

Fibabanka Anonim Şirketi

Unconsolidated Financial Statements
as of and for the Three-Month Period Ended
31 March 2020

With Independent Auditors'
Review Report Thereon

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

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

Independent Auditors' Review Report on Interim Financial Information

To the Board of Directors of Fibabanka Anonim Şirketi,

Introduction

We have reviewed the unconsolidated statement of financial position of Fibabanka A.Ş. ("the Bank") as at 31 March 2020 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 2.8.3.1 of Section Five, accompanying unconsolidated interim financial information as at 31 March 2020 includes a general reserve of total of TL 108.500 thousands of which TL 64.000 thousands was recognized as expense within the current period and TL 44.500 thousands was recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions which does not meet the requirements of BRSA Accounting and Reporting Legislation. Additionally, the accompanying unconsolidated interim financial information as at 31 March 2020 include a deferred tax asset of total of TL 23.870 thousands of which TL 14.080 thousands was recognized within the current period and TL 9.790 thousands was recognized in prior periods which is recognised with the aforementioned general reserve provision.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, its unconsolidated financial position of Fibabanka A.Ş. as at 31 March 2020 and its unconsolidated financial performance and unconsolidated cash flows for the three month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Regulatory Requirements

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

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

Alper Güvenç, SMMM
Partner

11 May 2020
İstanbul, Turkey


**THE UNCONSOLIDATED FINANCIAL REPORT OF
FİBABANKA A.Ş.
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020**

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The unconsolidated financial report for the three months period prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- REVIEW REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements for the three months period and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been reviewed and presented as attached.

| | | | | | |
|---|---|---|--|---|---|
|  |  |  |  |  |  |
| Hüsnü Mustafa Özyeğin | İsmet Kaya Erdem | Faik Onur Umut | Ömer Mert | Elif Alsev Utku Özbey | Ayşe Akdaş |
| Chairman of the Board of Directors | Member of the Audit Committee | Member of the Audit Committee | General Manager and Member of the Board of Directors | Deputy General Manager | Director Financial Control and Reporting |

Information related to personnel to whom questions related to this financial report may be directed:
Name-Surname/Title : **Ayşe Akdaş** / Financial Control and Reporting Director
Telephone Number : (212) 381 84 88
Fax Number : (212) 258 37 78

| | |
|--|----|
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FİBABANKA A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY 2020 - 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency ("BRSA") No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş.

In the extraordinary General Assembly held on 28 November 2006, the name of Bank Europa Bankası A.Ş. was amended as Millennium Bank A.Ş.

On 27 December 2010, acquisition of the Bank by Credit Europe Bank N.V., which is an affiliate of Fiba Holding A.Ş., was realized.

In the extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. was amended as Fibabanka A.Ş. ("the Bank").

II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Bank's Risk Group

On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Bank's shares to Credit Europe Bank N.V. and the legal approval process was completed as of 27 December 2010.

Credit Europe Bank N.V.'s share of capital increased from 95% to 97,6% after the capital increases during 2011 and 2012. Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97,6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2,4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012. There were sales of equity shares to the management of the Bank in 2013. As of 31 March 2020 the total shares held by the Bank's Management represent 0,56% of the Bank's Capital.

The Bank applied to the BRSA on 14 January 2015 for permission of the subordinated loan provided from Fiba Holding A.Ş. in the amount of USD 50 million to be converted to share capital. Following the authorization of the BRSA on 4 March 2015, the Board of Directors decision was taken on 5 March 2015 regarding share capital increase from TL 550.000 to TL 678.860. TL 127.045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1.815 of total capital was paid in cash by the other shareholders, capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

The Bank's paid-in capital amounting to TL 678.860 was increased to TL 847.515 on 23 December 2015 with equal contributions from International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD") amounting TL 168.655 in total. In addition, share issuance premium of TL 73.379 was recognised in the shareholders' equity.

The Bank's paid-in capital amounting to TL 847.515 was increased to TL 941.161 on 7 September 2016 with the capital contribution of TurkFinance B.V. by TL 93.646. In addition, TL 55.299 was recorded to the equity as share premium.

As of 31 March 2020, paid-in capital of the Bank is TL 941.161 and all paid in.

FİBABANKA A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY 2020 - 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations Regarding the Shares of the Bank Owned by and Areas of Responsibility of the Chairman and the Members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents

| <u>Name Surname</u> | <u>Title</u> | <u>Assignment Date</u> |
|--------------------------------------|--------------------------|------------------------|
| <i>Board of Directors (*)</i> | | |
| Hüsnü Mustafa Özyeğin | Chairman | 27-Dec-10 |
| Fevzi Bozer | Deputy Chairman | 27-Dec-10 |
| Mehmet Güleşci | Member | 27-Dec-10 |
| İsmet Kaya Erdem | Member | 11-Feb-13 |
| Memduh Aslan Akçay | Member | 13-Apr-16 |
| Hülya Kefeli | Member | 15-May-17 |
| Faik Onur Umut | Member | 23-Jan-19 |
| Seyfettin Ata Köseoğlu | Member | 23-Jan-20 |
| Ömer Mert | General Manager - Member | 18-Jan-17 |

(*) Bank's Board Member Mr. Mevlüt Hamdi Aydın has resigned as of 31 January 2020. Mr.Seyfettin Ata Köseoğlu has been assigned as Bank's Board Member as of 23 January 2020.

Audit Committee(*)

| | | |
|------------------|--------|-----------|
| İsmet Kaya Erdem | Member | 27-Dec-19 |
| Faik Onur Umut | Member | 14-Jan-20 |

(*) Bank's Audit Committee Member Mr. Mevlüt Hamdi Aydın has resigned as of 31 January 2020. Mr.Faik Onur Umut has been assigned as Audit Committee Member as of 14 January 2020.

Assistant General Managers (*)

| | | |
|-----------------------|--|-----------|
| Elif Alsev Utku Özbey | Deputy GM - Financial Control & Reporting | 07-Jan-11 |
| Sezin Erken | AGM - Consumer Banking & Funding Resource Management | 10-Aug-17 |
| Kerim Lokman Kuriş | AGM - Corporate & Commercial Banking | 01-Dec-15 |
| Turgay Hasdiker | AGM - Credits | 01-Dec-15 |
| Ahu Dolu | AGM - Financial Institutions and Project Finance | 01-Dec-15 |
| Gerçek Önal | AGM - Chief Legal Officer | 01-Feb-16 |

(*) Mr.İbrahim Toprak has been assigned as Assistant General Manager in charge of Treasury as of 1 April 2020.

The Bank's equity shares owned by the individuals listed above are not material.

FİBABANKA A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY 2020 - 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Individuals and Institutions That Have Qualified Shares in the Bank

| Name Surname/ Commercial Title | Share Amount (Nominal) | Share Ratios | Paid in Capital (Nominal) | Unpaid Shares |
|--------------------------------|------------------------|--------------|---------------------------|---------------|
| Fiba Holding A.Ş. | 673.573 | 71,57% | 673.573 | -- |
| Hüsnü Mustafa Özyeğin (*) | 666.856 | 70,85% | 666.856 | -- |

(*) States indirect share of Hüsnü Mustafa Özyeğin in the Bank due to his direct share in Fiba Holding A.Ş.

V. Summary Information on the Bank's Services and Activity Areas

The Bank was incorporated as a privately owned bank authorized for customer deposit acceptance and the Head Office of the Bank is located in Istanbul, Turkey. As of 31 March 2020, the Bank serves with 61 domestic branches and 1.612 employees.

VI. Other Information

The Bank's Commercial Title : Fibabanka Anonim Şirketi
The Bank's General Directorate Address : Esentepe Mah. Büyükdere Caddesi
No:129 Şişli 34394 İstanbul
The Bank's Phone and Fax Numbers : Telephone : (0212) 381 82 82
Fax : (0212) 258 37 78
The Bank's Web Site Address : www.fibabanka.com.tr
The Bank's E-Mail Address : malikontrol@fibabanka.com.tr
Reporting Period : 1 January 2020 - 31 March 2020

The financial statements, related disclosures and notes in this report are presented, unless otherwise indicated, in thousands of Turkish Lira (TL).

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
UNCONSOLIDATED FINANCIAL STATEMENTS

FİBABANKA A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| ASSETS | Footnotes | CURRENT PERIOD (31/03/2020) | | | PRIOR PERIOD (31/12/2019) | | |
|---|-----------|--------------------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. FINANCIAL ASSETS (Net) | | 2,089,363 | 3,750,355 | 5,839,718 | 3,394,557 | 3,418,554 | 6,813,111 |
| 1.1 Cash and Cash Equivalents | (5.1.1) | 1,162,099 | 2,932,907 | 4,095,006 | 633,116 | 2,595,084 | 3,228,200 |
| 1.1.1 Cash and Balances at Central Bank | | 179,887 | 2,713,055 | 2,892,942 | 200,986 | 2,506,889 | 2,707,875 |
| 1.1.2 Banks | (5.1.3) | 865,250 | 219,852 | 1,085,102 | 402,621 | 88,195 | 490,816 |
| 1.1.3 Money Market Placements | | 117,530 | - | 117,530 | 30,010 | - | 30,010 |
| 1.1.4 Expected Credit Loss (-) | | 568 | - | 568 | 501 | - | 501 |
| 1.2 Financial Assets Measured at Fair Value Through Profit or Loss | (5.1.2) | 61,599 | 629 | 62,228 | 2,037,723 | 718 | 2,038,441 |
| 1.2.1 Government Debt Securities | | 25,157 | 629 | 25,786 | 24,835 | 706 | 25,541 |
| 1.2.2 Equity Securities | | - | - | - | - | - | - |
| 1.2.3 Other Financial Assets | | 36,442 | - | 36,442 | 2,012,888 | 12 | 2,012,900 |
| 1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income | (5.1.4) | 2,716 | 728,515 | 731,231 | 11,952 | 795,616 | 807,568 |
| 1.3.1 Government Debt Securities | | 2,716 | 189,103 | 191,819 | 11,952 | 177,546 | 189,498 |
| 1.3.2 Equity Securities | | - | 3,574 | 3,574 | - | 3,800 | 3,800 |
| 1.3.3 Other Financial Assets | | - | 535,838 | 535,838 | - | 614,270 | 614,270 |
| 1.4 Derivative Financial Assets | (5.1.2) | 862,949 | 88,304 | 951,253 | 711,766 | 27,136 | 738,902 |
| 1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss | | 862,949 | 88,304 | 951,253 | 711,766 | 27,136 | 738,902 |
| 1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income | | - | - | - | - | - | - |
| II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET) | (5.1.6) | 8,902,368 | 8,210,093 | 17,112,461 | 6,656,778 | 7,594,623 | 14,251,401 |
| 2.1 Loans | (5.1.5) | 9,470,978 | 7,802,525 | 17,273,503 | 7,270,746 | 7,206,662 | 14,477,408 |
| 2.2 Lease Receivables | (5.1.10) | - | - | - | - | - | - |
| 2.3 Factoring Receivables | (5.1.5) | 951 | 2,980 | 3,931 | 1,723 | 1,369 | 3,092 |
| 2.4 Financial Assets Measured at Amortised Cost | (5.1.6) | 184,147 | 404,588 | 588,735 | 188,506 | 386,592 | 575,098 |
| 2.4.1 Government Debt Securities | | 184,147 | 404,588 | 588,735 | 188,506 | 386,592 | 575,098 |
| 2.4.2 Other Financial Assets | | - | - | - | - | - | - |
| 2.5 Expected Credit Losses (-) | | 753,708 | - | 753,708 | 804,197 | - | 804,197 |
| III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | (5.1.16) | 123,233 | - | 123,233 | 63,247 | - | 63,247 |
| 3.1 Assets Held for Sale | | 123,233 | - | 123,233 | 63,247 | - | 63,247 |
| 3.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| IV. EQUITY INVESTMENTS | | 47,842 | - | 47,842 | 41,842 | - | 41,842 |
| 4.1 Investments in Associates (Net) | (5.1.7) | 4,897 | - | 4,897 | 4,897 | - | 4,897 |
| 4.1.1 Associates Accounted by Using Equity Method | | - | - | - | - | - | - |
| 4.1.2 Unconsolidated Associates | | 4,897 | - | 4,897 | 4,897 | - | 4,897 |
| 4.2 Investments in Subsidiaries (Net) | (5.1.8) | 42,945 | - | 42,945 | 36,945 | - | 36,945 |
| 4.2.1 Unconsolidated Financial Subsidiaries | | 5,445 | - | 5,445 | 5,445 | - | 5,445 |
| 4.2.2 Unconsolidated Non-financial Subsidiaries | | 37,500 | - | 37,500 | 31,500 | - | 31,500 |
| 4.3 Joint Ventures (Net) | (5.1.9) | - | - | - | - | - | - |
| 4.3.1 Joint Ventures Accounted by Using Equity Method | | - | - | - | - | - | - |
| 4.3.2 Unconsolidated Joint Ventures | | - | - | - | - | - | - |
| V. TANGIBLE ASSETS (Net) | (5.1.12) | 314,837 | - | 314,837 | 323,651 | - | 323,651 |
| VI. INTANGIBLE ASSETS (Net) | (5.1.13) | 75,890 | - | 75,890 | 69,877 | - | 69,877 |
| 6.1 Goodwill | | - | - | - | - | - | - |
| 6.2 Other | | 75,890 | - | 75,890 | 69,877 | - | 69,877 |
| VII. INVESTMENT PROPERTY (Net) | (5.1.14) | - | - | - | - | - | - |
| VIII. CURRENT TAX ASSET | | 4,254 | - | 4,254 | 3,509 | - | 3,509 |
| IX. DEFERRED TAX ASSET | (5.1.15) | 57,309 | - | 57,309 | 54,427 | - | 54,427 |
| X. OTHER ASSETS | (5.1.17) | 273,831 | 27,702 | 301,533 | 236,034 | 28,661 | 264,695 |
| TOTAL ASSETS | | 11,888,927 | 11,988,150 | 23,877,077 | 10,843,922 | 11,041,838 | 21,885,760 |

The accompanying notes form an integral part of these financial statements.

FİBABANKA A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| LIABILITIES | Footnotes | CURRENT PERIOD | | | PRIOR PERIOD | | |
|---|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | (31/03/2020) | | | (31/12/2019) | | |
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | (5.II.1) | 7.176.198 | 7.403.596 | 14.579.794 | 6.658.925 | 6.907.773 | 13.566.698 |
| II. FUNDS BORROWED | (5.II.3) | 15.532 | 1.018.703 | 1.034.235 | 16.773 | 842.608 | 859.381 |
| III. MONEY MARKET FUNDS | | 10.011 | 742.094 | 752.105 | - | 733.257 | 733.257 |
| IV. SECURITIES ISSUED (Net) | (5.II.4) | 754.587 | 1.389.765 | 2.144.352 | 383.937 | 1.334.395 | 1.718.332 |
| 4.1 Bills | | 754.587 | - | 754.587 | 383.937 | - | 383.937 |
| 4.2 Asset Backed Securities | | - | - | - | - | - | - |
| 4.3 Bonds | | - | 1.389.765 | 1.389.765 | - | 1.334.395 | 1.334.395 |
| V. FUNDS | | - | - | - | - | - | - |
| 5.1 Borrower funds | | - | - | - | - | - | - |
| 5.2 Other | | - | - | - | - | - | - |
| VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | - | - | - | - | - | - |
| VII. DERIVATIVE FINANCIAL LIABILITIES | (5.II.2) | 777.033 | 88.271 | 865.304 | 761.112 | 27.093 | 788.205 |
| 7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss | | 777.033 | 88.271 | 865.304 | 761.112 | 27.093 | 788.205 |
| 7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | | - | - | - | - | - | - |
| VIII. FACTORING LIABILITIES | | - | - | - | - | - | - |
| IX. LEASE LIABILITIES (Net) | (5.II.6) | 60.907 | 2.486 | 63.393 | 63.465 | 4.929 | 68.394 |
| X. PROVISIONS | (5.II.8) | 190.975 | - | 190.975 | 96.772 | - | 96.772 |
| 10.1 Provisions for Restructuring | | - | - | - | - | - | - |
| 10.2 Reserve for Employee Benefits | | 36.544 | - | 36.544 | 29.588 | - | 29.588 |
| 10.3 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 10.4 Other Provisions | | 154.431 | - | 154.431 | 67.184 | - | 67.184 |
| XI. CURRENT TAX LIABILITIES | (5.II.9) | 43.713 | - | 43.713 | 40.580 | - | 40.580 |
| XII. DEFERRED TAX LIABILITIES | (5.II.9) | - | - | - | - | - | - |
| XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (5.II.10) | - | - | - | - | - | - |
| 13.1 Held for Sale | | - | - | - | - | - | - |
| 13.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| XIV. SUBORDINATED DEBTS | (5.II.11) | - | 1.900.267 | 1.900.267 | - | 1.789.018 | 1.789.018 |
| 14.1 Loans | | - | - | - | - | - | - |
| 14.2 Other Debt Instruments | | - | 1.900.267 | 1.900.267 | - | 1.789.018 | 1.789.018 |
| XV. OTHER LIABILITIES | (5.II.5) | 373.709 | 245.125 | 618.834 | 382.924 | 186.395 | 569.319 |
| XVI. SHAREHOLDERS' EQUITY | (5.II.12) | 1.702.795 | (18.690) | 1.684.105 | 1.643.063 | 12.741 | 1.655.804 |
| 16.1 Paid-in Capital | | 941.161 | - | 941.161 | 941.161 | - | 941.161 |
| 16.2 Capital Reserves | | 206.733 | - | 206.733 | 210.253 | - | 210.253 |
| 16.2.1 Equity Share Premium | | 128.678 | - | 128.678 | 128.678 | - | 128.678 |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Other Capital Reserves | | 78.055 | - | 78.055 | 81.575 | - | 81.575 |
| 16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss | | (7.777) | - | (7.777) | (7.777) | - | (7.777) |
| 16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss | | 3.149 | (18.690) | (15.541) | 3.033 | 12.741 | 15.774 |
| 16.5 Profit Reserves | | 496.393 | - | 496.393 | 284.349 | - | 284.349 |
| 16.5.1 Legal Reserves | | 42.321 | - | 42.321 | 31.719 | - | 31.719 |
| 16.5.2 Statutory Reserves | | - | - | - | - | - | - |
| 16.5.3 Extraordinary Reserves | | 454.072 | - | 454.072 | 252.630 | - | 252.630 |
| 16.5.4 Other Profit Reserves | | - | - | - | - | - | - |
| 16.6 Profit or Loss | | 63.136 | - | 63.136 | 212.044 | - | 212.044 |
| 16.6.1 Prior Periods' Profit or Loss | | - | - | - | - | - | - |
| 16.6.2 Current Period Net Profit or Loss | | 63.136 | - | 63.136 | 212.044 | - | 212.044 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 11.105.460 | 12.771.617 | 23.877.077 | 10.047.551 | 11.838.209 | 21.885.760 |

The accompanying notes form an integral part of these financial statements.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS AT 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated)

| | Footnotes | CURRENT PERIOD (31/03/2020) | | | PRIOR PERIOD (31/12/2019) | | |
|--|-----------|--------------------------------|--------------------|--------------------|------------------------------|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| A. OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 8.240.299 | 34.239.095 | 42.479.394 | 8.357.010 | 31.229.346 | 39.586.356 |
| I. GUARANTIES AND WARRANTIES | (5.III.1) | 418.941 | 644.787 | 1.063.728 | 432.859 | 591.809 | 1.024.668 |
| 1.1. Letters of guarantee | | 418.941 | 284.119 | 703.060 | 432.859 | 317.754 | 750.613 |
| 1.1.1. Guarantees Subject to State Tender Law | | - | - | - | - | - | - |
| 1.1.2. Guarantees Given for Foreign Trade Operations | | - | - | - | - | - | - |
| 1.1.3. Other Letters of Guarantee | | 418.941 | 284.119 | 703.060 | 432.859 | 317.754 | 750.613 |
| 1.2. Bank Acceptances | | - | 132.876 | 132.876 | - | 105.847 | 105.847 |
| 1.2.1. Import Letter of Acceptances | | - | 132.876 | 132.876 | - | 105.847 | 105.847 |
| 1.2.2. Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. Letters of Credit | | - | 227.792 | 227.792 | - | 168.208 | 168.208 |
| 1.3.1. Documentary Letters of Credit | | - | 227.792 | 227.792 | - | 168.208 | 168.208 |
| 1.3.2. Other Letters of Credit | | - | - | - | - | - | - |
| 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 | | - | - | - | - | - | - |
| 1.9. Other Collaterals | | - | - | - | - | - | - |
| II. COMMITMENTS | (5.III.1) | 1.822.435 | 4.963.120 | 6.785.555 | 1.400.659 | 4.244.481 | 5.645.140 |
| 2.1. Irrevocable Commitments | | 1.822.435 | 4.963.120 | 6.785.555 | 1.400.659 | 4.244.481 | 5.645.140 |
| 2.1.1. Asset Purchase Commitments | | 555.999 | 4.963.120 | 5.519.119 | 282.771 | 4.244.481 | 4.527.252 |
| 2.1.2. Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| 2.1.3. Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4. Loan Granting Commitments | | 1.013.956 | - | 1.013.956 | 876.316 | - | 876.316 |
| 2.1.5. Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6. Commitments for Reserve Requirements | | - | - | - | - | - | - |
| 2.1.7. Commitments for Cheque Payments | | 198.479 | - | 198.479 | 187.578 | - | 187.578 |
| 2.1.8. Tax and Fund Liabilities from Export Commitments | | - | 6.614 | 6.614 | - | 5.940 | 5.940 |
| 2.1.9. Commitments for Credit Card Limits | | 32.248 | - | 32.248 | 32.901 | - | 32.901 |
| 2.1.10. Commitments for Credit Cards and Banking Services Promotions | | - | - | - | 1 | - | 1 |
| 2.1.11. Receivables from Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.12. Payables for Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.13. Other Irrevocable Commitments | | 15.139 | - | 15.139 | 15.152 | - | 15.152 |
| 2.2. Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1. Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2. Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (5.III.5) | 5.998.923 | 28.631.188 | 34.630.111 | 6.523.492 | 26.393.056 | 32.916.548 |
| 3.1. Hedging Derivative Financial Instruments | | - | - | - | 1.009.479 | 1.188.040 | 2.197.519 |
| 3.1.1. Fair Value Hedges | | - | - | - | 1.009.479 | 1.188.040 | 2.197.519 |
| 3.1.2. Cash Flow Hedges | | - | - | - | - | - | - |
| 3.1.3. Foreign Net Investment Hedges | | - | - | - | - | - | - |
| 3.2. Trading Derivative Financial Instruments | | 5.998.923 | 28.631.188 | 34.630.111 | 5.514.013 | 25.205.016 | 30.719.029 |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions | | 661.617 | 4.120.985 | 4.782.602 | 789.133 | 3.670.515 | 4.459.648 |
| 3.2.1.1. Forward Foreign Currency Transactions - Buy | | 303.251 | 2.090.637 | 2.393.888 | 300.839 | 1.919.936 | 2.220.775 |
| 3.2.1.2. Forward Foreign Currency Transactions - Sell | | 358.366 | 2.030.348 | 2.388.714 | 488.294 | 1.750.579 | 2.238.873 |
| 3.2.2. Swap Transactions Related to Foreign Currency and Interest | | 2.613.062 | 19.920.931 | 22.533.993 | 2.351.909 | 17.281.148 | 19.633.057 |
| 3.2.2.1. Foreign Currency Swap- Buy | | 1.040.710 | 9.972.118 | 11.012.828 | 1.305.805 | 8.192.207 | 9.498.012 |
| 3.2.2.2. Foreign Currency Swap- Sell | | 1.522.352 | 9.297.213 | 10.819.565 | 996.104 | 8.494.921 | 9.491.025 |
| 3.2.2.3. Interest Rate Swap- Buy | | 25.000 | 325.800 | 350.800 | 25.000 | 297.010 | 322.010 |
| 3.2.2.4. Interest Rate Swap- Sell | | 25.000 | 325.800 | 350.800 | 25.000 | 297.010 | 322.010 |
| 3.2.3. Foreign Currency, Interest Rate and Securities Options | | 2.722.111 | 3.430.757 | 6.152.868 | 2.372.971 | 3.096.321 | 5.469.292 |
| 3.2.3.1. Foreign Currency Options- Buy | | 1.348.682 | 1.727.752 | 3.076.434 | 1.186.485 | 1.568.157 | 2.754.642 |
| 3.2.3.2. Foreign Currency Options- Sell | | 1.373.429 | 1.703.005 | 3.076.434 | 1.186.486 | 1.528.164 | 2.714.650 |
| 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 | | - | - | - | - | - | - |
| 3.2.4.1. Foreign Currency Futures- Buy | | - | - | - | - | - | - |
| 3.2.4.2. Foreign Currency Futures- Sell | | - | - | - | - | - | - |
| 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 | | 2.133 | 1.158.515 | 1.160.648 | - | 1.157.032 | 1.157.032 |
| B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 144.856.711 | 78.082.012 | 222.938.723 | 139.427.639 | 69.316.021 | 208.743.660 |
| IV. ITEMS HELD IN CUSTODY | | 2.565.798 | 632.421 | 3.198.219 | 2.589.824 | 486.973 | 3.076.797 |
| 4.1. Customer Fund and Portfolio Balances | | 1.266.995 | - | 1.266.995 | 1.464.433 | - | 1.464.433 |
| 4.2. Investment Securities Held in Custody | | 549.316 | 425.088 | 974.404 | 295.983 | 320.411 | 616.394 |
| 4.3. Cheques Received for Collection | | 401.721 | 188.258 | 589.979 | 374.930 | 150.636 | 525.566 |
| 4.4. Commercial Notes Received for Collection | | 119.180 | 19.075 | 138.255 | 119.792 | 15.926 | 135.718 |
| 4.5. Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6. Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7. Other Items Under Custody | | 228.586 | - | 228.586 | 334.686 | - | 334.686 |
| 4.8. Custodians | | - | - | - | - | - | - |
| V. PLEDGES RECEIVED | | 142.290.913 | 77.449.591 | 219.740.504 | 136.837.815 | 68.829.048 | 205.666.863 |
| 5.1. Marketable Securities | | 359.063 | 53.798 | 412.861 | 299.004 | 90.954 | 389.958 |
| 5.2. Guarantee Notes | | 261.292 | 246.032 | 507.324 | 277.294 | 231.955 | 509.249 |
| 5.3. Commodity | | - | 52.375 | 52.375 | - | 46.554 | 46.554 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Immovables | | 8.855.642 | 14.952.297 | 23.807.939 | 9.517.452 | 12.306.034 | 21.823.486 |
| 5.6. Other Pledged Items | | 132.814.916 | 62.145.089 | 194.960.005 | 126.744.065 | 56.153.551 | 182.897.616 |
| 5.7. Pledged Items - Depository | | - | - | - | - | - | - |
| VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | 153.097.010 | 112.321.107 | 265.418.117 | 147.784.649 | 100.545.367 | 248.330.016 |

The accompanying notes form an integral part of these financial statements.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD BETWEEN
1 JANUARY 2020-31 MARCH 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

| INCOME AND EXPENSE ITEMS | | Footnotes | CURRENT PERIOD (01/01/2020 – 31/03/2020) | PRIOR PERIOD (01/01/2019- 31/03/2019) |
|--------------------------|--|-----------|---|--|
| I. | INTEREST INCOME | | 554.824 | 635.173 |
| 1.1 | Interest on Loans | (5.IV.1) | 521.061 | 563.279 |
| 1.2 | Interest on Reserve Requirements | | - | 8.515 |
| 1.3 | Interest on Banks | (5.IV.1) | 9.218 | 41.795 |
| 1.4 | Interest on Money Market Placements | | 3.569 | 1.659 |
| 1.5 | Interest on Marketable Securities Portfolio | (5.IV.1) | 20.657 | 19.569 |
| 1.5.1 | Financial Assets Measured at Fair Value Through Profit or Loss | | 1.732 | 900 |
| 1.5.2 | Financial Assets Measured at Fair Value Through Other Comprehensive Income | | 9.545 | 10.947 |
| 1.5.3 | Financial Assets Measured at Amortized Cost | | 9.380 | 7.722 |
| 1.6 | Financial Lease Income | | - | - |
| 1.7 | Other Interest Income | | 319 | 356 |
| II. | INTEREST EXPENSE (-) | | 309.631 | 469.991 |
| 2.1 | Interest on Deposits | (5.IV.2) | 203.353 | 363.487 |
| 2.2 | Interest on Funds Borrowed | (5.IV.2) | 51.509 | 48.028 |
| 2.3 | Interest on Money Market Borrowings | | 3.861 | 709 |
| 2.4 | Interest on Securities Issued | (5.IV.2) | 38.916 | 48.281 |
| 2.5 | Lease Interest Expense | | 4.607 | 3.813 |
| 2.6 | Other Interest Expenses | | 7.385 | 5.673 |
| III. | NET INTEREST INCOME (I - II) | | 245.193 | 165.182 |
| IV. | NET FEES AND COMMISSIONS INCOME | | 47.195 | 56.762 |
| 4.1 | Fees and Commissions Received | | 55.498 | 65.081 |
| 4.1.1 | Non-cash Loans | | 4.401 | 3.457 |
| 4.1.2 | Other | (5.IV.12) | 51.097 | 61.624 |
| 4.2 | Fees and Commissions Paid (-) | | 8.303 | 8.319 |
| 4.2.1 | Non-cash Loans | | 26 | 84 |
| 4.2.2 | Other | (5.IV.12) | 8.277 | 8.235 |
| V | DIVIDEND INCOME | (5.IV.3) | - | - |
| VI. | TRADING INCOME / LOSS (Net) | (5.IV.4) | 65.834 | 142.901 |
| 6.1 | Trading Gain / Loss on Securities | | 6.200 | 27.028 |
| 6.2 | Gain / Loss on Derivative Financial Transactions | | 91.012 | 88.259 |
| 6.3 | Foreign Exchange Gain / Loss | | (31.378) | 27.614 |
| VII. | OTHER OPERATING INCOME | (5.IV.5) | 33.344 | 112.448 |
| VIII. | TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 391.566 | 477.293 |
| IX. | EXPECTED CREDIT LOSS (-) | (5.IV.6) | 71.107 | 152.324 |
| X. | OTHER PROVISION EXPENSES (-) | (5.IV.6) | 70.011 | 131.028 |
| XI. | PERSONNEL EXPENSES (-) | | 75.677 | 64.347 |
| XII. | OTHER OPERATING EXPENSES (-) | (5.IV.7) | 91.629 | 61.312 |
| XIII. | NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII) | | 83.142 | 68.282 |
| XIV. | AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER | | - | - |
| XV. | INCOME FROM INVESTMENTS UNDER EQUITY ACCOUNTING | | - | - |
| XVI. | GAIN / LOSS ON NET MONETARY POSITION | | - | - |
| XVII. | P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI) | (5.IV.8) | 83.142 | 68.282 |
| XVIII. | TAX PROVISION FOR CONTINUING OPERATIONS (±) | (5.IV.9) | (20.006) | (7.105) |
| 18.1 | Current Tax Provision | | (15.176) | - |
| 18.2 | Deferred Tax Expense Effect (+) | | (8.246) | (7.105) |
| 18.3 | Deferred Tax Income Effect (-) | | 3.416 | - |
| XIX. | NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVII±XVIII) | (5.IV.10) | 63.136 | 61.177 |
| XX. | INCOME FROM DISCONTINUED OPERATIONS | | - | - |
| 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 | | - | - |
| XXI. | EXPENSES FROM DISCONTINUED OPERATIONS (-) | | - | - |
| 21.1 | Expenses on Non-current Assets Held for Sale | | - | - |
| 21.2 | Losses from Sales of Associates, Subsidiaries and Joint Ventures | | - | - |
| 21.3 | Expenses From Other Discontinued Operations | | - | - |
| XXII. | PROFIT / LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI) | | - | - |
| XXIII. | TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | - | - |
| 23.1 | Current Tax Provision | | - | - |
| 23.2 | Deferred Tax Expense Effect (+) | | - | - |
| 23.3 | Deferred Tax Income Effect (-) | | - | - |
| XXIV. | NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII-XXIII) | | - | - |
| XXV. | NET PROFIT / LOSS (XIX+XXIV) | (5.IV.11) | 63.136 | 61.177 |
| | Earnings per share | | 0,00067 | 0,00065 |

The accompanying notes form an integral part of these financial statements.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIOD BETWEEN 1 JANUARY 2020-31 MARCH 2020**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

| | CURRENT PERIOD (01/01/2020 - 31/03/2020) | PRIOR PERIOD (01/01/2019 - 31/03/2019) |
|---|---|---|
| I. CURRENT PERIOD PROFIT / LOSS | 63.136 | 61.177 |
| II. OTHER COMPREHENSIVE INCOME | (31.315) | 1.873 |
| 2.1 Not Reclassified Through Profit or Loss | - | - |
| 2.1.1 Property and Equipment Revaluation Increase/Decrease | - | - |
| 2.1.2 Intangible Assets Revaluation Increase/Decrease | - | - |
| 2.1.3 Defined Benefit Pension Plan Remeasurements Gain/Loss | - | - |
| 2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss | - | - |
| 2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss | - | - |
| 2.2 Reclassified Through Profit or Loss | (31.315) | 1.873 |
| 2.2.1 Foreign Currency Conversion Differences | - | - |
| Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value Through Other | | |
| 2.2.2 Comprehensive Income | (39.027) | 1.501 |
| 2.2.3 Cash Flow Hedge Income/Loss | - | - |
| 2.2.4 Foreign Net Investment Hedge Income/Loss | - | - |
| 2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss | - | - |
| 2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss | 7.712 | 372 |
| III. TOTAL COMPREHENSIVE INCOME (I+II) | 31.821 | 63.050 |

The accompanying notes form an integral part of these financial statements.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD BETWEEN 1 JANUARY 2020-31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | | | | | Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss | | | Other Accumulated Comprehensive Income or Expense That Will Be Reclassified in Profit and Loss | | | | | | |
|---|--------------------|------------------|----------------------|---------------------------|---|----------------|----------|---|-----------------|----------|--------------------|-----------------------------------|-------------------------------------|------------------|
| | Paid-in Capital | Share Premium | Share Certificate | Other Capital Reserves | 1 | 2 | 3 | 4 | 5 | 6 | Profit Reserves | Prior Period Net Income / Loss | Current Period Net Income / Loss | Total Equity |
| PRIOR PERIOD (31/03/2019) | | | | | | | | | | | | | | |
| I. Balances at beginning of the period | 941.161 | 128.678 | - | - | - | (5.743) | - | - | (26.572) | - | 410.286 | (322.597) | 196.659 | 1.321.872 |
| II. Correction made as per TAS 8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effect of corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effect of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted balances at beginning of the period (I+II) | 941.161 | 128.678 | - | - | - | (5.743) | - | - | (26.572) | - | 410.286 | (322.597) | 196.659 | 1.321.872 |
| IV. Total Comprehensive Income | - | - | - | - | - | - | - | - | 1.873 | - | - | - | 61.177 | 63.050 |
| V. Capital Increase in Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Capital Increase through Internal Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Capital reserves from inflation adjustments to paid-in capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Convertible Bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Subordinated Debt | - | - | - | 100.000 | - | - | - | - | - | - | - | - | - | 100.000 |
| X. Increase/Decrease by Other Changes | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Profit Distribution | - | - | - | - | - | - | - | - | - | - | (125.937) | 322.597 | (196.659) | 1 |
| 11.1 Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 Transfers to reserves | - | - | - | - | - | - | - | - | - | - | (125.937) | 322.597 | (196.659) | 1 |
| 11.3 Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at the end of the period (III+IV+.....+X+XI) | 941.161 | 128.678 | - | 100.000 | - | (5.743) | - | - | (24.699) | - | 284.349 | - | 61.177 | 1.484.923 |
| CURRENT PERIOD (31/03/2020) | | | | | | | | | | | | | | |
| I. Prior period ending balance | 941.161 | 128.678 | - | 81.575 | - | (7.777) | - | - | 15.774 | - | 284.349 | - | 212.044 | 1.655.804 |
| II. Correction made as per TAS 8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Effect of corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Effect of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Adjusted balance (I+II) | 941.161 | 128.678 | - | 81.575 | - | (7.777) | - | - | 15.774 | - | 284.349 | - | 212.044 | 1.655.804 |
| IV. Total Comprehensive Income | - | - | - | - | - | - | - | - | (31.315) | - | - | - | 63.136 | 31.821 |
| V. Capital Increase in cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Capital Increase through internal reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Capital reserves from inflation adjustments to paid-in capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Convertible Bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Subordinated Debt (*) | - | - | - | (3.520) | - | - | - | - | - | - | - | - | - | (3.520) |
| X. Increase / decrease due to other changes | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Profit Distribution | - | - | - | - | - | - | - | - | - | - | 212.044 | - | (212.044) | - |
| 11.1 Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 Transfers to reserves | - | - | - | - | - | - | - | - | - | - | 212.044 | - | (212.044) | - |
| 11.3 Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances at the end of the period (III+IV+.....+X+XI) | 941.161 | 128.678 | - | 78.055 | - | (7.777) | - | - | (15.541) | - | 496.393 | - | 63.136 | 1.684.105 |

(*) Bank has classified the additional borrowing of TL 100.000 nominal and its interest expense, which has a capital stock character, under "other subordinated debt" according to the "TAS 32 Financial Instruments: Presentation" Standards ("TAS 32").

1. Tangible and intangible asset revaluation reserve
2. Accumulated gains/losses on remeasurement of defined benefit plans
3. Other (other) comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other comprehensive income that will not be reclassified to profit or loss.
4. Exchanged differences on transition.
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income.
6. Other (accumulated) gains or losses on cash flow hedge, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss.

The accompanying notes form an integral part of these financial statements.

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD BETWEEN 1 JANUARY 2020-31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

| | Footnotes | CURRENT PERIOD (01/01/2020 - 31/03/2020) | PRIOR PERIOD (01/01/2019 - 31/03/2019) |
|--|-----------|---|---|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | 143,953 | 176,926 |
| 1.1.1 Interest received (+) | | 496,694 | 651,305 |
| 1.1.2 Interest paid (-) | | (167,987) | (466,552) |
| 1.1.3 Dividend received (+) | | - | - |
| 1.1.4 Fees and commission received (+) | | 52,323 | 64,385 |
| 1.1.5 Other income (+) | | (16,038) | 163,127 |
| 1.1.6 Collections from previously written off loans and other receivables (+) | | 148,769 | 1,688 |
| 1.1.7 Cash payments to personnel and service suppliers (-) | | (263,668) | (111,119) |
| 1.1.8 Taxes paid (-) | | (4,847) | (7,266) |
| 1.1.9 Other (+/-) | | (101,293) | (118,642) |
| 1.2 Changes in Operating Assets and Liabilities | | (275,649) | 67,817 |
| 1.2.1 Net (increase) / decrease in financial assets at fair value through profit or loss (+/-) | | 1,551,514 | 1,479,975 |
| 1.2.2 Net (increase) / decrease in due from banks (+/-) | | (361,849) | 27,718 |
| 1.2.3 Net (increase) / decrease in loans (+/-) | | (2,909,698) | (1,379,199) |
| 1.2.4 Net (increase) / decrease in other assets (+/-) | | (38,535) | 135,626 |
| 1.2.5 Net (increase) / decrease in bank deposits (+/-) | | (549,819) | (98,055) |
| 1.2.6 Net (increase) / decrease in other deposits (+/-) | | 1,467,203 | 259,268 |
| 1.2.7 Net (increase) / decrease in financial liabilities at fair value through profit or loss (+/-) | | - | (201,839) |
| 1.2.8 Net (increase) / decrease in funds borrowed (+/-) | | 161,957 | (226,073) |
| 1.2.9 Net (increase) / decrease in matured payables (+/-) | | - | - |
| 1.2.10 Net (increase) / decrease in other liabilities (+/-) | | 403,578 | 70,396 |
| I. Net Cash Provided from Banking Operations (+/-) | | (131,696) | 244,743 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| II. Net Cash Flow Provided from Investment Activities (+/-) | | 139,076 | (253,029) |
| 2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-) | | (6,000) | - |
| 2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+) | | - | - |
| 2.3 Cash paid for the purchase of tangible and intangible assets (-) | | (59,382) | (153,560) |
| 2.4 Cash obtained from the sale of tangible and intangible assets (+) | | 119,981 | 256,546 |
| 2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-) | | - | (172,935) |
| 2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+) | | 96,900 | - |
| 2.7 Cash paid for the purchase of financial assets at amortised cost (-) | | - | (173,252) |
| 2.8 Cash obtained from the sale of financial assets at amortised cost (+) | | - | - |
| 2.9 Other (+/-) | | (12,423) | (9,828) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net Cash Provided from Financing Activities (+/-) | | 395,655 | 85,003 |
| 3.1 Cash obtained from funds borrowed and securities issued (+) | | 479,690 | 161,626 |
| 3.2 Cash outflow from funds borrowed and securities issued (-) | | (83,624) | (174,029) |
| 3.3 Equity instruments issued (+) | | - | - |
| 3.4 Dividends paid (-) | | - | - |
| 3.5 Payments for financial leases liabilities (-) | | (3,081) | (2,594) |
| 3.6 Other (+/-) | | 2,670 | 100,000 |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-) | | 101,917 | 81,757 |
| V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV) | | 504,952 | 158,474 |
| VI. Cash and Cash Equivalents at the Beginning of the Period (+) | | 2,122,993 | 2,087,857 |
| VII. Cash and Cash Equivalents at the End of the Period (V+VI) | | 2,627,945 | 2,246,331 |

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY 2020 - 31 MARCH 2020

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SECTION THREE

ACCOUNTING PRINCIPLES

I. Explanations on the basis of presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and the Communiqué on Principles and Procedures on the Accounting Practice and Documentation of Banks

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

The financial statements are prepared in thousands of TL based on the historical cost, except for the financial assets and liabilities carried at fair value.

2. Accounting policies and valuation principles applied in preparation of financial statements

The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXVII below.

II. Explanations on the usage strategy of financial instruments and on foreign currency transactions

1. Usage strategy of the financial instruments

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of asset and liability side.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Value at risk models are used for this purpose.

Purchase-sale transactions of short and long-term financial instruments are realized within predetermined risk limits that are allowed for the purpose of increasing risk-free return on capital.

The foreign currency position is carried based on a currency basket to minimize the foreign exchange risk.

2. Foreign currency transactions

2.1 Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements

The Bank recognizes the foreign currency transactions in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from the foreign currency transactions are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency conversion differences are recognized as foreign exchange gains and losses.

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II. Explanations on the usage strategy of financial instruments and on foreign currency transactions (continued)

As at the end of the related periods, the Bank's foreign currency exchange rates are as follows in full TL:

| | 31 March 2020 | 31 December 2019 |
|-----------|---------------|------------------|
| US Dollar | 6,5160 | 5,9402 |
| Euro | 7,2150 | 6,6506 |

III. Explanations on Equity Investments

In the unconsolidated financial statements; subsidiaries and affiliates are accounted for in accordance with "TAS 27 - Separate Financial Statements" and recognized at acquisition cost in financial statements.

IV. Explanations on forward transactions, options and derivative instruments

The Bank's derivative transactions mainly consist of currency swaps, interest rate swaps, currency options and currency forward purchase/sale contracts. The Bank does not have any embedded derivatives separated from the host contract.

The Bank's derivative instruments held for trading are classified as "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income" in accordance with "IFRS 9". In choosing accounting policy, IFRS 9 gives the option to postpone the acceptance of IFRS 9 financial hedging accounting and continue using TAS 39 financial hedging accounting. In accordance with this, Bank is continuing to use TAS 39 for financial hedging accounts.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values.

Derivative transactions are measured at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line as profit/loss from derivative financial transactions.

Explanations on derivative financial instruments held for hedging

The Bank enters into cross currency interest rate swap transactions in order to hedge the change in fair values of fixed-rate financial instruments. While applying fair value hedge accounting, the changes in fair values of hedging instrument and hedged item are recognised in statement of profit or loss.

If the hedging is effective, the changes in fair value of the hedged item, which is fixed rate TL denominated loans, are presented in statement of financial position together with the hedged item. Subsequently, derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss", respectively depending on the fair values being positive or negative. Fair value changes are recorded under statement of profit or loss.

The Bank performs effectiveness tests at the beginning of the hedge accounting period and at each reporting period.

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

V. Explanations on interest income and expenses

Interest income and expenses are recognized on accrual basis by using internal rate of return for financial assets and liabilities with given future cash payments and collections.

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VI. Explanations on fee and commission income and expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with “IFRS 15 Revenue from Contracts with Customers”. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted on accrual basis throughout the service period.

VII. Explanations on financial assets

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into three groups as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost.

1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

Loans measured at fair value through profit or loss are subject to valuation in accordance with fair value principles and profit or losses, emerging as a result of valuation, are recognized under profit/loss accounts.

The Bank has classified a portion of its extended loans as financial assets at fair value through profit or loss, as per IFRS 9 standard. The aforementioned loans have been demonstrated on “other financial assets” line under “Financial assets at fair value through profit or loss” on the balance sheet.

2. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction costs to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. “Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are recognized in the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and/or whose fair values can be reliably measured are carried at fair value.

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VII. Explanations on financial assets (continued)

3. Financial assets measured at amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

4. Loans

Loans are financial assets generated by providing cash, commodity or service to the borrower. These loans and receivables are recorded by acquisition cost reflecting fair value and afterwards measured at amortized cost by using effective interest rate (internal rate of return) method. Fees and other costs paid for the assets taken as collateral for those loans are not recognized as cost of operation and accounted in expense accounts. Bank's loans are presented in "Financial Assets Measured at Amortized Cost" and "Financial Assets at Fair Value Through Profit or Loss" accounts.

VIII. Explanations on expected credit loss

The Bank recognizes expected credit loss allowance on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 September 2016 numbered 29750.

Calculation of expected credit loss

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Expected credit loss is calculated by using following components: "Exposure at Default", "Probability of Default" and "Loss Given Default".

Financial assets are 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 will be 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 will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

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.

As part of TFRS 9, expected credit loss models are improved in process of exposure at default, probability of default and loss given default. These models are formed by taking into consideration internal ratings systems, past data and prospective expectations and considering below factors;

- Customer type (individual, corporate, commercial and SME)
- Product type
- Ratings used as part of internal ratings systems (for corporate segment)
- Collaterals
- Collection period
- Exposure at default
- Time passed since loan disbursement
- Time to maturity

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VIII. Explanations on expected credit loss (continued)

If the existing provision model is not able to reflect the situation, individual assessment is possible by using the cash flow expectations of Credits Monitoring and Collection Department.

Exposure at Default: Expresses the exposure amount when debtor defaults. It accounts along with the maturity of the borrower. The amount of additional risk that may occur in case of default is added to the amount of risk and included in the calculations by using the credit conversion rates (CCR) for irrevocable commitments.

Probability of Default: Refers to the probability of default due to the inability of the debtor to fulfill its obligations. 12-month or lifetime estimation is performed according to whether there is an increase in credit risk or not.

Loss Given Default: In the default of the borrower, it is calculated as the expected credit loss to exposure at default. Loss given default models include inputs such as product type, customer segment, collateral structure, customer payment performance.

Macroeconomics Factors: Macroeconomics indicators are taken into account in determining the probability of default component in the expected credit loss calculation. Future macroeconomics forecasts are reflected in the expected credit loss calculations using more than one scenario.

While macroeconomics information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomics variables are taken into consideration. The main macroeconomics indicators that make up these estimation models are the Gross Domestic Product (GDP) and the unemployment rate. Macroeconomics estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

Future expectations are determined based on 2 scenarios, base and negative. Each scenario has predetermined weights, and the final provisions are calculated by weighting on these probabilities.

Calculation of Expected Loss Period: In determining the lifetime expected credit loss, the period in which the Bank will be exposed to credit risk is taken into consideration. Behavioural maturity analysis was performed on credit cards and overdraft accounts. The maximum period for which credit losses are to be recognized, except for credit cards and other revolving loans, is the contractual life of the financial instrument unless a legal right is required to recall the loan.

Significant Increase in Credit Risk: Due to the significant increase in credit risk, the Bank performs quantitative and qualitative assessments to determine the financial assets to be classified as Stage 2 (Significant Increase in Credit Risk).

Within the scope of the quantitative assessments made for the corporate segment, the Bank compares the change between the starting date and the date of the report by taking into account the time passed since the opening date. In order to make this comparison, the Bank specifies threshold values to determine which changes are accepted as significant change. The decision to classify financial assets with a significant increase in credit risk by exceeding these threshold values as Stage 2 is taken by the opinion of the Credits Department.

Also, credit risk with an overdue period between 30 and 90 days is classified as Stage 2. However, in accordance with the decision of BRSA dated 17 March 2020 with the number 8948, due to the effects of COVID-19 on economic and trading activities, credit risk up to 180 days past due is also classified as Stage 2, temporarily.

Within the scope of qualitative evaluations, financial assets under close monitoring as of the reporting date are classified as Stage 2.

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IX. Explanations on offsetting financial instruments

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

X. Explanations on sale and repurchase agreements and securities lending transactions

Securities subject to repo (repurchase agreements) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” or “Financial assets measured at amortized cost” according to their purposes to be held in the Bank’s portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the “Funds from repo transactions” account in liabilities, and interest expense accruals are calculated using the effective interest rate (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Securities purchased under agreements to resell (“Reverse repo”) transactions are accounted under the “Money market placements” in the balance sheet.

XI. Explanations on noncurrent assets held for sale and discontinued operations and the related liabilities

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity’s control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is part of the Bank’s business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the statement of profit or loss.

The Bank does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

As at the balance sheet date, there is no goodwill in the accompanying financial statements. The intangible assets of the Bank consist of software, intangible rights and other intangible assets.

The costs of the intangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and intangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated amortization and impairment, if any.

Estimated useful lives of the intangible assets are 3 to 10 years, and amortization rates are 10% to 33,3%.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) “Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

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XIII. Explanations on tangible assets

Tangible assets are measured at cost in accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets".

The costs of the tangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and tangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated depreciation and impairment, if any.

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

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

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

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

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

| Tangible Assets | Estimated Useful Lives (Years) | Depreciation Rates (%) |
|------------------------|---|-----------------------------------|
| Safe Boxes | 50 | 2 |
| Vehicles | 5 | 20 |
| Real Estate | 50 | 2 |
| Other Tangible Assets | 4-20 | 5-25 |

Explanations about Leases Standard TFRS 16

The Bank has started to implement TFRS 16 Leases, which was published in the Official Gazette dated 16 April 2018 and numbered 29826 in its unconsolidated financial statements and became effective as of 1 January 2019, for the first time.

TFRS 16 "Lease" Standard

The Bank as a lessee according to "Lease" Standard:

The Bank assesses whether the contract has the characteristic of a lease or whether the Contract includes a lease transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

The right to use asset is first recognized by cost method and includes:

- a) the initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Bank.

When applying the cost method, the Bank measures the right to use as follows:

- a) deducts accumulated depreciation and accumulated impairment losses and
- b) measures the restatement of the lease obligation at the restated cost.

Bank applies depreciation clauses of TAS 16 Tangible Assets standard when measuring the depreciation of the right to use.

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Explanations about Leases Standard TFRS 16 (continued)

Lease liabilities:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the implied leasing transaction rate, if easily identified. Otherwise Bank's incremental borrowing interest rates are used.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

XIV. Explanations on leasing transactions

As "TFRS 16 Leases" standard is valid starting on 1 January 2019, difference between operational lease and financial lease disappeared so that leasing transactions will be recognized as right-of-use assets and will be recognized under "Tangible Assets" and corresponding liability under "Lease Liabilities".

XV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". In the financial statements, a provision is made if there is a present obligation that arises from past events as of the balance sheet date, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

Provisions recognized during the period are recognized within "other operating expenses"; reversals of provisions recognized in the prior periods are recognized within "other operating income".

XVI. Explanations on contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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XVII. Explanations on liabilities for employee benefits

As per the existing labour laws and agreements in Turkey, entities are required to pay severance for the employees retired or fired. These payments are qualified as recognized retirement benefit plan according to revised TAS 19 Employee Benefits. Severance payment liability recognized in the balance sheet is calculated according to the net present value of expected amount in the future arising from all employees' retirements and represented in represented in financial statements. All actuarial losses and gains are accounted for as other comprehensive income.

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

- Calculation is based on discount rate of 13,50%, inflation rate of 6,00% and real salary increase rate of 0,00%.
- Effective as of 31 December 2019, ceiling salary amount is considered as TL 6.379,86 (full TL).
- Individuals' earliest retirement age is considered as retirement age.
- CSO 1980 mortality table is used for the death probabilities of male and female employees.

There are no employee foundation fund or similar institutions.

XVIII. Explanations on taxation

1. Current Tax

Effective from 1 January 2006, statutory income is subject to corporate tax at 20%, on the other hand as per the provisional article 91 of Law numbered 7061, which is added to Corporate Tax Law numbered 5520 corporate tax rate regarding 2018, 2019 and 2020 fiscal periods (accounting periods starting within the related period for companies which are assigned special accounting period) has changed as 22%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes.

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

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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2. Deferred Tax

The Bank calculates and recognizes deferred tax for taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base according to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes".

In accordance with the provisional article, added to Corporate Tax Law, corporate tax which is 20%, shall be applied as 22% for the profit of company belonging to 2018, 2019 and 2020 fiscal periods. In accordance with this provisional article, 22% tax rate has been calculated for periods, in which the deferred tax assets and liabilities emerges and liabilities are met, while it is calculated with 20% for 2021 and following periods.

Deferred tax liabilities are generally recognized for all taxable temporary and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax rate calculation has started to be applied over temporary expected credit losses as per TFRS 9 articles from 1 January 2018. The Bank calculates deferred tax also for possible risk provisions.

As of 31 March 2020, the deferred tax asset is TL 57.309 (31 December 2019: TL 54.427 deferred tax asset). The deferred tax asset is calculated as the net of taxable and deductible temporary differences.

Deferred tax income/(expense) is recognized within "Deferred Tax Income Effect" and "Deferred Tax Expense Effect" in the statement of profit or loss; deferred tax income is TL 3.416 and deferred tax expense is TL 8.246 for the current period (1 January - 31 March 2019: TL 7.105 expense). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is TL 7.712 income (31 March 2019: TL 372 income).

3. Transfer Pricing

The article 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

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

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

XIX. Additional explanations on borrowings

The Bank provides resources from domestic and foreign individuals and institutions both by borrowing funds and issuing bills and bonds.

Borrowing instruments are initially measured at acquisition cost and subsequently measured at amortized cost with the effective interest method. In the accompanying financial statements, foreign currency denominated borrowing funds are converted to Turkish Lira with the Bank's spot foreign exchange buy rates and interest expenses incurred during the period relating to the borrowing funds are recognized in statement of profit or loss.

Additional Tier I Capital

The Bank has recognised the issued Tier 1 securities of TL 100.000 nominal and related interest expense, as "other capital reserves" under equity within the scope of "TAS 32 Financial Instruments: Presentation". It has recognised the issued Tier 1 of USD 30.000 nominal and related interest accrual as "subordinated debt".

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XX. Explanations on share certificates issued

None.

XXI. Explanations on bank acceptances and bills of guarantee

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. Cash transactions relating to bank acceptances and bills of guarantee are realized concurrently with the customer payments.

As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset.

XXII. Explanation on government incentives

As of the balance sheet date, the Bank does not have any government incentives.

XXIII. Explanations on segment reporting

Segment reporting is presented in Note VII of Section Four.

XXIV. Profit reserves and distribution of the profit

In financial tables, except legal reserves, retained earnings can be distributed on condition that it has legal reserve requirement explained below.

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

In the Ordinary General Assembly Meeting of the Bank, which was held on 27 March 2020, it was decided to allocate the 2019 net profit amounting TL 212.044 as legal reserve of TL 10.602 and as extraordinary reserves of TL 201.442.

XXV. Earnings Per Share

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

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Net Profit / (Loss) distributable to Common Shares | 63.136 | 61.177 |
| Average Number of Issued Common Shares (Thousand) | 94.116.055 | 94.116.055 |
| Earnings Per Share (Amounts presented as full TL) | 0,00067 | 0,00065 |

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

There are no bonus shares issued by the Bank in 2020 (31 December 2019: None).

XXVI. Cash and Cash Equivalent Assets

Cash, cash in transit, purchased bank cheques and demand deposits including balance with Central Bank are considered as “Cash”; interbank money market placements time deposits at banks with original maturity periods of less than three months and receivables from reverse repo are considered as “Cash Equivalents”. Required reserves kept in Central Bank under blocked account are not “Cash Equivalents” in the statement of cash flow.

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XXVII. Other Disclosures

BRSA has announced a series of measures to limit the negative effects of the worldwide uncertainty created by COVID-19 pandemic observed in Turkey and all over the world. The possible effects of these measures on the Bank's financial statements are closely monitored by the Bank's Management, and necessary measures are taken to keep the possible negative effects under control.

Based on the decision of BRSA, numbered 8948 and dated 17 March 2020, due to the COVID-19 pandemic on economic and trading activities, the minimum number of days past due for a loan to be classified as non-performing loan has been increased to 180 from 90 (defined in the 4th and 5th sections of "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside") for the loans which are already classified as Stage 1 or Stage 2 as of the date of the related BRSA decision, until 31 December 2020. Accordingly, the Bank is classifying the credit risks with past due between 90-180 days as Stage 2, but calculating the provision amount in line with Stage 3 parameters of Probability of Default and Loss Given Default according to the Bank's risk model.

In addition, as of 23 March 2020, BRSA has decided the following actions to be applied until 31 December 2020:

- According to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", in calculating the credit risk amount, the purchase rate of foreign exchange which is the basis for preparation of 31 December 2019 financial statements can be used, for the cash and non cash assets valued by Turkish Accounting Standards and their provision amounts, except the foreign currency items calculated by historical cost.
- If the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, it is possible for these differences not to be taken into consideration in the equity amount calculated according to Regulation on Equity of Banks. But for the financial securities owned after 23 March 2020, the current regulations will be applied.
- It is possible not to consider the impairment of the financial securities held by the Bank as of 23 March 2020, in the calculation of foreign currency net general position according to Regulation on Calculation of Foreign Currency Net General Position / Equity Standard Ratio in Consolidated and Unconsolidated Basis by the Banks. But for the financial securities owned after 23 March 2020, the current rules of the regulation above will be applied.

Based on the decision of BRSA, numbered 8970 and dated 27 March 2020, due to the COVID-19 pandemic, it has been decided to apply 90 days past due criteria for classifying the credit risk under Stage 2 instead of 30 days past due and to continue calculating provision in accordance with TFRS 9.

The Law numbered 7244 on the Reduction of the Effects of the Coronavirus (COVID-19) Pandemic on Economic and Social Life and the Law Amending Certain Laws ("Law") was published in the Official Gazette on 17 April 2020. According to the law, the Turkish Commercial Code numbered 6102 was amended and limits and restrictions regarding the distribution of profits were foreseen. The mentioned regulation has been implemented as of the publication date of the law.

The Bank has prepared its financial statements dated 31 March 2020, taking into consideration the aforementioned regulations of BRSA.

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SECTION FOUR

INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT

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, the Bank’s total capital has been calculated as TL 3.812.162 and the capital adequacy ratio is 19,34% (As of 31 December 2019, the Bank’s total capital amounted to TL 3.664.995 and the capital adequacy ratio was 19,55%).

I. Information related to the components of shareholders’ equity:

| | Current Period (31/03/2020) Amount | Amount as per the regulation before 1/1/2014 * |
|---|---|--|
| TIER I CAPITAL | | |
| Paid-in capital to be entitled for compensation after all creditors | 941.161 | |
| Share Premium | 128.678 | |
| Reserves (**) | 652.414 | |
| Other comprehensive income according to TAS | -- | |
| Profit | 63.136 | |
| Current period profit | 63.136 | |
| Prior period profit | -- | |
| Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit | -- | |
| Tier I Capital Before Deductions | 1.785.389 | |
| Deductions From Tier I Capital | | |
| Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital | -- | -- |
| Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (***) | 29.722 | -- |
| Improvement costs for operational leasing | 11.286 | -- |
| Goodwill and other intangible assets and related deferred taxes | -- | -- |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 111.388 | -- |
| Excess amount arising from deferred tax assets from temporary differences | 25.190 | -- |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting | -- | -- |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach | -- | -- |
| Securitization gains | | |
| Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities | -- | -- |

(**)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the "Retained Earnings" account; in accordance with Provisional Article 5 of the Regulation on Equity of Banks, related amount is shown net by adding back 40% of the provision difference, net of tax.

(***) Based on the decision of BRSA, dated 23 March 2020 and numbered 3397, if the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, they are not included in the equity calculation.

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| | Current Period (31/03/2020) Amount | Amount as per the regulation before 1/1/2014 * |
|---|---|--|
| Net amount of defined benefit plans | -- | -- |
| Direct and indirect investments of the Bank on its own Tier I Capital | -- | -- |
| Shares obtained against Article 56, Paragraph 4 of the Banking Law | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Mortgage servicing rights exceeding the 10% threshold of Tier I Capital | -- | -- |
| Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital | -- | -- |
| Amount exceeding 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks | -- | -- |
| The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital | -- | -- |
| Excess amount arising from mortgage servicing rights | -- | -- |
| Excess amount arising from deferred tax assets from temporary differences | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals | -- | -- |
| Total Deductions From Common Equity Tier I Capital | 177.586 | -- |
| Total Common Equity Tier I Capital | 1.607.803 | -- |
| ADDITIONAL TIER I CAPITAL | | |
| Preferred stock not included in Tier I capital and the related share premiums | -- | -- |
| Debt instruments and the related issuance premiums defined by the BRSA | 295.480 | -- |
| Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4) | -- | -- |
| Additional Core Capital before Deductions | 295.480 | -- |
| Deductions from Additional Core Capital | -- | -- |
| Direct and indirect investments of the Bank on its own Additional Tier I Capital | -- | -- |
| Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation | -- | -- |
| The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital | -- | -- |

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| | Current Period (31/03/2020) Amount | Amount as per the regulation before 1/1/2014 * |
|--|---|--|
| The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Items to be Deducted from Tier I Capital during the Transition Period | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -- | -- |
| Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | -- | -- |
| Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-) | -- | -- |
| Total Deductions from Additional Tier I Capital | -- | -- |
| Total Additional Tier I Capital | 295.480 | -- |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 1.903.283 | -- |
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 1.696.147 | -- |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | -- | -- |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 212.732 | -- |
| Tier II Capital before Deductions | 1.908.879 | -- |
| Deductions from Tier II Capital | | |
| Direct and indirect investments of the Bank on its own Tier II Capital (-) | -- | -- |
| Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-) | -- | -- |
| Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-) | -- | -- |
| Other items to be defined by the BRSA (-) | -- | -- |
| Total Deductions from Tier II Capital | -- | -- |
| Total Tier II Capital | 1.908.879 | |
| Total Equity (Total Tier I and Tier II Capital) | 3.812.162 | |

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| | Current Period (31/03/2020) Amount | Amount as per the regulation before 1/1/2014 * |
|---|---|--|
| Total Tier I Capital and Tier II Capital (Total Equity) | 3.812.162 | |
| Loans granted against the Articles 50 and 51 of the Banking Law | -- | -- |
| Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period | -- | -- |
| The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation | -- | -- |
| The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation | -- | -- |
| The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation | -- | -- |
| EQUITY | 3.812.162 | |
| Total Capital (Total of Tier I Capital and Tier II Capital) | 3.812.162 | -- |
| Total Risk Weighted Assets (****) | 19.706.717 | -- |
| CAPITAL ADEQUACY RATIOS | | |
| Core Capital Adequacy Ratio (%) | 8,16 | -- |
| Tier I Capital Adequacy Ratio (%) | 9,66 | -- |
| Capital Adequacy Ratio (%) | 19,34 | -- |
| BUFFERS | | |
| Total Additional Core Capital Requirement Ratio (a+b+c) | 2,63 | |
| a)Capital Conservation Buffer Requirement (%) | 2,50 | -- |
| b)Bank-specific Counter-Cyclical Buffer Requirement(%) | 0,13 | -- |
| c)Systemically Important Banks Buffer Requirement Ratio (%) | -- | -- |

(****)According to BRSA announcement dated 23 March 2020 and numbered 3397, in the calculation of credit risk, the foreign exchange rate which are the basis for preparation of 31 December 2019 financial statements were used.

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| | Current Period (31/03/2023) Amount | Amount as per the regulation before 1/1/2014 * |
|---|---|--|
| The ratio of Additional Common Equity Tier I 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 (%) | 3,66 | -- |
| Amounts lower than Excesses as per Deduction Rules | -- | -- |
| Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital | -- | -- |
| Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital | -- | -- |
| Remaining mortgage servicing rights | -- | -- |
| Net deferred tax assets arising from temporary differences | -- | -- |
| Limits for Provisions Used in Tier II Capital Calculation | -- | -- |
| General reserves for standard based receivables (before tenthousandtwentyfive limitation) | 336.004 | -- |
| Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 212.732 | -- |
| Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach | -- | -- |
| Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0,6% risk weighted assets | -- | -- |
| Debt Instruments Covered by Temporary Article 4 (effective between 01/01/2018-01/01/2022) | -- | -- |
| Upper limit for Additional Tier I Capital items subject to Temporary Article 4 | -- | -- |
| Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit | -- | -- |
| Upper limit for Additional Tier II Capital items subject to Temporary Article 4 | -- | -- |
| Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit | -- | -- |

* The amounts to be considered under the transitional provisions

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| | Prior Period (31/12/2019) Amount | Amount as per the regulation before 1/1/2014 (*) |
|---|--|--|
| TIER I CAPITAL | | |
| Paid-in capital to be entitled for compensation after all creditors | 941.161 | -- |
| Share premium | 128.678 | |
| Reserves | 518.380 | |
| Other comprehensive income according to TAS | 15.774 | |
| Profit | 212.044 | |
| Current period profit | 212.044 | |
| Prior period profit | -- | |
| Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit | -- | |
| Tier I Capital Before Deductions | 1.816.037 | |
| Deductions From Tier I Capital | | |
| Valuation adjustments calculated as per the Article 9 (i) of the Regulation on Bank Capital | -- | -- |
| Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (**) | 26.202 | -- |
| Improvement costs for operational leasing | 11.199 | -- |
| Goodwill and other intangible assets and related deferred taxes | -- | -- |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 100.046 | -- |
| Excess amount arising from deferred tax assets from temporary differences | 9.790 | -- |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting | -- | -- |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach | -- | -- |
| Securitization gains | -- | -- |
| Unrealised gains and losses due to the changes in own credit risk on fair valued liabilities | -- | -- |

(**)The difference between the expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated with the method before TFRS 9 has been recorded in the "Retained Earnings" account; in accordance with Provisional Article 5 of the Regulation on Equity of Banks, related amount is shown net by adding back 60% of the provision difference, net of tax.

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| | Prior Period (31/12/2019) Amount | Amount as per the regulation before 1/1/2014 |
|---|--|--|
| Net amount of defined benefit plans | -- | -- |
| Direct and indirect investments of the Bank on its own Tier I Capital | -- | -- |
| Shares obtained against Article 56, Paragraph 4 of the Banking Law | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Mortgage servicing rights exceeding the 10% threshold of Tier I Capital | -- | -- |
| Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital | -- | -- |
| Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks | -- | -- |
| The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital | -- | -- |
| Excess amount arising from mortgage servicing rights | -- | -- |
| Excess amount arising from deferred tax assets from temporary differences | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals | -- | -- |
| Total Deductions From Common Equity Tier I Capital | 147.237 | -- |
| Total Common Equity Tier I Capital | 1.668.800 | -- |
| ADDITIONAL TIER I CAPITAL | | -- |
| Preferred stock not included in Tier I capital and the related share premiums | -- | -- |
| Debt instruments and the related issuance premiums defined by the BRSA | 278.206 | -- |
| Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4) | -- | -- |
| Additional Core Capital before Deductions | 278.206 | -- |
| Deductions from Additional Core Capital | -- | -- |
| Direct and indirect investments of the Bank on its own Additional Tier I Capital | -- | -- |
| Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation | -- | -- |
| The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital | -- | -- |

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| | Prior Period (31/12/2019) Amount | Amount as per the regulation before 1/1/2014 |
|--|--|--|
| The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Items to be Deducted from Tier I Capital during the Transition Period | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -- | -- |
| Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | -- | -- |
| Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-) | -- | -- |
| Total Deductions from Additional Tier I Capital | -- | -- |
| Total Additional Tier I Capital | 278.206 | -- |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 1.947.006 | -- |
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 1.577.984 | -- |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | -- | -- |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 140.016 | -- |
| Tier II Capital before Deductions | 1.718.000 | -- |
| Deductions from Tier II Capital | | |
| Direct and indirect investments of the Bank on its own Tier II Capital | -- | -- |
| Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation | 11 | -- |
| Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital | -- | -- |
| Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Total Deductions from Tier II Capital | 11 | |
| Total Tier II Capital | 1.717.989 | |
| Total Equity (Total Tier I and Tier II Capital) | 3.664.995 | |

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| | Prior Period (31/12/2019) Amount | Amount as per the regulation before 1/1/2014 |
|---|--|--|
| Total Tier I Capital and Tier II Capital (Total Equity) | 3.664.995 | |
| Loans granted against the Articles 50 and 51 of the Banking Law | -- | -- |
| Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period | -- | -- |
| The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank Owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation | -- | -- |
| The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation | -- | -- |
| The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation | -- | -- |
| EQUITY | 3.664.995 | |
| Total Capital (Total of Tier I Capital and Tier II Capital) | 3.664.995 | -- |
| Total Risk Weighted Assets | 18.749.737 | -- |
| CAPITAL ADEQUACY RATIOS | | |
| Core Capital Adequacy Ratio (%) | 8,90 | -- |
| Tier I Capital Adequacy Ratio (%) | 10,38 | -- |
| Capital Adequacy Ratio (%) | 19,55 | -- |
| BUFFERS | | |
| Total Additional Core Capital Requirement Ratio (a+b+c) | 2,61 | |
| a) Capital Conservation Buffer Requirement (%) | 2,50 | -- |
| b) Bank-specific Counter-Cyclical Buffer Requirement(%) | 0,11 | -- |
| c) Systemically Important Banks Buffer Requirement Ratio (%) | -- | -- |

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| | Prior Period (31/12/2019) Amount | Amount as per the regulation before 1/1/2014* |
|---|--|---|
| The ratio of Additional Common Equity Tier I 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 (%) | 4,38 | -- |
| Amounts lower than Excesses as per Deduction Rules | -- | -- |
| Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital | -- | -- |
| Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital | -- | -- |
| Remaining mortgage servicing rights | -- | -- |
| Net deferred tax assets arising from temporary differences | -- | -- |
| Limits for Provisions Used in Tier II Capital Calculation | -- | -- |
| General reserves for standard based receivables (before tenthousandtwentyfive limitation) | 298.165 | -- |
| Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 140.016 | -- |
| Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach | -- | -- |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets | -- | -- |
| Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022) | -- | -- |
| Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4 | -- | -- |
| Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit | -- | -- |
| Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4 | -- | -- |
| Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit | -- | -- |

* The amounts to be considered under the transitional provisions

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Explanations on reconciliation of shareholder's equity items to balance sheet:

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from the subordinated bonds, general reserves and TFRS 9 transition effect. In the calculation of Total Capital, general reserve up to 1,25% of credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operational leases presented under tangible assets in the balance sheet, together with related deferred tax liabilities and deferred tax assets calculated for provision for possible losses and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

Debt instruments included in shareholder's equity calculation:

| | | | |
|--|---|---|---|
| Issuer | Fibabanka A.Ş. | Fibabanka A.Ş. | Fibabanka A.Ş. |
| Code of debt instrument (CUSIP, ISIN etc.) | XS1386178237 | TRSFIBA10016 | XS2096028571 |
| Regulation of debt instrument | BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English Law | BRSA's "Regulation on Equities of Banks" dated 1 November 2006" | BRSA's "Regulation on Equities of Banks" dated 1 November 2006" and English law |
| Consideration Status in Shareholders' Equity Calculation | | | |
| Situation of being subject to practice of being taken into consideration with 10% deduction after 1/1/2015 | No | No | No |
| Eligible at unconsolidated / consolidated | Unconsolidated and Consolidated | Unconsolidated and Consolidated | Unconsolidated and Consolidated |
| Type of debt instrument | Subordinated Security | Subordinated Security | Subordinated Security |
| Recognized amount in shareholders' equity calculation (As of the most recent reporting date - Thousand TL) | 1.696.147 | 100.000 | 195.480 |
| Nominal value of debt instrument (Thousand TL) | 1.954.800 | 100.000 | 195.480 |
| Related account of debt instrument | Subordinated Debt Instruments | Shareholders' Equity | Subordinated Debt Instruments |
| Issuing date of debt instrument | 24/03/16-10/05/17 | 20/03/19 | 31/12/19 |
| Maturity structure of debt instrument (Demand/Time) | Time | Demand | Demand |
| Initial term of of debt instrument | 11 years | -- | -- |
| Issuer call subject to prior BRSA approval | Has pre-payment right | Has pre-payment right | Has pre-payment right |
| Optional call date, reimbursement amount | 24/11/2022; USD 300 million | 13/03/2024; TL 100 million | 31/12/2024; USD 30 million |
| Subsequent call date, if any | None | At the end of every 5th year following | On each interest payments date after first 5 years |

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Interest/Dividend Payments

| Fixed or floating interest/dividend payments | Floating interest | Floating interest | Floating interest |
|--|---|---|---|
| | Upto pay back option date 7,75% (5 years mid-swap rate+5,758%); afterwards current 5 years mid-swap rate+5,758% | 8% additional return on TRLibor | 10% additional return on Libor |
| Interest rate or index value of interest rate | | | |
| Whether there is any restriction to stop dividend payments or not | None | None | None |
| Feature of being fully optional, partially optional or obligatory | Obligatory | Optional | Optional |
| Whether there is any stimulant to repayment like interest rate hike or not | None | None | None |
| Feature of being cumulative or noncumulative | -- | -- | -- |
| Feature of being convertible bonds | | | |
| If there is convertible bonds, trigger incidents cause this conversion | -- | -- | -- |
| If there is convertible bonds, feature of full or partially conversion | -- | -- | -- |
| If there is convertible bonds, rate of conversion | -- | -- | -- |
| If there is convertible bonds, feature of conversion -obligatory or optional- | -- | -- | -- |
| If there is convertible bonds, types of convertible instruments | -- | -- | -- |
| If there is convertible bonds, exporter of convertible debt instruments | -- | -- | -- |
| Feature of value reduction | | | |
| | | Under the condition that unconsolidated and/or consolidated Tier I capital adequacy ratio drop below BRSA's ratio | Under the condition that unconsolidated and/or consolidated Tier I capital adequacy ratio drop below BRSA's ratio |
| If there is a feature of value reduction, trigger incidents cause this reduction | -- | | |
| If there is a feature of value reduction, feature of full or partially reduction of value | -- | Partially and totally | Partially and totally |
| If there is a feature of value reduction, feature of being constant of temporary | -- | -- | -- |
| If there is a feature of value reduction, mechanism of value incrementation | -- | -- | -- |
| Claiming rank in case of winding up (Instrument that is just above debt instrument) | After the other borrowers except depositors Meets the conditions defined by 8th article, does not meet the conditions defined by 7th article. | After depositors, other borrowers and Tier II capital Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article. | After depositors, other borrowers and Tier II capital Meets the conditions defined by 7th article, does not meet the conditions defined by 8th article. |
| Whether meeting the conditions defined by 7th or 8th articles of Shareholders' Equity of Banks Regulation | | | |
| The conditions not met which were defined by 7th or 8th of the 7th or 8th articles of Shareholders' Equity of Banks Regulation | -- | Can not be converted to stock. | Can not be converted to stock. |

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Explanations on TFRS9 Transition Process

| | 2020 | 2021 | 2022 |
|---|------------|------------|------------|
| EQUITY ITEMS | | | |
| Common Equity | 1.607.803 | 1.529.792 | 1.451.782 |
| Common Equity if transition process not implemented ^a | 1.451.782 | 1.451.782 | 1.451.782 |
| Tier 1 Capital | 1.903.283 | 1.825.272 | 1.747.262 |
| Tier 1 Capital if transition process not implemented ^b | 1.747.262 | 1.747.262 | 1.747.262 |
| Total Capital | 3.812.162 | 3.734.151 | 3.656.141 |
| Equity if transition process not implemented ^c | 3.656.141 | 3.656.141 | 3.656.141 |
| TOTAL RISK WEIGHTED AMOUNTS | | | |
| Total Risk Weighted Amounts | 19.706.717 | 19.706.717 | 19.706.717 |
| CAPITAL ADEQUACY RATIO | | | |
| Common Equity Adequacy Ratio (%) | 8,16 | 7,76 | 7,37 |
| Common Equity Ratio if transition process not implemented ^d (%) | 7,37 | 7,37 | 7,37 |
| Tier 1 Capital Adequacy Ratio (%) | 9,66 | 9,26 | 8,87 |
| Tier 1 Capital Adequacy Ratio if transition process not implemented ^d (%) | 8,87 | 8,87 | 8,87 |
| Capital Adequacy Ratio (%) | 19,34 | 18,95 | 18,55 |
| Capital Adequacy Ratio if transition process not implemented ^d (%) | 18,55 | 18,55 | 18,55 |
| LEVERAGE | | | |
| Leverage Ratio Total Risk Amount | 30.035.978 | 30.035.978 | 30.035.978 |
| Leverage (%) | 6,34 | 6,08 | 5,82 |
| Leverage Ratio if transition process not implemented ^e (%) | 5,82 | 5,82 | 5,82 |

^a Common Equity if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

^b Tier 1 Capital if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

^c Equity if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

^d Capital Adequacy Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

^e Leverage Ratio calculated with Equity Items if "Provisional Article 5 of the Regulation on Banks' Own Funds" not implemented

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II. Explanations on risk management

Notes and explanations in this section have been prepared in accordance with the “Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Bank uses the standard approach for the calculation of capital adequacy, the following tables those have to be disclosed in accordance with the Communiqué on an annual basis were not presented by the Bank as of 31 March 2020:

- KR8 - RWA flow statements of credit risk exposures under IRB (Internal Ratings Based)
- KKR7 - RWA flow statements of CCR exposures under the Internal Model Method
- PR2 - RWA flow statements of market risk exposures under an Internal Model Approach

| | | Risk Weighted Amounts | | Minumum Capital Requirements |
|----|---|-----------------------|-------------------|------------------------------|
| | | Current Period | Prior Period | Current Period |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 16.410.696 | 16.132.769 | 1.312.856 |
| 2 | Of which standardised approach (SA) | 16.410.696 | 16.132.769 | 1.312.856 |
| 3 | Of which internal rating-based (IRB) approach | -- | -- | -- |
| 4 | Counterparty credit risk | 536.595 | 499.911 | 42.928 |
| 5 | Of which standardised approach for counterparty credit risk (SA-CCR) | 536.595 | 499.911 | 42.928 |
| 6 | Of which internal model method (IMM) | -- | -- | -- |
| 7 | Equity position in banking book under basic risk weighting or internal rating-based | -- | -- | -- |
| 8 | Equity investments in funds - look-through approach | 71.295 | 83.713 | 5.704 |
| 9 | Equity investments in funds - mandate-based approach | -- | -- | -- |
| 10 | Equity investments in funds - 1250% risk weighting approach | -- | -- | -- |
| 11 | Settlement risk | -- | - | - |
| 12 | Securitisation exposures in banking book | -- | - | - |
| 13 | Of which IRB ratings-based approach (RBA) | -- | -- | -- |
| 14 | Of which IRB supervisory formula approach (SFA) | -- | -- | -- |
| 15 | Of which SA/simplified supervisory formula approach (SSFA) | -- | -- | -- |
| 16 | Market risk | 876.825 | 552.463 | 70.146 |
| 17 | Of which standardised approach (SA) | 876.825 | 552.463 | 70.146 |
| 18 | Of which internal model approaches (IMM) | -- | -- | -- |
| 19 | Operational risk | 1.811.306 | 1.480.881 | 144.904 |
| 20 | Of which basic indicator approach | 1.811.306 | 1.480.881 | 144.904 |
| 21 | Of which standardised approach | -- | -- | -- |
| 22 | Of which advanced measurement approach | -- | -- | -- |
| 23 | Amounts below the thresholds for deduction from capital (subject to 250% risk weight) | -- | -- | -- |
| 24 | Floor adjustment | -- | -- | -- |
| 25 | Total (1+4+7+8+9+10+11+12+16+19+23+24) | 19.706.717 | 18.749.737 | 1.576.537 |

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III. Explanations on currency risk

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. The Bank does not take material foreign exchange and parity risk; transactions are usually hedged. Measurable and manageable risks are taken within legal limits.

As of 31 March 2020, the Bank's net short position is TL 8.441 (31 December 2019: TL 33.387 net long position) resulting from short position on the balance sheet amounting to TL 737.360 (31 December 2019: TL 690.786 short position) and long position on the off-balance amounting to TL 728.919 (31 December 2019: TL 724.173 long position). The Bank uses "Standard Method" in legal reporting to measure the foreign exchange risk.

The announced foreign exchange buying rates of the Bank at balance sheet date and the previous five working days in full TL are as follows:

| | |
|--|-----------|
| US Dollar purchase rate as at the balance sheet date | TL 6,5160 |
| Euro purchase rate as at the balance sheet date | TL 7,2150 |

| Date | USD | EURO |
|---------------|--------|--------|
| 25 March 2020 | 6,4943 | 7,0455 |
| 26 March 2020 | 6,4024 | 6,9271 |
| 27 March 2020 | 6,4560 | 7,0610 |
| 30 March 2020 | 6,4346 | 7,0896 |
| 31 March 2020 | 6,5160 | 7,2150 |

The US Dollar and EUR buying rates are TL 6,3144 and TL 6,9887 (in full TL amounts) respectively, according to simple arithmetic average on March 2020.

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III. Explanations on currency risk (continued)

| Current Period | EUR | USD | Other | Total |
|---|--------------------|--------------------|------------------|-------------------|
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT | 1.117.793 | 1.431.926 | 163.336 | 2.713.055 |
| Due From Banks | 59.450 | 153.878 | 6.524 | 219.852 |
| Financial Assets at Fair Value through Profit/Loss (*) | 414 | 215 | -- | 629 |
| Money Market Placements | -- | -- | -- | -- |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | 172.632 | 555.883 | -- | 728.515 |
| Loans and Receivables(**) | 6.378.760 | 1.500.069 | 18.021 | 7.896.850 |
| Investments in Assoc., Subsidiaries and Entities under | -- | -- | -- | -- |
| Financial Assets Measured at Amortized Cost | 404.588 | -- | -- | 404.588 |
| Derivative Financial Assets Hedging Purposes | -- | -- | -- | -- |
| Tangible Assets | -- | -- | -- | -- |
| Intangible Assets | -- | -- | -- | -- |
| Other Assets (***) | 762 | 425 | -- | 1.187 |
| Total Assets | 8.134.399 | 3.642.396 | 187.881 | 11.964.676 |
| Liabilities | | | | |
| Bank Deposits | 49.732 | 434.097 | 27.787 | 511.616 |
| Foreign Currency Deposits | 731.751 | 5.900.043 | 260.186 | 6.891.980 |
| Money Market Borrowings | 331.661 | 410.433 | -- | 742.094 |
| Funds Provided from Other Financial Institutions | 302.327 | 716.376 | -- | 1.018.703 |
| Securities Issued(****) | -- | 3.290.032 | -- | 3.290.032 |
| Sundry Creditors | 68.536 | 126.584 | 210 | 195.330 |
| Derivative Fin. Liabilities for Hedging Purposes | -- | -- | -- | -- |
| Other Liabilities(*****) | 33.878 | 18.374 | 29 | 52.281 |
| Total Liabilities | 1.517.885 | 10.895.939 | 288.212 | 12.702.036 |
| Net Balance Sheet Position | 6.616.514 | (7.253.543) | (100.331) | (737.360) |
| Net Off-Balance Sheet Position | (6.620.413) | 7.250.241 | 99.091 | 728.919 |
| Financial Derivative Assets (*****) | 4.483.664 | 11.689.853 | 972.309 | 17.145.826 |
| Financial Derivative Liabilities (*****) | 11.104.077 | 4.439.612 | 873.218 | 16.416.907 |
| Non-Cash Loans (*****) | 301.156 | 341.100 | 2.531 | 644.787 |
| Prior Period | | | | |
| Total Assets | 7.201.478 | 3.653.616 | 252.495 | 11.107.589 |
| Total Liabilities | 1.479.068 | 10.217.863 | 101.444 | 11.798.375 |
| Net Balance Sheet Position | 5.722.410 | (6.564.247) | 151.051 | (690.786) |
| Net Off-Balance Sheet Position | (5.718.363) | 6.593.739 | (151.203) | 724.173 |
| Financial Derivative Assets (*****) | 3.783.231 | 11.210.249 | 683.591 | 15.677.071 |
| Financial Derivative Liabilities (*****) | 9.501.594 | 4.616.510 | 834.794 | 14.952.898 |
| Non-Cash Loans (*****) | 269.674 | 322.135 | -- | 591.809 |

(*) Accruals of trading derivative financial assets amounting to TL 88.304 are not included.

(**) Includes foreign currency indexed loans and accruals amounting to TL 91.345.

(***) TL 26.515 of prepaid expenses are not included.

(****) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(*****) TL 88.271 of accruals of derivative financial liabilities are not included.

(***** In the current period, foreign currency purchase commitments within the financial derivative assets amounted to TL 2.450.259 (31 December 2019: TL 2.115.194), foreign currency sale commitments within the derivative financial liabilities amounted to TL 2.481.282 (31 December 2019: TL 2.129.285).

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

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IV. Explanations on interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items are evaluated weekly by considering market developments in the Asset-Liability Committee.

Standard method and Asset-Liability risk measurement methods are used to measure the Bank's interest rate risk.

Measurements by the standard method are carried out monthly by using maturity ladder. Bank applies interest rate shock analysis to interest rate sensitive assets and liabilities considering historic economic crisis. Change in the net present value of the net assets of the Bank are monitored within the limits set by the Board of Directors.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

| Current Period | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non-interest Bearing | Total |
|--|--------------------|------------------|------------------|------------------|------------------|----------------------|-------------------|
| Assets | | | | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 2.040.083 | -- | -- | -- | -- | 852.859 | 2.892.942 |
| Banks | 850.213 | -- | -- | -- | -- | 234.889 | 1.085.102 |
| Financial Assets at Fair Value Through Profit or Loss | 97.983 | 78.328 | 401.490 | 435.679 | 1 | -- | 1.013.481 |
| Interbank Money Market Placements | 117.530 | -- | -- | -- | -- | -- | 117.530 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 25.963 | -- | 175.498 | 512.704 | 13.492 | 3.574 | 731.231 |
| Loans(*) | 2.329.481 | 4.413.823 | 3.780.457 | 4.656.586 | 1.380.537 | (37.069) | 16.523.815 |
| Financial Assets Measured at Amortized Cost | -- | -- | 71.978 | 91.146 | 425.522 | -- | 588.646 |
| Other Assets(**) | -- | -- | -- | -- | -- | 924.330 | 924.330 |
| Total Assets | 5.461.253 | 4.492.151 | 4.429.423 | 5.696.115 | 1.819.552 | 1.978.583 | 23.877.077 |
| Liabilities | | | | | | | |
| Bank Deposits | 438.740 | 7.124 | -- | -- | -- | 83.159 | 529.023 |
| Other Deposits | 10.495.395 | 1.999.802 | 297.923 | 392 | -- | 1.257.259 | 14.050.771 |
| Interbank Money Market Received | 310.548 | 299.211 | 142.346 | -- | -- | -- | 752.105 |
| Sundry Creditors | -- | -- | -- | -- | -- | 358.057 | 358.057 |
| Marketable Securities Issued(***) | 132.600 | 627.810 | 17.373 | 3.071.356 | 195.480 | -- | 4.044.619 |
| Funds Borrowed From Other Institutions | 3.961 | 363.372 | 327.197 | 339.705 | -- | -- | 1.034.235 |
| Other Liabilities(****) | 120.657 | 23.152 | 393.035 | 391.853 | -- | 2.179.570 | 3.108.267 |
| Total Liabilities | 11.501.901 | 3.320.471 | 1.177.874 | 3.803.306 | 195.480 | 3.878.045 | 23.877.077 |
| Balance Sheet Long Position | -- | 1.171.680 | 3.251.549 | 1.892.809 | 1.624.072 | -- | 7.940.110 |
| Balance Sheet Short Position | (6.040.648) | -- | -- | -- | -- | (1.899.462) | (7.940.110) |
| Off-Balance Sheet Long Position | -- | -- | 25.000 | 325.800 | -- | 19.837.742 | 20.188.542 |
| Off-Balance Sheet Short Position | -- | -- | (25.000) | (325.800) | -- | (19.609.888) | (19.960.688) |
| Total Position | (6.040.648) | 1.171.680 | 3.251.549 | 1.892.809 | 1.624.072 | (1.671.608) | 227.854 |

(*) Non-performing loans TL 716.550, net-off related provision for expected loss of stage 3 loans TL 427.840 and expected losses for stage 1 TL 143.709 and for stage 2 TL 182.070 are presented in "non-interest bearing" column.

(**) Non-interest bearing column includes TL 47.842 investments in associates, TL 314.837 tangible assets, TL 75.890 intangible assets, TL 61.563 tax asset, TL 123.233 assets held for sale and TL 301.533 other assets and TL 568 of financial assets provisions for expected losses.

(***) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(****) Non-interest bearing column includes TL 1.684.105 shareholders' equity, TL 260.777 other liabilities, TL 190.975 provisions and TL 43.713 tax liabilities.

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IV. Explanations on interest rate risk (continued)

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

| Prior Period | Up to 1 month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non-interest Bearing | Total |
|--|--------------------|------------------|------------------|------------------|------------------|----------------------|-------------------|
| Assets | | | | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 1.793.051 | -- | -- | -- | -- | 914.824 | 2.707.875 |
| Banks | 379.617 | -- | -- | -- | -- | 111.199 | 490.816 |
| Financial Assets at Fair Value Through Profit or Loss | 133.111 | 64.695 | 158.441 | 472.922 | 154 | -- | 829.323 |
| Interbank Money Market Placements | 30.010 | -- | -- | -- | -- | -- | 30.010 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 98.944 | 1.027 | 23.741 | 664.919 | 15.137 | 3.800 | 807.568 |
| Loans(*) | 2.418.490 | 3.444.489 | 3.760.128 | 4.436.418 | 1.448.658 | 116.228 | 15.624.411 |
| Financial Assets Measured at Amortized Cost | 20.983 | -- | -- | 144.239 | 409.788 | -- | 575.010 |
| Other Assets(**) | -- | -- | -- | -- | -- | 820.747 | 820.747 |
| Total Assets | 4.874.206 | 3.510.211 | 3.942.310 | 5.718.498 | 1.873.737 | 1.966.798 | 21.885.760 |
| Liabilities | | | | | | | |
| Bank Deposits | 12.262 | 14.705 | -- | -- | -- | 22.159 | 49.126 |
| Other Deposits | 9.766.155 | 2.214.981 | 277.179 | 619 | -- | 1.258.638 | 13.517.572 |
| Interbank Money Market Received | 267.655 | 465.602 | -- | -- | -- | -- | 733.257 |
| Sundry Creditors | -- | -- | -- | -- | -- | 358.628 | 358.628 |
| Marketable Securities Issued(***) | 363.510 | 86.980 | 57 | 2.878.597 | 178.206 | -- | 3.507.350 |
| Funds Borrowed From Other Institutions | 3.032 | 337.501 | 208.036 | 310.812 | -- | -- | 859.381 |
| Other Liabilities(****) | 138.489 | 61.742 | 150.741 | 505.627 | -- | 2.003.847 | 2.860.446 |
| Total Liabilities | 10.551.103 | 3.181.511 | 636.013 | 3.695.655 | 178.206 | 3.643.272 | 21.885.760 |
| Balance Sheet Long Position | -- | 328.700 | 3.306.297 | 2.022.843 | 1.695.531 | -- | 7.353.371 |
| Balance Sheet Short Position | (5.676.897) | -- | -- | -- | -- | (1.676.474) | (7.353.371) |
| Off-Balance Sheet Long Position | -- | -- | -- | 322.010 | -- | 18.462.430 | 18.784.440 |
| Off-Balance Sheet Short Position | -- | -- | -- | (322.010) | -- | (18.337.350) | (18.659.360) |
| Total Position | (5.676.897) | 328.700 | 3.306.297 | 2.022.843 | 1.695.531 | (1.551.394) | 125.080 |

(*) Non-performing loans TL 920.338, net-off related provision for expected loss of stage 3 loans TL 515.118 and expected losses for stage 1 TL 117.374 and for stage 2 TL 171.618 are presented in "non-interest bearing" column.

(**) Non-interest bearing column includes TL 41.842 investments in associates, TL 323.651 tangible assets, TL 69.877 intangible assets, TL 57,936 tax assets, TL 63.247 non-current assets held for sale, TL 264.695 other assets and TL 501 of financial assets provisions for expected losses.

(***) Securities issued as subordinated loan classified under "Subordinated debt instruments - Other debt instruments" in the balance sheet are included.

(****) Non-interest bearing column includes TL 1.655.804 shareholders' equity, TL 210.691 other liabilities, TL 96.772 provisions and TL 40.580 tax liabilities.

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IV. Explanations on interest rate risk (continued)

Average interest rates applied to financial instruments

| Current Period | EUR % | USD % | JPY % | TL % |
|--|----------|----------|----------|---------|
| Assets | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -- | -- | -- | -- |
| Banks | -- | -- | -- | 9,06 |
| Financial Assets at Fair Value Through Profit/ Loss | 2,43 | 10,07 | -- | 34,68 |
| Interbank Money Market Placements | -- | -- | -- | 9,42 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 3,25 | 5,77 | -- | 11,47 |
| Loans | 5,91 | 6,13 | -- | 16,94 |
| Financial Assets Measured at Amortized Cost | 5,22 | -- | -- | 9,14 |
| Liabilities | | | | |
| Bank Deposits | -- | 0,21 | -- | 8,66 |
| Other Deposits | 0,44 | 1,91 | -- | 10,79 |
| Interbank Money Market Received | 0,44 | 2,94 | -- | 8,25 |
| Sundry Creditors | -- | -- | -- | -- |
| Marketable Securities Issued(*) | -- | 7,27 | -- | 10,99 |
| Funds Borrowed from Other Financial Institutions | 2,60 | 3,79 | -- | 10,64 |

(*) Includes subordinated debts, which are classified under "Subordinated Debts- Other Debt Instruments" in Balance Sheet, as well.

| Prior Period | EUR % | USD % | JPY % | TL % |
|--|----------|----------|----------|---------|
| Assets | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | -- | -- | -- | -- |
| Banks | -- | -- | -- | 11,00 |
| Financial Assets at Fair Value Through Profit/ Loss | 2,43 | 6,68 | -- | 31,29 |
| Interbank Money Market Placements | -- | -- | -- | 12,21 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 3,28 | 5,55 | -- | 8,79 |
| Loans | 6,03 | 6,14 | -- | 18,47 |
| Financial Assets Measured at Amortized Cost | 5,22 | -- | -- | 9,10 |
| Liabilities | | | | |
| Bank Deposits | -- | 1,75 | -- | 10,09 |
| Other Deposits | 0,36 | 2,66 | -- | 12,10 |
| Interbank Money Market Received | 0,47 | 3,45 | -- | -- |
| Sundry Creditors | -- | -- | -- | -- |
| Marketable Securities Issued(*) | -- | 7,25 | -- | 14,59 |
| Funds Borrowed from Other Financial Institutions | 2,62 | 4,44 | -- | 11,84 |

(*) Includes subordinated debts, which are classified under "Subordinated Debts- Other Debt Instruments" in Balance Sheet, as well.

V. Explanations on position risk of equity securities resulted from banking book

The Bank has no position risk of equity shares as of 31 March 2020 (31 December 2019: None).

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VI. Explanations on liquidity risk and liquidity coverage ratio

The Board of Directors reviews the liquidity and funding risk management policy weekly or in case of necessity. Liquidity risk is managed by Asset and Liability Committee (ALCO) in line with risk management policy as short and long term liquidity risk.

Liquidity Risk is managed by ALCO in order to take the necessary measures in a timely and correct manner against possible liquidity shortages. Treasury department manages cash inflows and outflows in line with strategies determined by ALCO. As deemed necessary by the ALCO members, liquidity meetings are performed for the purposes of close monitoring. Treasury department manages short term liquidity by adhering to the ALCO strategy and ensuring compliance with legal liquidity limits and stress testing.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows weekly and action plan is made based on ALCO decisions. The funding balance is directly monitored and compensated by making the risk-return-cost evaluation.

For long-term liquidity "Maturity Mismatch Report" is prepared and presented to ALCO on a weekly basis. The Bank, resulting from the general structure of Turkish banking sector, has a liquidity gap at the 1 year maturity period. The Bank intends to eliminate liquidity mismatch shifting focus to long-term funding alternatives. Such decisions of the risk of incompatibility are taken by ALCO. The Bank diversifies its funding sources among customer deposits, domestic and foreign borrowings, bills and bonds issued, taking into consideration the maturity match between its assets and liabilities and keeps liquid assets in order to fully meet the liquidity requirements that may emerge in case of market volatility.

Information on the use of stress testing

Department of Risk Management implements stress testing according to Liquidity and Funding Risk Policy approved by the Board of Directors on a weekly basis. These stress tests are based on the scenarios of the deposit outflow, funds obtained from bonds issued will outflow and banks limits will not be used during a 14-day period, the results are included in the presentation of ALCO on a weekly basis and in the Presentation of Risk Committee on a monthly basis. In this way, the Bank's funding structure is closely monitored and actions are taken on behalf of existing risk management.

Alternative funding sources are identified in case of need. ALCO members are responsible for taking actions against short-term liquidity shocks. In the case of a crisis or if deemed necessary, ALCO summon a meeting and take necessary actions immediately. These action plans are approved by the Board of Directors under the ICAAP. The Bank reviews resources that are available in any emergency situation constantly and takes into consideration the results of the above-mentioned stress testing and scenario analysis by the early warning system.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; liquidity ratio is required to be 80% for foreign currency assets/liabilities and 100% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting effective from 1 January 2019.

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VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

| Current Period | Total Unweighted Value * | | Total Weighted Value * | |
|---|--------------------------|----------------|------------------------|------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH-QUALITY LIQUID ASSETS | | | | |
| 1 Total high-quality liquid assets (HQLA) | | | 3.036.092 | 2.622.262 |
| CASH OUTFLOWS | | | | |
| 2 Deposits from natural persons and retail deposits | 11.585.215 | 5.825.551 | 1.093.968 | 582.483 |
| 3 Stable deposits | 1.290.098 | -- | 64.514 | -- |
| 4 Less stable deposits | 10.295.117 | 5.825.551 | 1.029.454 | 582.483 |
| 5 Unsecured funding except for retail deposits and deposits from natural persons, of which: | 3.294.546 | 1.784.327 | 2.031.924 | 1.270.031 |
| 6 Operational deposits | -- | -- | -- | -- |
| 7 Non-Operational deposits | 1.727.759 | 911.674 | 690.061 | 364.409 |
| 8 Other unsecured funding | 1.566.787 | 872.654 | 1.341.864 | 905.621 |
| 9 Secured funding | -- | -- | 141.229 | 141.229 |
| 10 Other cash outflows | 2.433.347 | 794.264 | 536.133 | 357.774 |
| 11 Outflows related to derivative exposures and other collateral requirements | 306.923 | 299.299 | 306.319 | 298.695 |
| 12 Outflows related to restructured financial instruments | -- | -- | -- | -- |
| 13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments | 2.126.424 | 494.965 | 229.814 | 59.080 |
| 14 Other revocable off-balance sheet commitments and other contractual obligations | -- | -- | -- | -- |
| 15 Other irrevocable or conditionally revocable off-balance sheet obligations | 7.016 | 8 | 7.016 | 8 |
| 16 TOTAL CASH OUTFLOWS | | | 3.810.270 | 2.351.525 |
| CASH INFLOWS | | | | |
| 17 Secured receivables | 19.841 | 19.841 | 8.497 | 8.497 |
| 18 Unsecured receivables | 1.798.226 | 834.664 | 1.337.342 | 681.716 |
| 19 Other cash inflows | 92.776 | 88.063 | 93.520 | 88.808 |
| 20 TOTAL CASH INFLOWS | 1.910.844 | 942.569 | 1.439.359 | 779.020 |
| 21 TOTAL HQLA | | | 3.036.092 | 2.622.262 |
| 22 TOTAL NET CASH OUTFLOWS | | | 2.370.911 | 1.572.505 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 128,06 | 166,76 |

* The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

| Prior Period | Total Unweighted Value * | | Total Weighted Value * | |
|---|--------------------------|-----------|------------------------|-----------|
| | TL+FC | FC | TL+FC | FC |
| HIGH-QUALITY LIQUID ASSETS | | | | |
| 1 Total high-quality liquid assets (HQLA) | | | 3.133.402 | 2.368.071 |
| CASH OUTFLOWS | | | | |
| 2 Deposits from natural persons and retail deposits | 10.935.097 | 5.035.241 | 1.006.981 | 503.565 |
| 3 Stable deposits | 1.729.909 | - | 86.493 | - |
| 4 Less stable deposits | 9.205.188 | 5.035.241 | 920.488 | 503.565 |
| 5 Unsecured funding except for retail deposits and deposits from natural persons, of which: | 3.326.774 | 2.055.377 | 2.265.367 | 1.564.407 |
| 6 Operational deposits | - | - | - | - |
| 7 Non-Operational deposits | 1.438.703 | 786.008 | 575.117 | 313.806 |
| 8 Other unsecured funding | 1.888.071 | 1.269.368 | 1.690.250 | 1.250.601 |
| 9 Secured funding | - | - | 125.765 | 125.765 |
| 10 Other cash outflows | 2.257.072 | 768.783 | 491.818 | 294.347 |
| 11 Outflows related to derivative exposures and other collateral requirements | 275.511 | 237.497 | 275.294 | 237.281 |
| 12 Outflows related to restructured financial instruments | - | - | - | - |
| 13 Payment commitments granted for debts to financial markets and other off-balance sheet commitments | 1.981.562 | 531.286 | 216.524 | 57.066 |
| 14 Other revocable off-balance sheet commitments and other contractual obligations | - | - | - | - |
| 15 Other irrevocable or conditionally revocable off-balance sheet obligations | 40.684 | 31 | 40.685 | 31 |
| 16 TOTAL CASH OUTFLOWS | | | 3.930.617 | 2.488.116 |
| CASH INFLOWS | | | | |
| 17 Secured receivables | 27.580 | 27.580 | 13.953 | 13.953 |
| 18 Unsecured receivables | 2.036.936 | 847.627 | 1.557.400 | 706.939 |
| 19 Other cash inflows | 45.611 | 31.923 | 45.648 | 31.960 |
| 20 TOTAL CASH INFLOWS | 2.110.127 | 907.130 | 1.617.001 | 752.852 |
| 21 TOTAL HQLA | | | 3.133.402 | 2.368.071 |
| 22 TOTAL NET CASH OUTFLOWS | | | 2.313.616 | 1.735.264 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 135,43 | 136,47 |

* The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

The table below shows the lowest, highest and average Liquidity Coverage Ratio in the last 3 months of the 1 January - 31 March 2020 period.

| Current Period | Highest | Date | Lowest | Date | Average |
|-----------------------|----------------|-------------|---------------|-------------|----------------|
| TL+FC | 179,94% | 26/03/2020 | 104,06% | 28/02/2020 | 130,20% |
| FC | 233,06% | 18/02/2020 | 128,48% | 06/02/2020 | 168,96% |

| Prior Period | Highest | Date | Lowest | Date | Average |
|---------------------|----------------|-------------|---------------|-------------|----------------|
| TL+FC | 220,20% | 23/12/2019 | 108,91% | 02/12/2019 | 140,28% |
| FC | 229,35% | 25/12/2019 | 107,14% | 26/11/2019 | 141,26% |

The Bank implements the calculation in accordance with the Regulation of Liquidity Coverage Ratio Calculation of Banks dated 21 March 2014 and numbered 28948 published in the Official Gazette. As per the related regulation high quality liquid assets are mainly securities portfolio, cash assets and reserve requirements. The important factors affecting the results of the liquidity coverage ratio are the changes in the remaining maturities of the items and changes in the amounts of deposits and money market transactions, the remaining maturities of which are less than 30 days. Deposits form a significant portion of the Bank's sources of funds, on the other hand bonds issued, money market borrowings, funds provided from abroad are other important sources of funding.

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VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

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 Year | 5 Years and Over | Unallocated* | Total |
|--|------------------|--------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|
| Assets | | | | | | | | |
| Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 1.026.574 | 1.866.368 | -- | -- | -- | -- | -- | 2.892.942 |
| Banks | 234.889 | 850.213 | -- | -- | -- | -- | -- | 1.085.102 |
| Financial Assets at Fair Value Through Profit or Loss | -- | 97.985 | 78.328 | 401.458 | 435.709 | 1 | -- | 1.013.481 |
| Interbank Money Market Placements | -- | 117.530 | -- | -- | -- | -- | -- | 117.530 |
| Financial Assets Available-for-Sale | 3.574 | 23.319 | -- | 175.498 | 519.342 | 9.498 | -- | 731.231 |
| Loans (*) | -- | 1.996.933 | 2.903.219 | 5.838.817 | 4.946.475 | 875.440 | (37.069) | 16.523.815 |
| Financial Assets Measured at Amortized Cost | -- | -- | -- | 51.197 | 126.965 | 410.484 | -- | 588.646 |
| Other Assets(**) | -- | -- | -- | -- | -- | -- | 924.330 | 924.330 |
| Total Assets | 1.265.037 | 4.952.348 | 2.981.547 | 6.466.970 | 6.028.491 | 1.295.423 | 887.261 | 23.877.077 |
| Liabilities | | | | | | | | |
| Bank Deposits | 83.159 | 438.740 | 7.124 | -- | -- | -- | -- | 529.023 |
| Other Deposits | 1.257.259 | 10.495.395 | 1.999.802 | 297.923 | 392 | -- | -- | 14.050.771 |
| Funds Borrowed from Other Financial Institutions | -- | 6.129 | 328.839 | 239.222 | 456.872 | 3.173 | -- | 1.034.235 |
| Interbank Money Market Received | -- | 310.548 | 299.211 | 142.346 | -- | -- | -- | 752.105 |
| Marketable Securities Issued(***) | -- | 132.600 | 627.812 | 17.372 | 1.375.208 | 1.891.627 | -- | 4.044.619 |
| Sundry Creditors | -- | 358.057 | -- | -- | -- | -- | -- | 358.057 |
| Other Liabilities(****) | -- | 276.587 | 32.159 | 423.553 | 437.186 | 2.146 | 1.936.636 | 3.108.267 |
| Total Liabilities | 1.340.418 | 12.018.056 | 3.294.947 | 1.120.416 | 2.269.658 | 1.896.946 | 1.936.636 | 23.877.077 |
| Net Liquidity Surplus / (Gap) | (75.381) | (7.065.708) | (313.400) | 5.346.554 | 3.758.833 | (601.523) | (1.049.375) | -- |
| Net Off-Balance Sheet Position | -- | (1.700) | 38.044 | 24.444 | 135.517 | -- | -- | 196.305 |
| Derivative Financial Assets | -- | 3.741.691 | 2.312.571 | 8.033.815 | 3.325.131 | -- | -- | 17.413.208 |
| Derivative Financial Liabilities | -- | 3.743.391 | 2.274.527 | 8.009.371 | 3.189.614 | -- | -- | 17.216.903 |
| Non-Cash Loans | -- | 104.545 | 112.148 | 399.237 | 108.912 | 338.886 | -- | 1.063.728 |
| Prior Period | | | | | | | | |
| Total Assets | 1.186.323 | 4.158.192 | 2.423.536 | 5.790.719 | 6.020.781 | 1.369.234 | 936.975 | 21.885.760 |
| Total Liabilities | 1.280.797 | 10.805.993 | 3.110.813 | 840.399 | 2.289.668 | 1.756.925 | 1.801.165 | 21.885.760 |
| Net Liquidity Gap | (94.474) | (6.647.801) | (687.277) | 4.950.320 | 3.731.113 | (387.691) | (864.190) | -- |
| Net Off-Balance Sheet Position | -- | 15.048 | 10.035 | 5.928 | 94.533 | -- | -- | 125.544 |
| Derivative Financial Assets | -- | 4.174.644 | 5.037.678 | 3.140.414 | 4.168.309 | -- | -- | 16.521.045 |
| Derivative Financial Liabilities | -- | 4.159.596 | 5.027.643 | 3.134.486 | 4.073.776 | -- | -- | 16.395.501 |
| Non-Cash Loans | -- | 60.914 | 193.352 | 337.775 | 125.390 | 307.237 | -- | 1.024.668 |

(*) Non-performing loans net-off related provision for expected loss of stage 3 loans and expected losses for stage 1 and stage 2 are presented in "unallocated" column.

(**) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets, stationary supplies and prepaid expenses are included in this column.

(***) Securities issued as subordinated loan classified under "Subordinated debt- Other debt instruments" in the balance sheet are also included.

(****) Shareholders' equity and provisions are classified in other liabilities in unallocated column.

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VI. Explanations on liquidity risk and liquidity coverage ratio (continued)

The table of leverage level calculated in accordance with the Regulation on Assessment and Calculation of Banks' Leverage Level published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below.

Bank's unconsolidated leverage ratio calculated in accordance with the "Regulation on Assessment and Calculation of Banks' Leverage Level" is 6,34%. Minimum leverage ratio has to be 3% according to the regulation.

| | Balance sheet assets | Current Period(*) | Prior Period(*) |
|--|---|-------------------|-----------------|
| 1 | Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals) | 22.073.500 | 22.018.765 |
| 2 | (Assets deducted in determining Tier 1 capital) | (166.419) | (147.849) |
| 3 | Total balance sheet risks (sum of lines 1 and 2) | 21.907.081 | 21.870.916 |
| Derivative financial instruments and credit derivatives | | | |
| 4 | Replacement cost associated with all derivative financial instruments and credit deriva | 241.788 | 156.336 |
| 5 | Potential credit risk associated with all derivative financial instruments and credit deri | 264.782 | 285.715 |
| 6 | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) | 506.570 | 442.051 |
| Securities or commodity financing transactions (SCFT) | | | |
| 7 | Risks from SCFT assets (except for on-balance sheet) | 262.458 | 1.217.268 |
| 8 | Risks from brokerage activities related exposures | - | - |
| 9 | Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) | 262.458 | 1.217.268 |
| Off-balance sheet transactions | | | |
| 10 | Gross notional amounts of off-balance sheet transactions | 5.950.387 | 5.028.249 |
| 11 | (Adjustments for conversion to credit equivalent amounts) | - | - |
| 12 | Total risks of off-balance sheet items (sum of lines 10 and 11) | 5.950.387 | 5.028.249 |
| Capital and total risks | | | |
| 13 | Tier 1 capital | 1.904.774 | 1.806.880 |
| 14 | Total risks (sum of lines 3, 6, 9 and 12) | 28.626.496 | 28.558.484 |
| Leverage ratio | | | |
| 15 | Leverage ratio | 6,67 | 6,32 |

(*)Represents three-month average amounts.

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VII. Explanations on segment reporting

The Bank operates in consumer banking services, current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, retail loans, long term mortgage loans, and all other kinds of consumer banking services and commercial services.

| | Retail Banking | Corporate & Commercial Banking | Treasury & Headquarters | Total Operations of the Bank |
|--|-------------------|--------------------------------------|----------------------------|------------------------------------|
| Current Period - 1 January - 31 March 2020 | | | | |
| Operating Income | 72.003 | 241.898 | 77.665 | 391.566 |
| Operating Profit | (8.627) | 150.083 | (58.315) | 83.142 |
| Taxation | | | | (20.006) |
| Net Profit/(Loss) for the Period | | | | 63.136 |
| Current Period - 31 March 2020 | | | | |
| Segment Assets | 2.197.058 | 14.363.825 | 7.316.194 | 23.877.077 |
| Total Assets | | | | 23.877.077 |
| Segment Liabilities | 11.828.371 | 2.222.399 | 8.142.202 | 22.192.972 |
| Shareholders' Equity | | | | 1.684.105 |
| Total Liabilities | | | | 23.877.077 |

| | Retail Banking(*) | Corporate & Commercial Banking | Treasury & Headquarters | Total Operations of the Bank |
|--|----------------------|--------------------------------------|----------------------------|------------------------------------|
| Prior Period - 1 January - 31 March 2019 | | | | |
| Operating Income | 71.309 | 236.049 | 169.935 | 477.293 |
| Operating Profit | (48.093) | 132.408 | (16.033) | 68.282 |
| Taxation | | | | (7.105) |
| Net Profit/(Loss) for the Period | | | | 61.177 |
| Prior Period - 31 December 2019 | | | | |
| Segment Assets | 2.066.449 | 13.441.734 | 6.377.577 | 21.885.760 |
| Total Assets | | | | 21.885.760 |
| Segment Liabilities | 11.018.021 | 2.499.553 | 6.712.382 | 20.229.956 |
| Shareholders' Equity | | | | 1.655.804 |
| Total Liabilities | | | | 21.885.760 |

(*) SME segment which is transferred to commercial segment as of March due to the new segmentation study has been reported under retail banking for first two months.

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FIFTH SECTION

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosure related to the assets

1. Information on cash and balances with the Central Bank of Turkey

| | Current Period | | Prior Period | |
|--|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Cash in TL /Foreign Currency | 48.319 | 109.931 | 48.386 | 211.408 |
| Balances with the Central Bank of Turkey | 131.568 | 2.603.124 | 152.600 | 2.295.481 |
| Other | -- | -- | -- | -- |
| Total | 179.887 | 2.713.055 | 200.986 | 2.506.889 |

1.1 Information related to the account of the Central Bank of Turkey

| | Current Period | | Prior Period | |
|------------------------------|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 131.568 | 736.758 | 152.527 | 659.002 |
| Unrestricted Time Deposits | -- | 541.125 | 73 | 498.795 |
| Restricted Time Deposits | -- | 1.325.241 | -- | 1.137.684 |
| Total | 131.568 | 2.603.124 | 152.600 | 2.295.481 |

According to the communiqué No: 2005/1 on “Reserve Deposits” of CBRT, banks operating in Turkey are required to keep reserve deposit at the rates varying from 1% - 7% (31 December 2019: 1%-7%) for TL liabilities and at the rates varying from 5% - 21% (31 December 2019: 5%-21%) for FC liabilities, especially USD and EUR, depending on maturities of liabilities.

2. Information on financial assets at fair value through profit or loss

2.1 Information on financial assets at fair value through profit or loss given as collateral or blocked

| | Current Period | | Prior Period | |
|---|----------------|-----------|---------------|-----------|
| | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bonds, Treasury Bills and Similar Marketable Securities | 24.933 | -- | 24.580 | -- |
| Total | 24.933 | -- | 24.580 | -- |

Trading securities given as collateral represent those collaterals given to the Central Bank of Turkey, and Istanbul Clearing and Custody Bank (Takasbank) for interbank money market, foreign exchange market and other transactions, as of balance sheets dates.

As of 31 March 2020, the amount of financial assets at fair value through profit or loss not given as collateral or not blocked is TL 37.295 (31 December 2019: TL 65.841).

Loans recognized at fair value through profit or loss

As of 31 March 2020, there are no loans recognized at fair value through profit or loss (31 December 2019: TL 1.948.020).

When fair value hedge accounting terminated, the fair value amount on the hedged financial instruments is reflected into the statement of profit or loss by amortization during the life time of the hedged financial instruments.

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I. Explanations and disclosure related to the assets (continued)

2.2 Information on financial assets at fair value through profit or loss subject to repurchase agreements

None.

2.3 Positive differences relating to derivative financial assets (*)

| | Current Period | | Prior Period | |
|----------------------|----------------|---------------|----------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 102.988 | -- | 59.591 | -- |
| Swap Transactions | 543.590 | -- | 368.713 | -- |
| Futures Transactions | -- | -- | -- | -- |
| Options | 216.371 | 88.304 | 195.923 | 27.136 |
| Other | -- | -- | -- | -- |
| Total | 862.949 | 88.304 | 624.227 | 27.136 |

(*) Except the derivative financial liabilities for hedging purposes.

3. Information on Banks

3.1 Information on banks

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|----------------|----------------|---------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 863.547 | 22.847 | 400.563 | 740 |
| Foreign | 1.703 | 197.005 | 2.058 | 87.455 |
| Foreign head-offices and branches | -- | -- | -- | -- |
| Total | 865.250 | 219.852 | 402.621 | 88.195 |

3.2 Due from foreign banks

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

4. Information on Financial Assets Valued at Fair Value Through Other Comprehensive Income

4.1 Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral / blocked

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|----------------|---------------|----------------|
| | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bonds, Treasury Bills and Similar | 953 | 572.645 | 10.904 | 776.085 |
| Other | -- | -- | -- | -- |
| Total | 953 | 572.645 | 10.904 | 776.085 |

As of 31 March 2020, the amount of financial assets comprehensive income not given as collateral or not blocked is TL 157.633 (31 December 2019: TL 20.579).

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I. Explanations and disclosure related to the assets (continued)

4.2 Details of financial assets valued at fair value through other comprehensive income

| | Current Period | Prior Period |
|---------------------------------|----------------|----------------|
| Debt instruments | 747.705 | 803.864 |
| Quoted on Stock Exchange | 747.705 | 803.864 |
| Unquoted on Stock Exchange | -- | -- |
| Share certificates | 3.574 | 3.800 |
| Quoted on Stock Exchange | 3.574 | 3.800 |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provision (-) | 20.048 | 96 |
| Total | 731.231 | 807.568 |

5. Information on Loans

5.1 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 to Shareholders | -- | 20 | -- | 20 |
| Corporate Shareholders | -- | -- | -- | -- |
| Individual Shareholders | -- | 20 | -- | 20 |
| Indirect Loans to Shareholders | -- | -- | -- | -- |
| Loans to Employees | 4.467 | -- | 4.695 | -- |
| Total | 4.467 | 20 | 4.695 | 20 |

5.2 Information on Standard Loans, Loans Under Close Monitoring and Loans Under Close Monitoring That Are Restructured

| Cash Loans | Standard Loans | Loans Under Close Monitoring | | |
|-----------------------------|-------------------|------------------------------|------------------------|----------------|
| | | Non-restructured | Restructured | |
| | | | Revised Contract Terms | Refinanced |
| Loans | 14.980.064 | 299.298 | 853.386 | 428.136 |
| Working Capital Loans | 4.443.161 | 12.231 | 319.528 | 387.349 |
| Export Loans | -- | -- | -- | 285 |
| Import Loans | -- | -- | -- | -- |
| Loans to Financial Sector | 199.752 | 737 | 77 | -- |
| Consumer Loans | 1.671.139 | 60.360 | 4.507 | 983 |
| Credit Cards | 17.601 | 2.250 | -- | -- |
| Others | 8.648.411 | 223.720 | 529.274 | 39.519 |
| Specialization Loans | -- | -- | -- | -- |
| Other Receivables | -- | -- | -- | -- |
| Total (*) | 14.980.064 | 299.298 | 853.386 | 428.136 |

(*) Amounting to TL 3.931 factoring receivables are also included.

| | Current Period | | Prior Period | |
|-------------------------------------|----------------|------------------------------|----------------|------------------------------|
| | Standard Loans | Loans Under Close Monitoring | Standard Loans | Loans Under Close Monitoring |
| 12-months Expected Credit Losses | 143.709 | -- | 117.374 | -- |
| Significant Increase in Credit Risk | -- | 182.070 | -- | 171.618 |
| Total | 143.709 | 182.070 | 117.374 | 171.618 |

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I. Explanations and disclosure related to the assets (continued)

5.2 Information on Loans under Close Monitoring that are restructured with Standard Loans and Close Monitoring Loans (continue)

The overdue analysis of close monitoring loans

| Current Period | Commercial Loans | Consumer Loans | Total |
|----------------|------------------|----------------|----------------|
| 1-30 days | 99.280 | 4.888 | 104.168 |
| 31-60 days | 51.786 | 19.380 | 71.166 |
| 61-90 days (*) | 88.625 | 24.409 | 113.034 |
| Total | 239.691 | 48.677 | 288.368 |

(*)According to BRSA's announcement numbered 8948 and dated 17 March 2020, up to 180 days past due loans are also included.

| Prior Period | Commercial Loans | Consumer Loans | Total |
|--------------|------------------|----------------|----------------|
| 1-30 days | 251.024 | 4.535 | 255.559 |
| 31-60 days | 58.987 | 23.368 | 82.355 |
| 61-90 days | 99.530 | 19.240 | 118.770 |
| Total | 409.541 | 47.143 | 456.684 |

Maturity analysis of cash loans

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

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I. Explanations and disclosure related to the assets (continued)

5.3 Information on consumer loans, individual credit cards and credit cards given to personnel

| | Short-Term | Medium or Long | Total |
|---|----------------|------------------|------------------|
| Consumer Loans-TL | 661.735 | 1.018.629 | 1.680.364 |
| Mortgage Loans | -- | 298.508 | 298.508 |
| Vehicle Loans | 34 | 3.227 | 3.261 |
| General Purpose Loans | 661.701 | 716.894 | 1.378.595 |
| Other | -- | -- | -- |
| Consumer Loans-Indexed to FC | -- | 9.649 | 9.649 |
| Mortgage Loans | -- | 9.203 | 9.203 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 446 | 446 |
| Other | -- | -- | -- |
| Consumer Loans-FC | -- | 55 | 55 |
| Mortgage Loans | -- | 55 | 55 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Individual Credit Cards-TL | 6.163 | -- | 6.163 |
| With Installment | 682 | -- | 682 |
| Without Installment | 5.481 | -- | 5.481 |
| Individual Credit Cards-FC | 88 | -- | 88 |
| With Installment | -- | -- | -- |
| Without Installment | 88 | -- | 88 |
| Loans Given to Employees-TL | 739 | 3.129 | 3.868 |
| Mortgage Loans | -- | 48 | 48 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | 739 | 3.081 | 3.820 |
| Other | -- | -- | -- |
| Loans Given to Employees - Indexed to FC | -- | -- | -- |
| Mortgage Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Loans Given to Employees - FC | -- | -- | -- |
| Mortgage Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Personnel Credit Cards - TL | 597 | -- | 597 |
| With Installment | 123 | -- | 123 |
| Without Installment | 474 | -- | 474 |
| Personnel Credit Cards - FC | 2 | -- | 2 |
| With Installment | -- | -- | -- |
| Without Installment | 2 | -- | 2 |
| Overdraft Loans-TL (Real Persons) | 43.053 | -- | 43.053 |
| Overdraft Loans-FC (Real Persons) | -- | -- | -- |
| Total | 712.377 | 1.031.462 | 1.743.839 |

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I. Explanations and disclosure related to the assets (continued)

5.4 Information on commercial loans with installments and corporate credit cards

| | Short-Term | Medium or Long Term | Total |
|---|----------------|---------------------|------------------|
| Installment Commercial Loans - TL | 538,503 | 2,746,348 | 3,284,851 |
| Real Estate Loans | -- | 673 | 673 |
| Vehicle Loans | 6,099 | 82,711 | 88,810 |
| General Purpose Loans | 532,404 | 2,662,964 | 3,195,368 |
| Other | -- | -- | -- |
| Installment Commercial Loans - Indexed to FC | -- | 69,609 | 69,609 |
| Real Estate Loans | -- | -- | -- |
| Vehicle Loans | -- | 11,961 | 11,961 |
| General Purpose Loans | -- | 57,648 | 57,648 |
| Other | -- | -- | -- |
| Installment Commercial Loans - FC | -- | -- | -- |
| Real Estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Corporate Credit Cards - TL | 12,999 | -- | 12,999 |
| With Installment | 1,721 | -- | 1,721 |
| Without Installment | 11,278 | -- | 11,278 |
| Corporate Credit Cards - FC | 2 | -- | 2 |
| With Installment | -- | -- | -- |
| Without Installment | 2 | -- | 2 |
| Overdraft Loans-TL (Legal Entities) | 54,091 | -- | 54,091 |
| Overdraft Loans-FC (Legal Entities) | -- | -- | -- |
| Total | 605,595 | 2,815,957 | 3,421,552 |

5.5 Allocation of loans by customers

| | Current Period | Prior Period |
|------------------|-------------------|-------------------|
| Public Sector | -- | -- |
| Private Sector | 16.560.884 | 15.508.182 |
| Total (*) | 16.560.884 | 15.508.182 |

(*) Factoring receivables amounting to TL 3.931 (31 December 2019: TL 3.092) are included. There are no financial loans at fair value through profit or loss (31 December 2019: TL 1.948.020).

5.6 Allocation of Domestic and Foreign Loans

| | Current Period | Prior Period |
|------------------|-------------------|-------------------|
| Domestic Loans | 15.418.640 | 14.737.586 |
| Foreign Loans | 1.142.244 | 770.596 |
| Total (*) | 16.560.884 | 15.508.182 |

(*) Factoring receivables amounting to TL 3.931 (31 December 2019: TL 3.092) are included. There are no financial loans at fair value through profit or loss (31 December 2019: TL 1.948.020).

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I. Explanations and disclosure related to the assets (continued)

5.7 Loans granted to subsidiaries and associates

The Bank does not have any loans granted to subsidiaries and associates as of 31 March 2020 (31 December 2019: None).

5.8 Provisions provided against loans (third stage)

| | Current Period | Prior Period |
|--|----------------|----------------|
| Loans and Receivables with Limited Collectability | 32.740 | 165.920 |
| Loans and Receivables with Doubtful Collectability | 203.313 | 133.848 |
| Uncollectible Loans and Receivables | 191.787 | 215.350 |
| Total | 427.840 | 515.118 |

5.9 Information on non-performing loans (Net)

5.9.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled

| | III. Group Loans and receivables with limited collectability | IV. Group Loans and receivables with doubtful collectability | V. Group Uncollectible loans and receivables |
|--|--|--|--|
| Current Period | -- | 20.265 | 2.220 |
| Gross Amounts before Provisions | -- | -- | -- |
| Restructured Loans and Other Receivables | -- | 20.265 | 2.220 |
| Prior Period | 453 | 21.568 | 2.301 |
| Gross Amounts before Specific Provisions | -- | -- | -- |
| Restructured Loans and Other Receivables | 453 | 21.568 | 2.301 |

5.9.2 Movement on non-performing loans

| | III. Group Loans and receivables with limited collectability | IV. Group Loans and receivables with doubtful collectability | V. Group Uncollectible loans and receivables |
|---|--|--|--|
| Balances at the End of Prior Period | 268.082 | 216.051 | 436.205 |
| Additions (+) | 36.573 | 1.455 | 9.464 |
| Transfers from Other Categories of Non-Performing Loans (+) | -- | 218.142 | 67.409 |
| Transfers to Other Categories of Non-Performing Loans (-) | 218.152 | 67.399 | -- |
| Collections (-) | 22.581 | 9.416 | 116.773 |
| Write-offs (-) | -- | -- | -- |
| Sold (-) (*) | 10.628 | 29.969 | 61.913 |
| Corporate and Commercial Loans | 10.627 | 29.422 | 45.399 |
| Retail Loans | 1 | 225 | 15.468 |
| Credit Cards | -- | 322 | 1.046 |
| Other | -- | -- | -- |
| Balances at End of the Period | 53.294 | 328.864 | 334.392 |
| Provisions (-) | 32.740 | 203.313 | 191.787 |
| Net Balance on Balance Sheet | 20.554 | 125.551 | 142.605 |

(*) The loan amounting to TL 102.510 has been written off from assets by transferring to asset management company in 2020.

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I. Explanations and disclosure related to the assets (continued)

5.9.3 Information on non-performing loans and other receivables in foreign currencies

| | III. Group Loans and receivables with limited collectability | IV. Group Loans and receivables with doubtful collectability | V. Group Uncollectible loans and receivables |
|-------------------------------------|--|--|--|
| Current Period | | | |
| Balance as of Period End | 386 | 25.318 | 44.655 |
| Provisions (-) | 292 | 14.791 | 21.325 |
| Net Balance on Balance Sheet | 94 | 10.527 | 23.330 |
| Prior Period | | | |
| Balance as of Period End | 15.936 | 33.897 | 85.845 |
| Provisions (-) | 9.818 | 17.768 | 31.520 |
| Net Balance on Balance Sheet | 6.118 | 16.129 | 54.325 |

5.9.4 Information regarding gross and net amounts of non-performing loans with respect to debtor groups

| | III. Group Loans and receivables with limited collectability | IV. Group Loans and receivables with doubtful collectability | V. Group Uncollectible loans and receivables |
|--|--|--|--|
| Current Period (Net) | 20.554 | 125.551 | 142.605 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 53.294 | 328.864 | 334.392 |
| Provisions (-) | 32.740 | 203.313 | 191.787 |
| Loans Granted to Real Persons and Legal Entities (Net) | 20.554 | 125.551 | 142.605 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan and Receivables (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loan and Receivables (Net) | -- | -- | -- |
| Prior Period (Net) | 102.162 | 82.203 | 220.855 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 268.082 | 216.051 | 436.205 |
| Provisions (-) | 165.920 | 133.848 | 215.350 |
| Loans Granted to Real Persons and Legal Entities (Net) | 102.162 | 82.203 | 220.855 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan and Receivables (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loan and Receivables (Net) | -- | -- | -- |

5.10 Information on interest accruals, valuation differences and related provisions calculated for non-performing loans by the banks which reserves provision according to TFRS 9

The Bank does not calculate interest accruals for non-performing loans.

5.11 Explanations about write-off policy

In the event that the conditions stated in the law related to the unworthiness of the receivable arise, whole provisions are set aside for all of these loans and the loans are written off from the assets by the board decision.

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I. Explanations and disclosure related to the assets (continued)

6. Information on financial assets measured at amortized cost

6.1 Information on securities subject to repurchase agreement and given as collateral or blocked

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bonds, Treasury Bills and Similar | 89.600 | 404.588 | 188.506 | 386.592 |
| Other | -- | -- | -- | -- |
| Total | 89.600 | 404.588 | 188.506 | 386.592 |

6.2 Information on government securities in financial assets measured at amortized cost

| | Current Period | | Prior Period | |
|-----------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Government Bond | 184.147 | 404.588 | 188.506 | 386.592 |
| Treasury Bill | -- | -- | -- | -- |
| Other Debt Securities | -- | -- | -- | -- |
| Total | 184.147 | 404.588 | 188.506 | 386.592 |

6.3 Information on financial assets measured at amortized cost

| | Current Period | Prior Period |
|----------------------------|----------------|----------------|
| Debt instruments | 588.735 | 575.098 |
| Quoted on Stock Exchange | 588.735 | 575.098 |
| Unquoted on Stock Exchange | -- | -- |
| Share certificates | -- | -- |
| Quoted on Stock Exchange | -- | -- |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provision (-) | -- | -- |
| Total | 588.735 | 575.098 |

6.4 Information on the movement of financial assets measured at amortized cost during the period

| | Current Period | Prior Period |
|------------------------------------|----------------|----------------|
| Balance at the beginning of period | 575.098 | 363.032 |
| Foreign Exchange Difference in | 31.828 | -- |
| Revaluation adjustments | (18.191) | -- |
| Purchases during the year | -- | 212.066 |
| Disposals through Sales and | -- | -- |
| Impairment provision (-) | -- | -- |
| Total | 588.735 | 575.098 |

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I. Explanations and disclosure related to the assets (continued)

7. Information on associates

The Bank has an investment amounting to TL 4.897 in an associate as of 31 March 2020 (31 December 2019: TL 4.897).

| Company Name | Address (City / Country) | Bank's Share- If different voting rights (%) | Bank's Risk Group Share (%) |
|-------------------------|--------------------------|--|--------------------------------|
| Kredi Garanti Fonu A.Ş. | Ankara | 1,54% | 1,54% |

8. Information on subsidiaries

The Bank has TL 42.945 investment in subsidiaries as of 31 March 2020 (31 December 2019: TL 36.945).

Non-financial subsidiaries

The Bank has TL 37.500 investment in a non-financial subsidiary as of 31 March 2020 (31 December 2019: TL 31.500).

The capital of Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş. has been increased in cash by TL 6.000 on 7 January 2020.

| Company Name | Address (City / Country) | Bank's Share- If different voting rights (%) | Bank's Risk Group Share (%) |
|--|--------------------------|--|--------------------------------|
| Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş. | İstanbul | 100,00% | 100,00% |

Finberg Araştırma Geliştirme Danışmanlık Yatırım Hizmetleri A.Ş., was established with the purpose of providing entrepreneurship, creation of new business fields and technologies, investment in financial technology companies, mobile payment, income expenditure follow-up and money transfer consultancy services.

Financial subsidiaries

The Bank has TL 5.445 investment in a financial subsidiary as of 31 March 2020 (31 December 2019: TL 5.445).

| Company Name | Address (City / Country) | Bank's Share- If different voting rights (%) | Bank's Risk Group Share (%) | Consolidation Type |
|----------------------------|--------------------------|--|--------------------------------|--------------------|
| Fiba Portföy Yönetimi A.Ş. | İstanbul | 99,00% | 99,00% | Full Consolidation |

Fiba Portföy Yönetimi A.Ş. has been established on 26 September 2013 with 99% share of Fibabanka A.Ş.

The financial information about Fiba Portföy Yönetimi A.Ş. as of 31 March 2020 is given below:

| Total Assets | Shareholders' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value |
|--------------|-------------------------|---------------------------|-----------------|--------------------------------------|-------------------------------|-----------------------------|-------------------------|
| 11.443 | 10.058 | 454 | 6 | -- | 1.324 | 402 | -- |

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

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I. Explanations and disclosure related to the assets (continued)

8. Information on subsidiaries (continued)

| | Current Period | Prior Period |
|--|----------------|--------------|
| Balance at Beginning of Period | 5.445 | 5.445 |
| Movements during the Period | -- | -- |
| Additions and Capital Increases | -- | -- |
| Bonus Shares Received | -- | -- |
| Dividends from the Current Year Profit | -- | -- |
| Sales/Liquidations | -- | -- |
| Reclassification of shares | -- | -- |
| Increase / (Decrease) in Market Values | -- | -- |
| Currency Differences on Foreign Subsidiaries | -- | -- |
| Reversal of Impairment Losses/ Impairment | -- | -- |
| Losses (-) | -- | -- |
| Balance at the End of Period | 5.445 | 5.445 |
| Capital Commitments | 5.445 | 5.445 |
| Share of Percentage at the end of Period (%) | 99 | 99 |

* Fiba Portföy Yönetimi A.Ş. was established on 26 September 2013 with the participation of Fibabanka A.Ş. by 99%.

| | Current Period | Prior Period |
|---------------------|----------------|--------------|
| Banks | -- | -- |
| Insurance Companies | -- | -- |
| Factoring Companies | -- | -- |
| Leasing Companies | -- | -- |
| Finance Companies | -- | -- |
| Other Subsidiaries | 5.445 | 5.445 |

Quoted consolidated investments insubsidiaries

None.

9. Information on entities under common control

The Bank does not have investments in entities under common control as of 31 March 2020.

10. Information on lease receivables

The Bank does not have lease receivables as of 31 March 2020.

11. Information on derivative financial assets held for hedging purposes

The Bank has no investment in derivative financial assets held for hedging purposes as of 31 March 2020 (31 December 2019: TL 87.539).

The Bank's Asset Liability Committee aims to hedge the interest risk through hedging its TL denominated fixed rate credit portfolio with cross currency swaps by linking the high correlated part of the fair value changes of hedging instruments after prospective tests.

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I. Explanations and disclosure related to the assets (continued)

12. Information on tangible assets

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

13. Information on intangible assets

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

14. Information on investment properties

None.

15. Information on deferred tax asset

15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits

As of 31 March 2020, the deferred tax asset amounting to TL 57.309 is calculated by netting of deductible temporary differences and taxable temporary differences (31 December 2019: TL 54.427 deferred tax asset).

Deferred tax asset consists of deferred tax asset and liability items recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. The deferred tax assets and liabilities are presented as net in the accompanying financial statements.

| | Current Period | |
|--|-------------------|--------------------------------|
| | Deferred Tax Base | Deferred Tax Asset/(Liability) |
| Financial Assets Valuation | (230.784) | (46.695) |
| Unearned Commission Income/Prepaid Commission Expenses | 23.646 | 4.739 |
| Retirement Pay and Unused Vacation Provision | 36.544 | 7.714 |
| Tangible Assets Base Differences | (30.388) | (6.078) |
| Provisions | 452.948 | 93.704 |
| Other | 20.454 | 3.925 |
| Deferred Tax Asset/(Liability) | 272.420 | 57.309 |
| | Prior Period | |
| | Deferred Tax Base | Deferred Tax Asset/(Liability) |
| Financial Loss | - | - |
| Financial Assets Valuation | (124.029) | (24.671) |
| Unearned Commission Income/Prepaid Commission Expenses | 13.823 | 3.041 |
| Retirement Pay and Unused Vacation Provision | 29.588 | 6.210 |
| Tangible Assets Base Differences | (29.517) | (5.903) |
| Provisions | 345.106 | 73.403 |
| Other | 10.852 | 2.347 |
| Deferred Tax Asset/(Liability) | 245.823 | 54.427 |

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I. Explanations and disclosure related to the assets (continued)

15. Information on deferred tax asset (continued)

The movement of the current year and prior year deferred tax assets is shown below:

| | 1 January-31 March 2020 | 1 January - 31 December 2019 |
|---|----------------------------|---------------------------------|
| Deferred Tax Asset, 1 January | 54.427 | 79.305 |
| Deferred Tax Income / (Expense) | (4.830) | (15.339) |
| Deferred Tax Recognized Directly Under Equity | 7.712 | (9.539) |
| Deferred Tax Asset/(Liability) , Period End Balance | 57.309 | 54.427 |

15.2 Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet

None (31 December 2019: None).

15.3 Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes

None.

16. Information on assets held for sale and non-current assets related to discontinued operations

As of 31 March 2020, the Bank has TL 123.233 assets held for sale (31 December 2019: TL 63.247).

17. Information on other assets

Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

17.1 Information on prepaid expenses, tax and similar items

As of 31 March 2020, total prepaid expenses are TL 50.593 (31 December 2019: TL 42.003).

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II. Explanations and disclosures related to liabilities

1. Information on deposits

1.1 Information on maturity structure of deposits

Current Period

| | Demand | 7 Days Notice | Up to 1 Month | Up to 3 Months | 3-6 Months | 6 Months - 1 Year | 1 Year and Over | Cumulative Deposit | Total |
|-------------------------|------------------|---------------|------------------|-------------------|----------------|----------------------|--------------------|-----------------------|-------------------|
| Saving Deposits | 228.780 | — | 3.511.434 | 1.768.928 | 164.858 | 67.173 | 81.741 | -- | 5.822.914 |
| Foreign Currency | 718.851 | — | 2.541.397 | 2.805.013 | 423.273 | 185.102 | 44.467 | -- | 6.718.103 |
| Residents in Turkey | 640.347 | -- | 2.528.458 | 2.802.347 | 422.688 | 182.477 | 44.374 | -- | 6.620.691 |
| Residents Abroad | 78.504 | -- | 12.939 | 2.666 | 585 | 2.625 | 93 | -- | 97.412 |
| Public Sector Deposits | 89 | — | — | -- | -- | — | -- | -- | 89 |
| Commercial Deposits | 250.450 | — | 186.093 | 824.791 | 30.234 | 554 | 1.054 | -- | 1.293.176 |
| Other Ins. Deposits | 2.936 | — | 1.783 | 30.215 | 7.390 | 41 | 248 | -- | 42.613 |
| Precious Metal Deposits | 56.153 | — | 117.723 | -- | -- | — | -- | -- | 173.876 |
| Interbank Deposits | 83.159 | — | 438.740 | 7.124 | -- | — | -- | -- | 529.023 |
| Central Bank of Turkey | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 72 | -- | 428.755 | 7.124 | -- | -- | -- | -- | 435.951 |
| Foreign Banks | 67.637 | -- | 9.985 | -- | -- | -- | -- | -- | 77.622 |
| Special Finan.Inst. | 15.450 | -- | -- | -- | -- | -- | -- | -- | 15.450 |
| Other | — | — | — | -- | -- | — | -- | -- | -- |
| Total | 1.340.418 | — | 6.797.170 | 5.436.071 | 625.755 | 252.870 | 127.510 | -- | 14.579.794 |

Prior Period

| | Demand | 7 Days Notice | Up to 1 Month | Up to 3 Months | 3-6 Months | 6 Months - 1 Year | 1 Year and Over | Cumulative Deposit | Total |
|-------------------------|------------------|---------------|------------------|-------------------|----------------|----------------------|--------------------|-----------------------|-------------------|
| Saving Deposits | 217.255 | — | 3.423.787 | 1.503.762 | 55.737 | 181.346 | 110.105 | -- | 5.491.992 |
| Foreign Currency | 624.521 | — | 2.338.733 | 2.869.532 | 539.707 | 446.008 | 28.506 | -- | 6.847.007 |
| Residents in Turkey | 569.703 | -- | 2.326.177 | 2.862.047 | 539.338 | 445.553 | 28.419 | -- | 6.771.237 |
| Residents Abroad | 54.818 | -- | 12.556 | 7.485 | 369 | 455 | 87 | -- | 75.770 |
| Public Sector Deposits | 59.892 | — | — | -- | -- | — | -- | -- | 59.892 |
| Commercial Deposits | 329.476 | — | 169.835 | 558.795 | 4.516 | 964 | 1.664 | -- | 1.065.250 |
| Other Ins. Deposits | 2.348 | — | 3.959 | 21.696 | -- | 40 | 242 | -- | 28.285 |
| Precious Metal Deposits | 25.146 | — | — | -- | -- | — | -- | -- | 25.146 |
| Interbank Deposits | 22.159 | — | 12.262 | 14.705 | -- | — | -- | -- | 49.126 |
| Central Bank of Turkey | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 68 | -- | -- | 6.916 | -- | -- | -- | -- | 6.984 |
| Foreign Banks | 11.605 | -- | 12.262 | 7.789 | -- | -- | -- | -- | 31.656 |
| Special Finan.Inst. | 10.486 | -- | -- | -- | -- | -- | -- | -- | 10.486 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 1.280.797 | — | 5.948.576 | 4.968.490 | 599.960 | 628.358 | 140.517 | -- | 13.566.698 |

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II. Explanations and disclosures related to liabilities (continued)

1.2 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

| | Under the Guarantee of Deposit | | Exceeding | |
|--|--------------------------------|------------------|------------------|------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 2.766.753 | 2.739.691 | 3.031.310 | 2.736.619 |
| Foreign Currency Saving Deposits | 1.060.950 | 1.025.106 | 4.782.673 | 4.415.973 |
| Other Deposits in the Form of Saving Deposits | -- | -- | -- | -- |
| Foreign Branches' Deposits Under Insurance of Foreign Authorities | -- | -- | -- | -- |
| Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance | -- | -- | -- | -- |
| Total | 3.827.703 | 3.764.797 | 7.813.983 | 7.152.592 |

1.3 Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad

1.4 Saving deposits that are not under the guarantee of deposit insurance fund

| | Current Period | Prior Period |
|---|----------------|--------------|
| Deposits and Accounts in Branches Abroad | -- | -- |
| Deposits of Ultimate Shareholders and Their Close Families | | |
| Deposits of Chairman and Members of the Board of Directors and their Close Families | 19.747 | 23.907 |
| Deposits Obtained through Illegal Acts Defined in the 282nd Article of the 5237 Numbered Turkish Criminal Code dated 26 September 2004. | 22.125 | 21.646 |
| Saving Deposits in Banks Established in Turkey Exclusively for Off Shore Banking Activities | -- | -- |

2. Information on derivative financial liabilities held for trading

2.1 Information on negative differences relating to derivative financial liabilities held for trading

| | Current Period | | Prior Period | |
|----------------------|----------------|---------------|----------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 97.016 | -- | 65.341 | -- |
| Swap Transactions | 464.451 | -- | 386.379 | -- |
| Futures Transactions | -- | -- | -- | -- |
| Options | 215.566 | 88.271 | 195.948 | 27.093 |
| Other | -- | -- | -- | -- |
| Total | 777.033 | 88.271 | 647.668 | 27.093 |

(*) Derivatives for hedging purpose are excluded.

3. Information on banks and other financial institutions

3.1 Information on banks and other financial institutions

| | Current Period | | Prior Period | |
|--|----------------|------------------|---------------|----------------|
| | TL | FC | TL | FC |
| Loans from Central Bank of Turkey | -- | -- | -- | -- |
| From Domestic Banks and Institutions | 15.532 | 429.268 | 16.773 | 391.415 |
| From Foreign Banks, Institutions and Fun | -- | 589.435 | -- | 451.193 |
| Total | 15.532 | 1.018.703 | 16.773 | 842.608 |

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II. Explanations and disclosures related to liabilities (continued)

3.2 Maturity analysis of borrowing

| | Current Period | | Prior Period | |
|----------------------|----------------|------------------|---------------|----------------|
| | TL | FC | TL | FC |
| Short Term | 15.532 | 124.852 | 16.773 | 112.037 |
| Medium and Long Term | -- | 893.851 | -- | 730.571 |
| Total | 15.532 | 1.018.703 | 16.773 | 842.608 |

3.3 Additional explanation related to the concentrations of the Bank's major liabilities

In the scope of normal banking operations, the Bank funds itself through the funds provided in the form of deposits, bank borrowings and bond issuance.

4. Information related with issued instruments

| | Current Period | | Prior Period | |
|------------|----------------|----------------------|--------------|----------------------|
| | TL | FC | TL | FC |
| | Short Term | Medium and Long Term | Short Term | Medium and Long Term |
| Nominal | 760.886 | -- | -- | 1.375.208 |
| Book Value | 754.587 | -- | -- | 1.389.765 |
| | Prior period | | Prior Period | |
| | TL | FC | TL | FC |
| | Short Term | Medium and Long Term | Short Term | Medium and Long Term |
| Nominal | 383.867 | -- | -- | 1.300.613 |
| Book Value | 383.937 | -- | -- | 1.334.395 |

5. Other Liabilities

Other liabilities of balance sheet do not exceed 10% of the balance sheet total excluding the off-balance sheet items.

6. Obligations under financial lease

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees.

| | Current Period | | Prior Period | |
|-------------------|----------------|---------------|---------------|---------------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 29.188 | 37.127 | 31.743 | 37.657 |
| Between 1-4 Years | 47.606 | 25.518 | 54.263 | 29.917 |
| More than 4 Years | 2.898 | 748 | 3.429 | 820 |
| Total | 79.692 | 63.393 | 89.435 | 68.394 |

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II. Explanations and disclosures related to liabilities (continued)

7. Information on derivative financial liabilities for hedging purposes

As of 31 March 2020, there are no derivative financial liabilities for hedging purposes (31 December 2019: TL 113.444).

8. Information on provisions

8.1 Foreign exchange losses on the foreign currency indexed loans

The foreign exchange losses on foreign currency indexed loans are netted off from the loans on the balance sheet. As of 31 March 2020, there is no provision of foreign exchange losses on the foreign currency indexed loans. (31 December 2019: None).

8.2 The specific provisions provided for unindemnified non cash loans

As of 31 March 2020, the specific provision provided for unindemnified non cash loans is TL 13.970 (31 December 2019: TL 11.449).

8.3 Explanation on other provisions

8.3.1 Provisions for possible losses

| | Current Period | Prior Period |
|--------------------------------|----------------|--------------|
| Provisions for Possible Losses | 108.500 | 44.500 |

8.3.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions

None.

8.3.3 Explanations on reserves for employee benefits

As of 31 March 2020, reserves for employee benefits amounting to TL 36.544 (31 December 2019: TL 29.588) comprise of TL 16.257 reserve for employee termination benefits (31 December 2019: TL 14.959), TL 6.782 unused vacation pay liability (31 December 2019: TL 4.724) and TL 13.505 personnel premium accrual (31 December 2019: TL 9.905).

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II. Explanations and disclosures related to liabilities (continued)

9. Explanations on Tax Liability

9.1 Explanations on current tax liability

9.1.1 Explanations on tax provision

As of 31 March 2020, the Bank's current tax liability is TL 43.713 (31 December 2019: TL 40.580).

9.1.2 Information on taxes payable

| | Current Period | Prior Period |
|--|----------------|---------------|
| Taxation on securities | 17.620 | 17.703 |
| Property tax | 360 | 357 |
| Banking and Insurance Transaction Tax (BITT) | 11.839 | 10.510 |
| Taxes on foreign exchange transactions | 1.060 | 584 |
| Value added taxes payable | 2.811 | 1.364 |
| Income tax ceased from wages | 3.447 | 4.389 |
| Other | 965 | 787 |
| Total | 38.102 | 35.694 |

9.1.3 Information on premium

| | Current Period | Prior Period |
|---|----------------|--------------|
| Social Security Premiums- Employee | 2.386 | 2.068 |
| Social Security Premiums- Employer | 2.726 | 2.387 |
| 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 | 166 | 144 |
| Unemployment Insurance- Employer | 333 | 287 |
| Other | -- | -- |
| Total | 5.611 | 4.886 |

9.2 Explanations on deferred tax liabilities

There are no deferred tax liabilities after netting of deferred tax assets (31 December 2019: None).

10. Information on liabilities regarding assets held for sale and discounted operations

None (31 December 2019: None).

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II. Explanations and disclosures related to liabilities (continued)

11. Explanations on subordinated loans

| | Current Period | | Prior Period | |
|---|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Debt instruments subject to common equity | 100.000 | 201.303 | 100.000 | 178.263 |
| Subordinated loans | -- | -- | -- | -- |
| Subordinated debt instruments (*) | 100.000 | 201.303 | 100.000 | 178.263 |
| Debt instruments subject to Tier 2 equity | -- | 1.698.964 | -- | 1.610.755 |
| Subordinated loans | -- | -- | -- | -- |
| Subordinated debt instruments | -- | 1.698.964 | -- | 1.610.755 |
| Total | 100.000 | 1.900.267 | 100.000 | 1.789.018 |

(*) Related debt instrument is shown in "Other Capital Reserves" account.

12. Information on shareholders' equity

12.1 Paid-in capital

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common Stock | 941.161 | 941.161 |
| Preferred Stock | -- | -- |

12.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:

Registered share capital system is not applied.

12.3 Information on share capital increases and their sources; other information on increased capital shares in current period

None.

12.4 Information on share capital increases from revaluation funds:

None.

12.5 Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent interim period:

The capital is totally paid in and there are no capital commitments.

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

None.

12.7 Information on privileges given to stocks representing the capital

The Bank does not have any preferred shares.

12.8 Common stock issue premiums, shares and equity instruments

Number of shares issued with premiums and the related share premiums are presented below:

| | Current Period | Prior Period |
|-----------------------------|----------------|--------------|
| Number of Shares (Thousand) | 26.230.098 | 26.230.098 |
| Number of Privileged Shares | -- | -- |
| Share Premium | 128.678 | 128.678 |
| Share Cancellation Profits | -- | -- |
| Other Equity Instruments | -- | -- |

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II. Explanations and disclosures related to liabilities (continued)

12.9 Information on marketable securities value increase fund

| | Current Period | | Prior Period | |
|---|----------------|-----------------|--------------|---------------|
| | TL | FC | TL | FC |
| From Subsidiaries, Associates, and Entities Under Common Control (Joint Ventures) | -- | -- | -- | -- |
| Security Valuation Difference | 3.149 | (18.690) | 3.033 | 12.741 |
| Exchange Difference | -- | -- | -- | -- |
| Total | 3.149 | (18.690) | 3.033 | 12.741 |

12.10 Information on other capital reserves

The Bank has issued a TL-denominated debt instrument on 20 March 2019 with nominal amount of TL 100.000 with a floating interest rate, which fulfills the conditions of 7th section-2nd paragraph of BRSA's "Regulation on Equities of Banks", has equity characteristics and will be added to Tier I capital calculations. The debt instrument and its interest accrual are presented under "Other Capital Reserves" account.

12.11 Information on revaluation reserve

None.

12.12 Bonus shares of subsidiaries, associates and joint ventures

None.

12.13 Information on legal reserves

| | Current Period | Prior Period |
|------------------|----------------|--------------|
| Legal Reserves | 42.321 | 31.719 |
| Special Reserves | -- | -- |

12.14 Information on extraordinary reserves

| | Current Period | Prior Period |
|---|----------------|--------------|
| Reserves allocated by the General Assembly | 454.072 | 252.630 |
| Retained Earnings | -- | -- |
| Accumulated Losses | -- | -- |
| Foreign Currency Capital Exchange Differences | -- | -- |

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III. Explanations and disclosures related to off-balance sheet contingencies and commitments

1. Information on off-balance sheet commitments

1.1 Nature and amount of irrevocable loan commitments

| | Current Period | Prior Period |
|---|------------------|------------------|
| Asset Sale and Purchase Commitments | 5.519.119 | 4.527.252 |
| Credit Card Limit Commitments | 32.248 | 32.901 |
| Credit Card and Bank Trans. Promo. Guarantee | -- | 1 |
| Commitments for Credit Allocation with the Guarantee of Usage | 1.013.956 | 876.316 |
| Export Commitments | 6.614 | 5.940 |
| Commitment for Cheques | 198.479 | 187.578 |
| Other Irrevocable Commitments | 15.139 | 15.152 |
| Total | 6.785.555 | 5.645.140 |

1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below

1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits

| | Current Period | Prior Period |
|-----------------------------------|------------------|------------------|
| Letters of Guarantee TL | 418.941 | 432.859 |
| Letters of Guarantee FC | 284.119 | 317.754 |
| Letters of Credit | 227.792 | 168.208 |
| Bills of Exchange and Acceptances | 132.876 | 105.847 |
| Total | 1.063.728 | 1.024.668 |

The Bank has set aside TL 17.479 of expected credit loss allowance for non-cash loans (31 December 2019: TL 13.331).

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

| | Current Period | Prior Period |
|---------------------------------------|----------------|----------------|
| Revocable Letters of Guarantee | 21.937 | 37.188 |
| Irrevocable Letters of Guarantee | 611.881 | 659.784 |
| Letters of Guarantee Given in Advance | 32.730 | 28.699 |
| Letters of Guarantee Given to Customs | 5.480 | 5.423 |
| Other Letters of Guarantee | 31.032 | 19.519 |
| Total | 703.060 | 750.613 |

2. Total amount of non-cash loans

| | Current Period | Prior Period |
|--|------------------|------------------|
| Non-Cash Loans Given against Cash Loans | 8.950 | 7.898 |
| With Original Maturity of 1 Year or Less Than 1 Year | -- | -- |
| With Original Maturity of More Than 1 Year | 8.950 | 7.898 |
| Other Non-Cash Loans | 1.054.778 | 1.016.770 |
| Total | 1.063.728 | 1.024.668 |

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III. Explanations and disclosures related to off-balance sheet contingencies and commitments (continued)

3. Information on sectorial risk concentrations of non-cash loans

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

4. Information on the first and second group of non-cash loans

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

5. Information related to derivative financial instruments

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

6. Credit derivatives and risk exposures on credit derivatives

None.

7. Explanations on contingent liabilities and assets

The bank recognised a provision of TL 4.869 for the legal cases pending against the Bank where the cash outflows are probable (31 December 2019: TL 2.107).

8. Custodian and intermediary services

The Bank provides trading and safe keeping services in the name and account of third parties. Such transactions are presented in off-balance statements.

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IV. Explanations and disclosures related to the statement of profit or loss

1. Interest income

1.1 Information on interest on loans

| | Current Period | | Prior Period | |
|--|----------------|----------------|----------------|---------------|
| | TL | FC | TL | FC |
| Interest on loans(*) | 387.568 | 126.089 | 467.394 | 94.197 |
| Short Term Loans | 167.277 | 17.868 | 308.439 | 19.544 |
| Medium and Long Term Loans | 220.291 | 108.221 | 158.955 | 74.653 |
| Interest on Non-Performing Loans | 7.404 | -- | 1.688 | -- |
| Premiums received from Resource Utilization Support Fund | -- | -- | -- | -- |
| Total | 394.972 | 126.089 | 469.082 | 94.197 |

(*) Includes fees and commissions obtained from cash loans as well.

1.2 Information on interest income received from banks

| | Current Period | | Prior Period | |
|---------------------------------|----------------|------------|---------------|--------------|
| | TL | FC | TL | FC |
| The Central Bank of Turkey | -- | -- | 2.743 | -- |
| Domestic Banks | 9.099 | 37 | 37.982 | 84 |
| Foreign Banks | -- | 82 | -- | 986 |
| Branches and Head Office Abroad | -- | -- | -- | -- |
| Total | 9.099 | 119 | 40.725 | 1.070 |

1.3 Interest received from marketable securities portfolio

| | Current Period | | Prior Period | |
|---|----------------|---------------|--------------|---------------|
| | TL | FC | TL | FC |
| Financial Assets at Fair Value Through Profit or Loss | 1.716 | 16 | 845 | 55 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 84 | 9.461 | 218 | 10.729 |
| Financial Assets Measured at Amortized Cost | 4.075 | 5.305 | 3.971 | 3.751 |
| Total | 5.875 | 14.782 | 5.034 | 14.535 |

1.4 Information on interest income received from associates and subsidiaries

None (31 March 2019: None).

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IV. Explanations and disclosures related to the statement of profit or loss (continued)

2. Interest expense

2.1 Information on interest on funds borrowed

| | Current Period | | Prior Period | |
|---------------------------------|----------------|---------------|--------------|---------------|
| | TL | FC | TL | FC |
| Banks | 456 | 9,104 | 265 | 8,207 |
| The Central Bank of Turkey | -- | -- | -- | -- |
| Domestic Banks | 456 | 5,264 | 265 | 3,046 |
| Foreign Banks | -- | 3,840 | -- | 5,161 |
| Branches and Head Office Abroad | -- | -- | -- | -- |
| Other Institutions | -- | 41,949 | -- | 39,556 |
| Total | 456 | 51,053 | 265 | 47,763 |

(*) Includes fees and commission expenses on borrowings, as well.

2.2 Information on interest expenses to associates and subsidiaries

Total interest expense given to subsidiaries is TL 189 (1 January - 31 March 2019: TL 49).

2.3 Information on interest expenses to marketable securities

| | Current Period | | Prior Period | |
|--|----------------|--------|--------------|--------|
| | TL | FC | TL | FC |
| Interest Paid to Marketable Securities | 13,127 | 25,789 | 28,781 | 19,500 |

2.4 Information on maturity structure of interest expenses paid for deposits

| Account Description | Demand Deposits | Time Deposits | | | | | Cumulative Deposits | Total |
|---------------------------|-----------------|---------------|----------------|----------------|--------------|-----------------|---------------------|---------|
| | | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | 1 Year and Over | | |
| Turkish Lira | | | | | | | | |
| Bank Deposits | -- | 536 | -- | -- | -- | -- | -- | 536 |
| Saving Deposits | -- | 93.527 | 42.853 | 2.057 | 2.913 | 4.416 | -- | 145.766 |
| Public Sector Deposits | -- | -- | -- | -- | -- | -- | -- | -- |
| Commercial Deposits | -- | 3.586 | 20.452 | 285 | 18 | 62 | -- | 24.403 |
| Other | -- | 55 | 606 | 159 | 1 | 6 | -- | 827 |
| 7 Days Notice | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | -- | 97.704 | 63.911 | 2.501 | 2.932 | 4.484 | -- | 171.532 |
| Foreign Currency | | | | | | | | |
| Foreign Currency Deposits | -- | 10.146 | 14.529 | 2.745 | 1.752 | 575 | -- | 29.747 |
| Bank Deposits | -- | 1.904 | -- | -- | -- | -- | -- | 1.904 |
| 7 Days Notice | -- | -- | -- | -- | -- | -- | -- | -- |
| Precious Metal Deposits | -- | 170 | -- | -- | -- | -- | -- | 170 |
| Total | -- | 12.220 | 14.529 | 2.745 | 1.752 | 575 | -- | 31.821 |
| Grand Total | -- | 109.924 | 78.440 | 5.246 | 4.684 | 5.059 | -- | 203.353 |

3. Information on dividend income

None (31 March 2019: None).

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IV. Explanations and disclosures related to the statement of profit or loss (continued)

4. Information on net trading income / loss

| | Current Period | Prior Period |
|--|----------------|----------------|
| Income | 879.942 | 846.324 |
| Gains on Capital Market Operations | 8.188 | 28.414 |
| Gains on Derivative Financial Instruments | 543.725 | 565.604 |
| Foreign Exchange Gains | 328.029 | 252.306 |
| Loss (-) | 814.108 | 703.423 |
| Losses on Capital Market Operations | 1.988 | 1.386 |
| Losses on Derivative Financial Instruments | 452.713 | 477.345 |
| Foreign Exchange Losses | 359.407 | 224.692 |
| Net Trading Income / (Loss) | 65.834 | 142.901 |

5. Information on other operating income

Other operating income mainly consists of provision reversals, profit from sale of assets, commissions on cheques and notes and costs recharged.

6. Provisions for Expected Losses

| | Current Period | Prior Period |
|--|----------------|----------------|
| Expected Credit Losses | 71.107 | 152.324 |
| 12 Months Expected Credit Losses (Stage 1) | 26.900 | 29.772 |
| Significant Increase In Credit Risk (Stage 2) | 24.638 | 2.664 |
| Impaired Credits (Stage 3) | 19.569 | 119.888 |
| Impairment Losses on Marketable Securities | -- | -- |
| Financial Assets Valued at Fair Value Through Profit or Loss | -- | -- |
| Financial Assets Valued at Fair Value Through Other Comprehensive Income | -- | -- |
| Impairment Losses on Associates, Subsidiaries and Joint Ventures | -- | -- |
| Associates | -- | -- |
| Subsidiaries | -- | -- |
| Joint-Ventures | -- | -- |
| Other (*) | 70.011 | 131.028 |
| Total | 141.118 | 283.352 |

(*) TL 64.000 of the total is the provisions for possible losses. (31 March 2019: TL 131.000)

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IV. Explanations and disclosures related to the statement of profit or loss (continued)

7. Information related to other operational expenses

| | Current Period | Prior Period |
|---|----------------|---------------|
| Provision for Employee Termination Benefits | 1.298 | 1.024 |
| Provision for Bank's Social Aid Fund Deficit | -- | -- |
| Impairment Losses on Tangible Assets | -- | -- |
| Depreciation Charges of Tangible Assets | 3.856 | 3.301 |
| Impairment Losses on Intangible Assets | -- | -- |
| Depreciation Charges of Intangible Assets | 4.791 | 2.611 |
| Impairment Losses on Investment Accounted for under Equity Method | -- | -- |
| Impairment of Assets to be Disposed | -- | -- |
| Depreciation of Assets to be Disposed | -- | 301 |
| Depreciation of Right to Use Assets | 7.384 | 6.364 |
| Impairment of Assets Held for Sale | -- | -- |
| Other Operating Expenses | 38.176 | 25.636 |
| Operational leases expenses related with TFRS 16 exceptions (*) | 178 | 227 |
| Repair and Maintenance Expenses | 620 | 511 |
| Advertisement Expenses | 4.942 | 1.455 |
| Other Expenses | 32.436 | 23.443 |
| Losses on Sale of Assets | 1.996 | 660 |
| Other | 34.128 | 21.415 |
| Total | 91.629 | 61.312 |

8. Information on profit/loss before tax from continued and discontinued operations

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

9. Explanations on tax provision for resumed operations and discontinued operations

9.1 Current period taxation income or expense and deferred tax income or expense

As of 31 March 2020, the Bank provided current tax expense of TL 15.176 in the statement of profit or loss for the 3 months period (1 January - 31 March 2019: None).

As of 31 March 2020, the Bank provided the deferred tax expense of TL 8.246 and the deferred tax income of TL 3.416 in the statement of profit or loss for 3 months period (1 January - 31 March 2019: TL 7.105 deferred tax expense).

10. Information on profit/loss from continued and discontinued operations

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

11. Information on net profit/loss for the period

11.1 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

In the current and prior periods, the Bank's income from ordinary banking transactions is interest income from loans and marketable securities and other banking service income. Main expenses are interest expense on deposits and similar debt items which are funding resources of loans and marketable securities.

11.2 Changes in estimations made by the Bank with respect to the financial statement items do not have a material effect on profit/loss

11.3 As there is no minority share in shareholders' equity, there is no profit or loss attributable to the minority shares

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IV. Explanations and disclosures related to the statement of profit or loss (continued)

12. If “other” lines of the statement of profit or loss exceeds 10% of the period profit/loss, information on components making up at least 20% of “other” items

In the current period, “other” items recognised in “fees and commissions received” majorly comprised of commissions such as limit allocation and revision commissions, valuation commissions, insurance commissions, contracted merchant commissions, credit card commissions and account maintenance fees.

In the current period, “other” items recognised in “fees and commissions paid” majorly comprised of commissions to correspondent banks, credit card commissions and commissions on issuance of securities.

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V Explanations and disclosures on the risk group of the Bank

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at Period end and income and expenses in the current period

1.1 Current period

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | -- | -- | -- | -- | -- | -- |
| Balance at the Beginning of the Period | -- | -- | -- | 20 | 331.014 | 61.073 |
| Balance at the End of the Period | -- | -- | -- | 20 | 330.988 | 63.419 |
| Interest and Commission Income Received | -- | -- | -- | -- | 8.014 | 288 |

(*) Described in article 49 of the Banking Act No: 5411.

(**) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

Prior period

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | -- | -- | -- | -- | -- | -- |
| Balance at the Beginning of the Period | -- | -- | -- | 20 | 402.272 | 55.468 |
| Balance at the End of the Period | -- | -- | -- | 20 | 331.014 | 61.073 |
| Interest and Commission Income Received | -- | -- | -- | -- | 13.423 | 31 |

(*) Described in article 49 of the Banking Act No: 5411.

(**) Includes all transactions described as loans in article 48 of the Banking Act No: 5411.

1.2 Information on deposits of the Bank's risk group

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|--------------|--|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposits | | | | | | |
| Balance at the Beginning of the Period | 8.695 | 1.859 | 57.840 | 80.750 | 231.137 | 460.871 |
| Balance at the End of the Period | 14.277 | 8.695 | 89.918 | 57.840 | 217.235 | 231.137 |
| Deposit Interest Expense | 189 | 49 | 2.803 | 4.849 | 4.741 | 18.083 |

(*) Described in article 49 of the Banking Act No: 5411.

1.3 Information on funds obtained from the Bank's risk group

As of 31 March 2020, there are no funds other than deposit obtained from Bank's risk group (31 December 2019: None).

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V. Explanations and disclosures on the risk group of the Bank (continued)

1.4 Information on forward and option agreements and similar agreements made with Bank's risk group

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|-----------------|---|-----------------|---|-----------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Financial Assets at Fair Value Through Profit and Loss: | -- | -- | -- | -- | -- | -- |
| Balance at the Beginning of the Period | -- | -- | -- | -- | 741.741 | 780.609 |
| Balance at the End of the Period | -- | -- | -- | -- | 1.267.621 | 741.741 |
| Total Income/Loss | -- | -- | -- | -- | 7.942 | 4.806 |
| Transactions for Hedging Purposes: | -- | -- | -- | -- | -- | -- |
| Balance at the Beginning of the Period | -- | -- | -- | -- | -- | -- |
| Balance at the End of the Period | -- | -- | -- | -- | -- | -- |
| Total Income/Loss | -- | -- | -- | -- | -- | -- |

(*) As described in the Article 49 of Banking Act no.5411.

2. Information on transactions with the Bank's risk group

2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

The terms of related party transactions are equivalent to those that prevail in arm's length transactions only if such terms can be substantiated regarding the limits exposed by the Banking Act. Adopted Bank policy is that assets and liabilities will not be dominated by the risk group and the balances with the risk group will have a reasonable share in the total balance sheet.

2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

As of 31 March 2020, the ratio of the loans and other receivables used by the entities of risk group to total loans and receivables is 2,00% (31 December 2019: 2,12%) and the ratio of the deposits of entities of risk group to total deposits is 2,20% (31 December 2019: 2,19%). There are no funds obtained from entities of risk group (31 December 2019: None).

In the current period, benefits such as salaries and bonuses, provided to the key management are TL 4.226 (1 January - 31 March 2019: TL 2.538).

2.3 Total of similar type of transactions together, unless a separate disclosure is required to present the effect of the transactions on financial statements

None.

2.4 Transactions accounted for under equity method

None.

2.5 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

None.

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VI. Explanations on the Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices

1. Information related to the Bank's domestic and foreign branch and representatives

| | Number | Number of Employees | | | |
|-----------------------------------|--------|---------------------|---------------------------|--------------|-------------------------|
| Domestic Branch | 61 | 1.612 | | | |
| | | | Country of Incorporations | | |
| Foreign Reprasantation Office | | | 1- | | |
| | | | 2- | | |
| | | | 3- | | |
| | | | | Total Assets | Statutory Share Capital |
| Foreign Branch | | | 1- | | |
| | | | 2- | | |
| | | | 3- | | |
| Off-shore Banking Region Branches | | | 1- | | |
| | | | 2- | | |
| | | | 3- | | |

VII. Events after balance sheet date

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

Also, BRSA announced additional rules for Asset Ratio on 30 April 2020 and explained the balance sheet items that will be used in the calculation in detail. The Asset Ratio will be calculated on unconsolidated basis.

Between 31 March 2020 and 11 May 2020, which is the publishing date of the financial report, Turkish Lira has been substantially depreciated against main foreign currencies. It has been depreciated by 9% against USD, by 6% against Euro.

VIII. Other disclosures on activities of the Bank

Summary information of Bank's risk ratings by international rating agencies

| Fitch Ratings | |
|---------------------------------|----------|
| Long term FC and TL Rating | B+ |
| Short term FC and TL Rating | B |
| Viability Rating | b |
| Support Rating | 5 |
| Long term National Scale Rating | A- (tur) |
| Senior Unsecured Debt Rating | B+ |
| Subordinated Debt Rating | B- |
| Outlook | Negative |

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SECTION SIX

DISCLOSURES ON REVIEW REPORT

I. Disclosures on review report

The unconsolidated financial statements of the Bank as of 31 March 2020, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (The Turkish member firm of KPMG International Cooperative) and a review report is presented before the accompanying financial statements.

II. Disclosures and footnotes prepared by independent auditors

None.

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SECTION SEVEN

I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager

1. Brief History of Fibabanka A.Ş. and its Shareholder Structure

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of Banking Regulation and Supervision Agency No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş.

In the Extraordinary General Assembly held on 28 November 2006, the name of Bank Europa Bankası A.Ş. was amended as Millennium Bank A.Ş. On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Parent Bank's shares to Credit Europe Bank N.V. and the legal approval process has been completed as of 27 December 2010. In the Extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. has been amended as Fibabanka A.Ş. ("the Bank").

Fiba Holding A.Ş. became the ultimate parent of the Bank after acquiring 97,6% of the shares from Credit Europe Bank N.V. on 3 December 2012 and 2,4% of the shares from Banco Comercial Portugues S.A. on 7 December 2012.

In 2013, capital was increased in the total amount of TL 123.350 to TL 500.000, provided from inflation adjustment difference of TL 17,415, from the profit from the sale of real estate of TL 9.502 and cash from Fiba Holding of TL 96.432 to reach TL 550.000.

On 31 March 2015, according to BOD's decision as of 5 March 2015, share capital was increased from TL 550.000 to TL 678.860 while TL 127.045 of the increase was provided by the subordinated loan granted by Fiba Holding A.Ş. which had been approved to be converted to capital and TL 1.815 of total capital was paid in cash by the other shareholders. Capital increase was recognised in financial statements following the completion of the legal procedures on 7 May 2015.

According to the Subscription Agreement signed on the date of 23 October 2015, by and between the Bank and International Finance Corporation ("IFC") and European Bank for Reconstruction and Development ("EBRD"), IFC and EBRD have separately subscribed an amount of including the share premium of TL 121.017 (TL 84.328 of said amount is the share capital; TL 36.689 is the share premium), which makes a total amount of TL 242.034 in the share capital of the Bank by way of capital increase.

The Bank's TL 847.515 paid capital was increased by TL 93.646 on 7 September 2016 all by TurkFinance B.V. to TL 941.161. In addition, TL 55.299 recorded under the equity as share premium.

As of 31 March 2020, the Bank's paid-in capital is TL 941.161.

As of 31 March 2020, The Bank's Shareholder Structure:

| Commercial Title | Share Amount (Full basis TL) | Share Ratios (%) |
|--|------------------------------|------------------|
| Fiba Holding A.Ş. | 673.573.216,14 | %71,57 |
| Turk Finance B.V. | 93.645.475,05 | %9,95 |
| International Finance Corporation | 84.327.750,28 | %8,96 |
| European Bank for Reconstruction and Development | 84.327.750,28 | %8,96 |
| Other | 5.286.361,50 | %0,56 |
| TOTAL | 941.160.553,25 | %100,00 |

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- I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager (continued)**
- 2. Chairman and the Members of the Board of Directors, Statutory Auditors, General Manager and Assistant General Managers, Members of the Audit , and Managers of the Departments within the scope of Internal Systems**

| Name | Duty | Responsibility Area | Date of Appointment | Educational Status | Professional Experience |
|------------------------|---|--|---------------------|--------------------|-------------------------|
| Hüsnü Mustafa Özyeğin | Chairman of the Board of Directors | | 27-Dec-10 | Graduate | 45 years |
| Fevzi Bozer | Vice Chairman of the Board of Directors | | 27-Dec-10 | Graduate | 37 years |
| İsmet Kaya Erdem | Member of the Board of Directors | | 11-Feb-13 | Undergraduate | 69 years |
| Mehmet Güleşçi | Member of the Board of Directors | | 27-Dec-10 | Graduate | 35 years |
| Memduh Aslan Akçay | Member of the Board of Directors | | 13-Apr-16 | Graduate | 29 years |
| Hülya Kefeli | Member of the Board of Directors | | 15-May-17 | Undergraduate | 35 years |
| Faik Onur Umut | Member of the Board of Directors | | 23-Jan-19 | Undergraduate | 34 years |
| Seyfettin Ata Köseoğlu | Member of the Board of Directors | | 23-Jan-20 | Graduate | 31 years |
| Ömer Mert | General Manager, Member of the Board of Directors | | 18-Jan-17 | Graduate | 24 years |
| Elif Alsev Utku Özbey | Deputy General Manager | Financial Control and Financial Reporting | 7-Jan-11 | Graduate | 25 years |
| Ahu Dolu | Assistant General Manager | Financial Institutions and Project Finance | 1-Dec-15 | Undergraduate | 22 years |
| Turgay Hasdiker | Assistant General Manager | Credits | 1-Dec-15 | Undergraduate | 28 years |
| Kerim Lokman Kuriş | Assistant General Manager | Corporate and Commercial Banking | 1-Dec-15 | Undergraduate | 21 years |
| Sezin Erken | Assistant General Manager | Consumer Banking & Funding Resource Management | 10-Aug-17 | Graduate | 19 years |
| Gerçek Önal | Assistant General Manager | Chief Legal Officer | 1-Feb-16 | Graduate | 19 years |
| Ahmet Cemil Borucu | Director | Board of Inspection | 7-Feb-11 | PhD | 22 years |
| Ayşe Tulgar Ayça | Director | Risk Management | 15-Mar-11 | Graduate | 21 years |
| Serdal Yıldırım | Director | Legislation and Compliance | 6-Apr-11 | Graduate | 23 years |
| Kansu Pulular | Director | Internal Control & Operational Risk | 2-Jan-17 | Graduate | 16 years |

(*) Bank's Board Member Mr. Mevlüt Hamdi Aydın has resigned as of 31 January 2020. Mr. Seyfettin Ata Köseoğlu has been assigned as Bank's Board Member as of 23 January 2020. Mr. İbrahim Toprak has been assigned as Assistant General Manager in charge of Treasury as of 1 April 2020.

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I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager (continued)

3. Brief Financial Information Relating to Results of Activities During the Period

| Summary of Unconsolidated Balance Sheet | | |
|--|-------------------|-------------------|
| (Thousand TL) | <u>31/03/2020</u> | <u>31/12/2019</u> |
| Cash and Cash Equivalents | 4.095.006 | 3.228.200 |
| Financial Assets Valued at Fair Value Through Profit or Loss | 62.228 | 2.038.441 |
| Financial Assets Valued at Fair Value Through Other Comprehensive Income | 731.231 | 807.568 |
| Derivative Financial Assets | 951.253 | 738.902 |
| Financial Assets Measured at Amortized Cost (Net) | 17.112.461 | 14.251.401 |
| Assets Held for Sale (Net) | 123.233 | 63.247 |
| Investments in Associates, Subsidiaries and Joint Ventures | 47.842 | 41.842 |
| Tangible Assets (Net) | 314.837 | 323.651 |
| Intangible Assets (Net) | 75.890 | 69.877 |
| Current Tax Assets | 4.254 | 3.509 |
| Deffered Tax Assets | 57.309 | 54.427 |
| Other Assets | 301.533 | 264.695 |
| Total Assets | 23.877.077 | 21.885.760 |
| Deposits | 14.579.794 | 13.566.698 |
| Funds Borrowed | 1.034.235 | 859.381 |
| Money Market Funds | 752.105 | 733.257 |
| Securities Issued (Net) | 2.144.352 | 1.718.332 |
| Derivative Financial Liabilities | 865.304 | 788.205 |
| Lease Liabilities (Net) | 63.393 | 68.394 |
| Provisions | 190.975 | 96.772 |
| Current Tax Liabilities | 43.713 | 40.580 |
| Deffered Tax Liabilities | -- | -- |
| Subordinated Debts | 1.900.267 | 1.789.018 |
| Other Liabilities | 618.834 | 569.319 |
| Shareholders' Equity | 1.684.105 | 1.655.804 |
| Total Liabilities | 23.877.077 | 21.885.760 |

| Summary of Unconsolidated Statement of Profit or Loss | | |
|--|-------------------|-------------------|
| (Thousand TL) | <u>31/03/2020</u> | <u>31/03/2019</u> |
| Net Interest Income | 245.193 | 165.182 |
| Net Fees and Commission Income | 47.195 | 56.762 |
| Trading Income/ Loss (Net) | 65.834 | 142.901 |
| Other Operating Revenues | 33.344 | 112.448 |
| Total Operating Income | 391.566 | 477.293 |
| Expected Credit Losses (-) | 71.107 | 152.324 |
| Other Provision Expenses (-) | 70.011 | 131.028 |
| Personnel Expenses (-) | 75.677 | 64.347 |
| Other Operating Expenses (-) | 91.629 | 61.312 |
| Net Operating Income / Loss | 83.142 | 68.282 |
| Profit/Loss on Continuing Operations Before Tax | 83.142 | 68.282 |
| Tax Provision for Continuing Operations | (20.006) | (7.105) |
| Net Period Profit / Loss | 63.136 | 61.177 |

FİBABANKA A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY 2020 - 31 MARCH 2020

I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager (continued)

4. Evaluations of the Chairman of the Board of Directors and the General Manager Regarding the Interim Period

The COVID-19 virus pandemic, which emerged in China in 2020 and spread to the vast majority of the world as of March, adversely affects the economic activities of the countries throughout the world and this situation causes fluctuations in the markets.

The possible effects of this situation on the financials of our Bank are closely monitored and analyzed, and necessary precautions are taken to control the negative effects that may arise. In this extraordinary period, necessary organizations were made to provide uninterrupted service with the priority of the health of our employees and customers, and actions were taken very quickly. Thanks to our efforts on digitalization, especially for the last two years, we have started working remotely to a large extent without disrupting our services, and the risk was minimized by engaging the necessary hygiene practices for our colleagues working in the field.

Fibabanka continued to support Turkish people and economy during this period.

As of March 2020, Fibabanka loan portfolio is TL 16,6 billion.

The Bank has funded its loan portfolio mainly by customer deposits also in 2020. In this period, customer deposits amounting to TL 14,1 billion constitutes 59% of total liabilities. Besides customer deposits, efforts have been made to create alternative funding sources to deposit in order to diversify the funding structure, and TL-denominated securities with a total nominal value of TL 0,8 billion were issued in Turkey in the first quarter of the year.

In the first quarter of 2020, by taking care of asset quality, it is aimed to continue having an efficient loan portfolio and higher non-interest income together with higher number of customers. In addition, by keeping the operating expenses under control, the Bank's profit has been achieved a steady growth. As a result the Bank's net profit in the first three months of 2020 is TL 63,1 million. As an indicator of Bank's strong capital structure, unconsolidated capital adequacy ratio is 19,34% as of 31 March 2020.

Besides its financial targets, the Bank, with 61 branches and 1.612 employees, aims to offer increasingly new innovations through alternative distribution channels like internet and mobile banking with its operational targets like digitalization and inclusion.

In 2020, the Bank will continue its agile, efficient and customer focused growth by keeping its prudent and deliberate attitude against asset quality. In this sense, with the motto "agile thinking, agile solutions" and a personal attention to the customers, our main goals for the future are to increase our service quality by keeping our innovating and enterprising approach in all areas and to increase customer loyalty by being by side in all needs of our customers.

Hereby, we would like to thank our valued employees who work with dedication in our Bank and are the main architect of our business also in 2020, our valued partners, and our valued customers who have contributed to the strength of our Bank.

Best regards,

Hüsnü Mustafa Özyeğin
Chairman of the Board of Directors

Ömer Mert
General Manager and Member of the Board of Directors

FİBABANKA A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN
1 JANUARY 2020 - 31 MARCH 2020

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. Interim Report Regarding Evaluations of the Chairman of the Board of Directors and the General Manager (continued)

5. Evaluations Relating to the Bank's Financial Situation

As of 31 March 2020, the Bank serves with 61 domestic branches and 1.612 employees.

Total assets of Fibabanka, as of the first quarter of 2020 realised as TL 23.877.077 on unconsolidated basis.

According to unconsolidated financial statements, the loan volume, which was TL 15.624.410 at the end of 2019, has been realised as TL 16.523.815 as of the first quarter of the year. Share of the loans in total assets has been realised as 69%.

Credit worthiness of loans and other receivables are monitored continuously in accordance with related laws and regulations. For new credits disbursed, the Bank complies with the limits determined under the Banking Laws and Regulations. Collaterals are taken for the loans disbursed in order to mitigate risk. According to unconsolidated financial statements, as of the first quarter of 2020, NPLs have been realised as TL 716.550 and provisions provided in the amount of TL 427.840.

According to unconsolidated financial statements, financial assets valued at fair value through profit or loss have been realised as TL 62.228, financial assets valued at fair value through other comprehensive income have been realised as TL 731.231 and financial assets measured at amortized cost have been realised as TL 588.735. Ratio of total securities portfolio to total assets is 6%.

As of first quarter of 2020, the unconsolidated deposit volume has been realised as TL 14.579.794.

According to the unconsolidated financial statements, net profit is TL 63.136 in the first quarter of 2020.

As of 31 March 2020, the Bank's unconsolidated capital adequacy ratio is 19,34%.