-	-	19,143,820	17,581,390	-	-
End of Period	-	-	19,595,429	19,143,820	-	-
Total Profit/Loss	-	-	368,244	(63,732)	-	-

d) As of 31 March 2020, the total amount of remuneration and fees provided for the senior management of the Group is TL 11,631 (31 March 2019: TL 6,847).

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**VI. Explanations and Disclosures Related to Subsequent Events**

Nilsen Altıntaş, Assistant General Manager responsible for the Human Resources Group of the Parent Bank, has resigned from her duties being effective as of 31 March 2020. Bade Sipahioğlu Işık was appointed as the Assistant General Manager responsible for the Human Resources Group, effective from 13 April 2020.

**SECTION SIX**

**INDEPENDENT AUDITOR’S REVIEW REPORT**

**I. Explanations on the Independent Auditor’s Review Report**

The consolidated financial statements of the Group have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s interim review report dated 5 May 2020 is presented preceding the consolidated financial statements.

**II. Other Footnotes and Explanations Prepared by Independent Auditors**

None.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**SECTION SEVEN (\*)**

**INFORMATION ON INTERIM ACTIVITY REPORT**

- I. Interim Period Reports Included Chairman Of The Board of Directors and CEO’s of the Parent Bank Assessments For The Interim Activities**
- A. Chairman of Board of Directors and CEO’s of the Parent Bank Assessments for The Interim Activities**

**Chairman of Board of Director’s Message**

Valued stakeholders,

We experienced a quarter of concerns about the course of global economic activity and uncertainties in the financial markets due to the Covid-19 virus, which appearing in Wuhan, China on 1 December 2019, and spread to all countries in a short time and became a global pandemic. Economic activity in the US and Europe, especially China, showed a sharp decline. While many countries have announced financial and fiscal support programs to limit the damage caused by the virus in the economies, international financial institutions have reduced their growth expectations for 2020. The International Finance Institute (IIF) pulled its 2020 growth forecast from 2.6% to minus 1.5%, while the International Monetary Fund (IMF) announced that global growth could fall to 0.9% like in the 2008 crisis.

In the first quarter of 2020, when the pandemic began to affect the economies negatively, the Federal Reserve (FED) held two extraordinary meetings in March, reducing the policy interest rate that it kept in the range of 1.5% to 1.75% to 0%. The FED also announced a \$700 billion bond buying plan. European Central Bank (ECB) has also announced 750 billion euro pandemic bond-buying program in the same period. As to IMF, committed to activate the credit capacity of 1 trillion dollars for the countries affected by the virus.

As for Turkey, after the virus cases were seen in our country in March 2020, a series of social and economic measures began to be taken. Central Bank of the Republic of Turkey (CBRT) lowered its policy rate in the first quarter to 9.75% from 12%. The CBRT also announced additional measures to limit the negative effects of the virus on the economy and financial markets.

In addition to the monetary policy, the government has announced a support package of 100 billion TL in order to support sectors such as tourism, retail, logistics and textiles that have suffered the most from the pandemic.

Our economy, which grew 6% in the last quarter of 2019, continued its growth momentum in the first quarter of 2020 as well. While loan growth increased annually with gradually interest rate cuts in the first quarter, annual inflation (CPI) remained around 11.8% due to volatility in exchange rates and food prices. According to foreign trade data of the Ministry of Commerce, our exports decreased by 3.93% in the first quarter, while our imports increased by 10.28%. The reason for the shrinkage in exports was the sharp decline of new order demands due to the pandemic in our main export market, Europe.

In the coming period, economic activity is expected to slow down due to the pandemic. It is anticipated that the weak course of production and domestic demand will have a negative impact on employment indicators and increased public expenditures will increase the budget deficit along with the measures taken against the virus. Despite the negative local and global conditions, Turkey’s economy is estimated to reach a level of positive growth in 2020.

In a process that embodies both risks and opportunities, TEB’s goal as one of the leading players in Turkey’s banking industry has always been and always will be to continue contributing to the Turkish economy and to create increasingly more value for all of its stakeholders through higher growth and productivity.

Yours respectfully,  
Yavuz Canevi

(\*) Amounts in section seven expressed in full Turkish Lira (“TL”) amount unless otherwise stated.



**TÜRK EKONOMİ BANKASI A.Ş.**  
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**A. Chairman of Board of Directors and CEO’s of the Parent Bank Assessments for The Interim Activities (continued)**

**CEO’s Message**

In the three months to 31 March 2020, TEB’s total assets grew by 16% and reached TL 124 billion, while net profit stood at TL 396 million as of the same date. Loans, the most important indicator of the bank’s support for its customers and economic activity, made up 65% of TEB’s total assets.

Giving the same importance to risk management and asset quality as it always does, TEB’s total lendings in the first quarter of the year amounted to TL 80.7 billion while its total deposits during the same period increased by 15% to TL 83.3 billion. Continuing to support solid growth with a strong capital structure, TEB’s shareholders’ equity as of the first quarter was TL 10.1 billion while the capital adequacy ratio was 15.49 per cent, well above the target ratio of 12 per cent.

In order to support the national economy, which is suffering from the impact that the coronavirus pandemic is having on Turkey, TEB has announced a support package in order to make it easier for its customers to pay their loans. If retail or corporate loan customers are having difficulties keeping up with their payments, they may request and be granted a three-month deferment period for principal and interest payments due as of 30 April 2020 under the same terms as their original loans.

TEB joined the credit protocol in the Banks Association of Turkey. Due to negatively affected on the small-business, corporate and commercial customers in the coronavirus pandemic, TEB announced two separate support packages which are called “Check Payment Support Credit” and “Economic Stability-Shield Credit Support”. Both of which are designed to minimize the impact of the pandemic on its customers’ employment, production, trading, and payment abilities by providing up to 12-month credit support with an initial 3-month grace period on principal and interest payments.

Seeking to make it easier for its SME and microbusiness customers to gain access to financing, TEB has joined the Small and Medium Enterprises Development Organization (KOSGEB) SME Financing Support Program. Under this program, which extends loans whose principal is funded from the bank’s own resources to entrepreneurs and microbusinesses, the interest burden incurred by borrowers is lightened by 10 or 12 percentage points a year. Those qualifying for this support may borrow up to TL 50 thousand on terms of 12 or 18 months, repayable in equal monthly installments; however if the business satisfies certain criteria such as being owned and operated by women, young people, people with physical disabilities, armed forces veterans, or first-degree relatives of armed forces personnel killed in the line of duty, the maximum lendable amount is TL 70 thousand. Businesses that manufacture machinery and equipment or are engaged in other strategic-priority sectors may borrow up to TL 500 thousand on terms of up to 36 months.

TEB Cash Management is supporting TEB customers whose employees are working from home on account of the pandemic not only through such digital channels as corporate online banking and CEPTETEB İŞTE with creative, innovative solutions like Mobile-Ink and E-Signature. Mobile-Ink is a process solution that makes it possible for all banking business-related instructions to be sent to the bank in entirely-secure, automatically-confirmed digital format. The outstanding security and flexibility of TEB’s E-Signature and Mobile-Ink digital solutions have made them very popular amongst the bank’s customers. In its capacity as a finance ministry-approved private integrator, TEB has also been providing E-Waybill services since the beginning of 2020.

As of the end of March 2020, the general-purpose loans extended by TEB through its digital channels made up more than half (55%) of all of the bank’s lendings in this category. 86% of TEB’s customers make use of at least one of the bank’s digital channels while the number of customers actively using online banking has topped 1.8 million and the number of mobile banking users has risen to 1.6 million. With the addition of another new feature to the mobile app—transaction statements—TEB has taken yet another step in the direction of making it faster and easier for its customers to access banking products and services. As the Covid-19 pandemic unfolds, TEB has been encouraging its customers to make use of all digital channels, especially its CEPTETEB and CEPTETEB İŞTE mobile apps, in order to take care of their banking needs quickly and conveniently.

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**A. Chairman of Board of Directors and CEO’s of the Parent Bank Assessments for The Interim Activities (continued)**

**CEO’s Message (continued)**

TEB has been accepting applications from and supporting entrepreneurs wishing to take part in the Scientific and Technological Research Council of Turkey (TÜBİTAK) Individual Young Enterprise (BiGG) program for five years. Under this program this January, TEB helped turn nine entrepreneurs’ technology-related ideas into viable business undertakings. To date, TEB has channeled a total of TL 14.8 million worth of TÜBİTAK grants to 89 technology startups under the BiGG program.

Teb Private Banking offers a high standard of service and distinctive applications in the first quarter of 2020. Within the content of Euromoney Private Banking and Wealth Management Survey, TEB Private Banking’s superior-standard services and banking practices put it in the “Best Private Banking Services Overall” category in the out of 6 categories. Other categories are; “Best Next Generation”, “Best Capital Markets and Advisory”, “Best ESG/Impact Investing”, “Best Data Management and Security”, and “Best Innovative or Emerging Technology Adoption”.

Yours respectfully,

Ümit Leblebici

**TÜRK EKONOMİ BANKASI A.Ş.**  
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**B. Shareholding Structure**

As of 31 March 2020;

Name of Shareholders	2,204,390,000.00 TL Paid in Capital	
	Share	Ratio
TEB Holding A.Ş.	1,212,414,500.002	55.0000%
BNPP Yatırımlar Holding A.Ş.	518,342,498.520	23.5141%
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879,148.835	21.2249%
BNP Paribas SA	5,253,352.000	0.2383%
Kocaeli Chamber of Commerce	500,500.643	0.0227%
<b>Total</b>	<b>2,204,390,000.00</b>	<b>100.00%</b>

**C. Management And Corporate Governance Practices**

**The Chairman and the Members of Board of Directors**

Name	Title
Yavuz Canevi	Chairman of the Board of Directors
Dr. Akın Akbaygil	Deputy Chairman of the Board of Directors
Jean Paul Sabet	Deputy Chairman of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors and Vice Chairman of the Audit Committee
François Andre Jesualdo Benaroya	Member of the Board of Directors
Yvan L.A.M. De Cock	Member of the Board of Directors and Audit Committee
Sabri Davaz	Member of the Board of Directors and Audit Committee
Xavier Henri Jean Guilmineau	Member of the Board of Directors
Özden Odabaşı	Member of the Board of Directors
Jacques Roger Jean Marie Rinino	Member of the Board of Directors
Nicolas de Baudinet de Courcelles	Member of the Board of Directors and Chairman of the Audit Committee
Ümit Leblebici	Chief Executive Officer and the Executive Member

**Information on Participation of Board Members and Committee Members into Respective Meetings**

As of 31 March 2020 the Board of Directors have accepted 149 resolutions and Audit Committee 36 resolutions. The Board Members and Committee Members have participated into respective meetings at sufficient levels.

**Executive Management**

General Manager, Assistant General Managers and Their Responsibilities in the Bank

Name	Title
Ümit Leblebici	Chief Executive Officer and the Executive Member
Gökhan Mendi	Senior Assistant General Manager, Retail and Private Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager, Financial Affairs
Dr. Nilsen Altıntaş	Assistant General Manager, Human Resources Group
Gökhan Özdil	Assistant General Manager, Corporate Loans Group
Osman Durmuş	Assistant General Manager, Retail and Micro SME Loans Group
Melis Coşan Baban	Secretary of the Board of Directors, Head of Legal Affairs
Mehmet Ali Cer	Assistant General Manager, Information Technologies
Kubilay Güler	Assistant General Manager, Banking Operations and Support Services
Akil Özçay	Assistant General Manager, Fixed Income
Ömer Abidin Yenidoğan	Assistant General Manager, Corporate Investment Banking
Dr. Tuğrul Özbakan	Assistant General Manager, Treasury & ALM
Gülümser Özgün Henden	Assistant General Manager, Corporate Banking
Ali İhsan Arıdaşır	Assistant General Manager, SME Loans
Ali Gökhan Cengiz	Assistant General Manager, SME Banking
Nimet Elif Akpınar	Chief Risk Officer
Hakan Tıraşın	Head of Internal Audit
Biröl Deper	Head of Compliance Group and Internal Control Group, Consumer Relations Coordination Officer

(\*) Nilsen Altıntaş, Assistant General Manager responsible for the Human Resources Group of the Bank, has resigned from her duties being effective as of 31 March 2020. Bade Sipahioglu İşık was appointed as the Assistant General Manager responsible for the Human Resources Group, effective from 13 April 2020.

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**D. Significant Events and Transactions in the Current Period**

**Amendments to Main Contract in 1 January – 31 March 2020:**

There have been no changes to the main contract during the period of 1 January – 31 March 2020.

**Significant Events and Transaction in the Current Period:**

Past due receivables amounting to TL 105,884 for which TL 101,156 of provision had been allocated, is sold for TL 7,010 during 2020. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

**Summary of Financial Results:**

(million TL)	<b>31 March 2020 Consolidated Financial Statements</b>	<b>31 December 2019 Consolidated Financial Statements</b>
Loans, Net	78,809	67,467
Loans(*)	78,518	66,964
Non-Performing Loans	4,124	4,179
Expected Losses	(3,833)	(3,676)
Total Assets	126,190	109,214
Deposits	83,157	72,178
Shareholder’s Equity	10,294	9,910
Net Income (Prior Period 31 March 2019)	392	314

(\*) Includes factoring receivables.

**Summary of Financial Results:**

	<b>31 March 2020 Consolidated Financial Statements</b>	<b>31 December 2019 Consolidated Financial Statements</b>
Loans / Total Assets	62.45%	65.14%
Deposits / Total Assets	65.90%	66.09%
Return on Equity (Prior Period, 31 March 2019)	16.18%	13.09%
NPL Ratio	4.99%	5.87%
Capital Adequacy Ratio	15.34%	16.74%
Coverage Ratio	59.05%	57.05%

**TÜRK EKONOMİ BANKASI A.Ş.**  
**NOTES AND EXPLANATIONS TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**E. Credit Ratings Assigned By Rating Agencies and Information On Their Contents (\*)**

TEB maintained its position as one of the most highly rated banks in Turkey. As of the second quarter of 2019, TEB’s ratings were as follows:

**Moody’s Investor Services:**

Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Bank Deposits	B3
Short Term FC Bank Deposits	NP
Long Term LC Bank Deposits	B1
Short Term LC Bank Deposits	NP
Outlook b2	Negative

**Fitch Ratings:**

*Foreign Currency*

<b>Long-term</b>	B+
Short-term	B
Outlook	Stable

*Turkish Lira*

<b>Long-term</b>	BB-
Short-term	B
Outlook	Stable
National	AA (tur)
Outlook	Stable
Viability Rating	b+

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

**F. Donations**

The Parent Bank has donated TL 93,164 with 53 items to the several agencies and institutions during the period of 1 January 2020 – 31 March 2020.