Türkiye Garanti Bankası Anonim Şirketi
and Its Financial Subsidiaries

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

as of and for the Three-Month Period Ended

31 March 2019

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

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

Independent Auditors' Report on Review of Consolidated Interim Financial Information

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together "the Group") as at 31 March 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows, for the three month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The accompanying consolidated interim financial information as at 31 March 2019 includes a general reserve of total TL 2,350,000 thousands, of which TL 100,000 thousands was recognized as expense in the current period, and TL 2,250,000 thousands had been recognized as expense in prior periods, for the possible effects of the negative circumstances which may arise in economy or market conditions which is not in line with the requirements of BRSA Accounting and Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Türkiye Garanti Bankası AŞ and its financial subsidiaries as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the three month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for convenience translation to English:

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

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

Alper Güvenç, SMMM
Partner

29 April 2019
İstanbul, Turkey

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

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

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

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

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

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

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

Süleyman Sözen	**Ali Fuat Erbil**	**Aydın Güler**	**Şule Firuzment Bekçe**
Board of Directors Chairman	General Manager	Executive Vice President Responsible of Financial Reporting	Director Responsible of Consolidation and International Accounting

Jorge Saenz - Azcunaga Carranza	**Ricardo Gomez Barredo**	**Belkıs Sema Yurdum**
Audit Committee Member	Audit Committee Member	Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations
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1 General Information

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

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

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

The Bank provides banking services through 922 domestic branches, 8 foreign branches and 2 representative offices (31 December 2018: 926 domestic branches, 8 foreign branches and 2 representative offices). The Bank's head office is located in Istanbul.

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

As of 31 March 2019, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group (the Group) and it is the main shareholder.

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

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

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

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

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

BBVA Group

BBVA is operating for more than 150 years, providing variety of wide spread financial and non-financial services to 72 million retail and commercial customers.

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

BBVA that owns a bank being the largest financial institution in Mexico and the market leader in South America, operates in more than 35 countries with more than 130 thousand employees.

(Thousands of Turkish Lira (TL))

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Süleyman Sözen	Chairman	29.05.1997	University	39 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	27 years
Ali Fuat Erbil	Member and CEO	02.09.2015	PhD	27 years
Sait Ergun Özen	Member	14.05.2003	University	33 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	35 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	28 years
Javier Bernal Dionis	Member	27.07.2015	Master	30 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	29 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	39 years
Ricardo Gomez Barredo	Independent Member and Member of Audit Committee	08.05.2017	Master	32 years

Mevhibe Canan Özsoy was appointed as an independent member of the Board of Directors at the Ordinary General Assembly held on April 4, 2019 in accordance with the Corporate Governance Principles of the Capital Markets Board.

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Ali Fuat Erbil	CEO	02.09.2015	PhD	27 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	28 years
Avni Aydın Düren	EVP-Legal Services and Collection	01.02.2009	Master	28 years
Betül Ebru Edin	EVP-Corporate and Investment Banking	25.11.2009	University	26 years
Didem Başer	EVP- Customer Solutions and Digital Banking	20.03.2012	Master	25 years
Selahattin Güldü	EVP-Commercial Banking	20.04.2018	University	29 years
Osman Nuri Tüzün	EVP- Human Resources and Support Services	19.08.2015	Master	27 years
Aydın Güler	EVP-Asset /Liability Management, Capital, Investor Relations and Finance	03.02.2016	University	29 years
Ali Temel	Head of Credit Risk Management	03.02.2016	University	29 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	20 years
Cemal Onaran	EVP-SME Banking	17.01.2017	University	29 years

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

(Thousands of Turkish Lira (TL))

1.4 Information on parent bank's qualified shareholders

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

According to the decision made at the "General Assembly of Founder Shares Owners" and the "Extraordinary General Shareholders" meetings held on 13 June 2008, the Bank repurchased all the 370 founder share-certificates issued in order to redeem and exterminate them, subsequent to the permissions obtained from the related legal authorities, at a value of TL 3,876 thousands each in accordance with the report prepared by the court expert and approved by the Istanbul 5th Commercial Court of First Instance. A total payment of TL 1,434,233 thousands has been made to the owners of 368 founder share-certificates from "extraordinary reserves", and the value of remaining 2 founder share-certificates has been blocked in the bank accounts.

Subsequent to these purchases, the clauses 15, 16 and 45 of the Articles of Association of the Bank have been revised accordingly.

1.5 Summary information on parent bank's activities and services

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

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

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

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

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

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

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial subsidiaries are subject to consolidation whereas as per the Turkish Accounting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation. There are no investments in entities subject to proportional consolidation or to deduction from equity.

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

None.

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 31 March 2019

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2019			PRIOR PERIOD 31 December 2018		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**26,240,414**	**90,292,997**	**116,533,411**	**25,196,642**	**83,036,609**	**108,233,251**
1.1	**Cash and Cash Equivalents**	5.1.1	**4,741,257**	**73,584,461**	**78,325,718**	**3,771,855**	**68,563,711**	**72,335,566**
1.1.1	Cash and Balances with Central Bank		2,761,785	45,731,499	48,493,284	2,815,833	38,805,205	41,621,038
1.1.2	Banks		1,755,832	27,816,025	29,571,857	958,317	29,694,583	30,652,900
1.1.3	Money Market Placements		232,115	136,567	368,682	3,917	138,076	141,993
1.1.4	Expected Credit Losses (-)		8,475	99,630	108,105	6,212	74,153	80,365
1.2	**Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)**	5.1.2	**285,142**	**4,435,249**	**4,720,391**	**305,745**	**4,335,292**	**4,641,037**
1.2.1	Government Securities		154,915	131,394	286,309	176,148	83,426	259,574
1.2.2	Equity Securities		109,307	36,799	146,106	97,797	102,529	200,326
1.2.3	Other Financial Assets		20,920	4,267,056	4,287,976	31,800	4,149,337	4,181,137
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI**	5.1.3	**17,270,078**	**10,716,944**	**27,987,022**	**18,254,325**	**8,908,628**	**27,162,953**
1.3.1	Government Securities		17,212,438	5,971,852	23,184,290	18,174,639	4,657,172	22,831,811
1.3.2	Equity Securities		15,343	276,902	292,245	15,058	220,404	235,462
1.3.3	Other Financial Assets		42,297	4,468,190	4,510,487	64,628	4,031,052	4,095,680
1.4	**Derivative Financial Assets**	5.1.4	**3,943,937**	**1,556,343**	**5,500,280**	**2,864,717**	**1,228,978**	**4,093,695**
1.4.1	Derivative Financial Assets Measured at FVTPL		3,194,602	1,441,470	4,636,072	2,301,908	1,046,359	3,348,267
1.4.2	Derivative Financial Assets Measured at FVOCI		749,335	114,873	864,208	562,809	182,619	745,428
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST**		**176,926,725**	**116,200,491**	**293,127,216**	**167,902,027**	**109,165,560**	**277,067,587**
2.1	**Loans**	5.1.5	**162,861,319**	**110,005,439**	**272,866,758**	**153,949,715**	**103,264,518**	**257,214,233**
2.2	**Lease Receivables**	5.1.6	**1,557,711**	**5,301,089**	**6,858,800**	**1,334,117**	**4,734,108**	**6,068,225**
2.3	**Factoring Receivables**	5.1.7	**1,808,248**	**536,577**	**2,344,825**	**1,825,956**	**453,314**	**2,279,270**
2.4	**Other Financial Assets Measured at Amortised Cost**	5.1.8	**19,332,823**	**6,336,249**	**25,669,072**	**18,586,328**	**6,067,681**	**24,654,009**
2.4.1	Government Securities		19,201,178	6,321,566	25,522,744	18,552,564	6,053,663	24,606,227
2.4.2	Other Financial Assets		131,645	14,683	146,328	33,764	14,018	47,782
2.5	**Expected Credit Losses (-)**		**8,633,376**	**5,978,863**	**14,612,239**	**7,794,089**	**5,354,061**	**13,148,150**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	5.1.9	**840,465**	**26,770**	**867,235**	**828,631**	**29,064**	**857,695**
3.1	Asset Held for Resale		840,465	26,770	867,235	828,631	29,064	857,695
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES**		**129,287**	**3,802**	**133,089**	**129,287**	**3,584**	**132,871**
4.1	**Associates (Net)**	5.1.10	**35,747**	**5**	**35,752**	**35,747**	**5**	**35,752**
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		35,747	5	35,752	35,747	5	35,752
4.2	**Subsidiaries (Net)**	5.1.11	**93,540**	**3,797**	**97,337**	**93,540**	**3,579**	**97,119**
4.2.1	Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		93,540	3,797	97,337	93,540	3,579	97,119
4.3	**Joint Ventures (Net)**	5.1.12	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	5.1.13	**5,177,871**	**336,134**	**5,514,005**	**4,246,180**	**248,738**	**4,494,918**
VI.	**INTANGIBLE ASSETS (Net)**	5.1.14	**385,975**	**50,643**	**436,618**	**368,133**	**47,939**	**416,072**
6.1	Goodwill		6,388	-	6,388	6,388	-	6,388
6.2	Others		379,587	50,643	430,230	361,745	47,939	409,684
VII.	**INVESTMENT PROPERTY (Net)**	5.1.15	**558,309**	**-**	**558,309**	**558,309**	**-**	**558,309**
VIII.	**CURRENT TAX ASSET**		**29,452**	**105,954**	**135,406**	**89,774**	**85,492**	**175,266**
IX.	**DEFERRED TAX ASSET**	5.1.16	**1,392,747**	**37,325**	**1,430,072**	**1,494,185**	**24,992**	**1,519,177**
X.	**OTHER ASSETS (Net)**	5.1.17	**3,915,314**	**671,192**	**4,586,506**	**4,987,063**	**711,392**	**5,698,455**
	TOTAL ASSETS		**215,596,559**	**207,725,308**	**423,321,867**	**205,800,231**	**193,353,370**	**399,153,601**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 31 March 2019

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2019			PRIOR PERIOD 31 December 2018		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	5.2.1	**103,362,746**	**159,427,941**	**262,790,687**	**104,075,640**	**140,940,706**	**245,016,346**
II.	**FUNDS BORROWED**	5.2.2	**1,261,146**	**34,054,189**	**35,315,335**	**1,185,677**	**32,154,050**	**33,339,727**
III.	**MONEY MARKET FUNDS**	5.2.3	**314,859**	**1,302,228**	**1,617,087**	**1,413,902**	**1,220,688**	**2,634,590**
IV.	**SECURITIES ISSUED (NET)**	5.2.4	**6,633,216**	**23,082,764**	**29,715,980**	**4,099,201**	**22,812,262**	**26,911,463**
4.1	Bills		4,433,831	29,564	4,463,395	1,926,060	27,087	1,953,147
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		2,199,385	23,053,200	25,252,585	2,173,141	22,785,175	24,958,316
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FVTPL**	5.2.5	**-**	**13,319,268**	**13,319,268**	**-**	**12,312,230**	**12,312,230**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	5.2.6	**2,035,629**	**2,652,753**	**4,688,382**	**2,536,310**	**1,973,852**	**4,510,162**
7.1	Derivative Financial Liabilities Measured at FVTPL		1,897,994	2,609,202	4,507,196	2,344,496	1,955,394	4,299,890
7.2	Derivative Financial Liabilities Measured at FVOCI		137,635	43,551	181,186	191,814	18,458	210,272
VIII.	**FACTORING PAYABLES**	5.2.7	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE PAYABLES (Net)**	5.2.8	**887,867**	**143,810**	**1,031,677**	**-**	**-**	**-**
X.	**PROVISIONS**	5.2.9	**4,460,320**	**1,001,506**	**5,461,826**	**4,281,061**	**1,088,451**	**5,369,512**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,017,485	170,863	1,188,348	988,225	138,877	1,127,102
10.3	Insurance Technical Provisions (Net)		413,659	48,026	461,685	403,175	41,645	444,820
10.4	Other Provisions		3,029,176	782,617	3,811,793	2,889,661	907,929	3,797,590
XI.	**CURRENT TAX LIABILITY**	5.2.10	**718,058**	**103,651**	**821,709**	**558,766**	**88,115**	**646,881**
XII.	**DEFERRED TAX LIABILITY**	5.2.10	**-**	**21,248**	**21,248**	**-**	**19,121**	**19,121**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	5.2.11	-	-	**-**	-	-	**-**
13.1	Asset Held for Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBTS**	5.2.12	**-**	**4,302,079**	**4,302,079**	**-**	**3,977,018**	**3,977,018**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		-	4,302,079	4,302,079	-	3,977,018	3,977,018
XV.	**OTHER LIABILITIES**	5.2.13	**13,700,684**	**2,109,274**	**15,809,958**	**15,877,710**	**1,651,999**	**17,529,709**
XVI.	**SHAREHOLDERS' EQUITY**	5.2.14	**48,344,477**	**82,154**	**48,426,631**	**46,599,322**	**287,520**	**46,886,842**
16.1	Paid-in Capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital Reserves		784,434	-	784,434	784,434	-	784,434
16.2.1	Share Premium		11,880	-	11,880	11,880	-	11,880
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		772,554	-	772,554	772,554	-	772,554
16.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		1,335,191	186,705	1,521,896	1,334,963	138,431	1,473,394
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		735,657	(403,439)	332,218	813,913	(202,070)	611,843
16.5	Profit Reserves		32,692,588	298,888	32,991,476	32,626,814	351,159	32,977,973
16.5.1	Legal Reserves		1,538,433	41,678	1,580,111	1,540,985	40,717	1,581,702
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		30,925,011	-	30,925,011	30,856,685	-	30,856,685
16.5.4	Other Profit Reserves		229,144	257,210	486,354	229,144	310,442	539,586
16.6	Profit/Loss		8,378,178	-	8,378,178	6,641,652	-	6,641,652
16.6.1	Prior Periods' Profit/Loss		6,641,652	-	6,641,652	-	-	-
16.6.2	Current Period's Net Profit/Loss		1,736,526	-	1,736,526	6,641,652	-	6,641,652
16.7	Minority Interest		218,429	-	218,429	197,546	-	197,546
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**181,719,002**	**241,602,865**	**423,321,867**	**180,627,589**	**218,526,012**	**399,153,601**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Off-Balance Sheet Items
At 31 March 2019

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2019			PRIOR PERIOD 31 December 2018		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**207,028,683**	**380,876,465**	**587,905,148**	**164,137,002**	**329,699,658**	**493,836,660**
I.	**GUARANTEES AND SURETIES**	5.3.1	**22,575,273**	**42,918,035**	**65,493,308**	**22,813,515**	**44,901,913**	**67,715,428**
1.1	Letters of guarantee		22,461,559	28,247,984	50,709,543	22,742,832	27,430,938	50,173,770
1.1.1	Guarantees subject to State Tender Law		-	981,914	981,914	-	981,914	981,914
1.1.2	Guarantees given for foreign trade operations		1,862,702	358,388	2,221,090	1,842,819	385,452	2,228,271
1.1.3	Other letters of guarantee		20,598,857	26,907,682	47,506,539	20,900,013	26,063,572	46,963,585
1.2	Bank acceptances		28,667	2,957,692	2,986,359	23,495	2,765,334	2,788,829
1.2.1	Import letter of acceptance		28,667	2,957,692	2,986,359	23,495	2,765,334	2,788,829
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		85,047	11,644,040	11,729,087	47,188	14,638,734	14,685,922
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		85,047	11,644,040	11,729,087	47,188	14,638,734	14,685,922
1.4	Guaranteed prefinancings		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Underwriting commitments		-	-	-	-	-	-
1.7	Factoring related guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	68,319	68,319	-	66,907	66,907
1.9	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**		**56,771,445**	**16,826,663**	**73,598,108**	**52,698,904**	**12,841,024**	**65,539,928**
2.1	Irrevocable commitments		56,556,775	14,602,139	71,158,914	52,490,826	9,539,003	62,029,829
2.1.1	Asset purchase and sale commitments		6,225,213	12,817,970	19,043,183	4,335,975	7,765,351	12,101,326
2.1.2	Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	6,012	6,012	-	5,743	5,743
2.1.4	Loan granting commitments		13,650,432	1,125,460	14,775,892	13,372,364	1,161,904	14,534,268
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		3,380,399	-	3,380,399	2,719,279	-	2,719,279
2.1.8	Tax and fund obligations on export commitments		75,114	-	75,114	66,328	-	66,328
2.1.9	Commitments for credit card limits		33,217,867	602,119	33,819,986	31,989,568	553,338	32,542,906
2.1.10	Commitments for credit cards and banking services related promotions		2,184	-	2,184	7,312	-	7,312
2.1.11	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		5,566	50,578	56,144	-	52,667	52,667
2.2	Revocable commitments		214,670	2,224,524	2,439,194	208,078	3,302,021	3,510,099
2.2.1	Revocable loan granting commitments		100,006	1,971,463	2,071,469	118,805	3,040,576	3,159,381
2.2.2	Other revocable commitments		114,664	253,061	367,725	89,273	261,445	350,718
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	5.3.2	**127,681,965**	**321,131,767**	**448,813,732**	**88,624,583**	**271,956,721**	**360,581,304**
3.1	Derivative financial instruments held for risk management		18,491,449	50,709,565	69,201,014	13,093,473	50,419,760	63,513,233
3.1.1	Fair value hedges		6,509,096	18,869,298	25,378,394	6,000,686	17,404,868	23,405,554
3.1.2	Cash flow hedges		11,982,353	31,840,267	43,822,620	7,092,787	33,014,892	40,107,679
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		109,190,516	270,422,202	379,612,718	75,531,110	221,536,961	297,068,071
3.2.1	Forward foreign currency purchases/sales		16,130,630	22,482,099	38,612,729	11,559,409	13,254,851	24,814,260
3.2.1.1	Forward foreign currency purchases		4,895,093	14,657,878	19,552,971	4,765,141	7,545,258	12,310,399
3.2.1.2	Forward foreign currency sales		11,235,537	7,824,221	19,059,758	6,794,268	5,709,593	12,503,861
3.2.2	Currency and interest rate swaps		70,764,698	185,547,868	256,312,566	45,874,245	156,440,960	202,315,205
3.2.2.1	Currency swaps-purchases		19,112,600	79,351,982	98,464,582	10,649,363	63,055,771	73,705,134
3.2.2.2	Currency swaps-sales		47,618,494	46,702,176	94,320,670	33,809,288	36,121,829	69,931,117
3.2.2.3	Interest rate swaps-purchases		2,016,802	29,746,855	31,763,657	707,797	28,631,680	29,339,477
3.2.2.4	Interest rate swaps-sales		2,016,802	29,746,855	31,763,657	707,797	28,631,680	29,339,477
3.2.3	Currency, interest rate and security options		18,862,983	35,822,435	54,685,418	17,232,147	32,370,725	49,602,872
3.2.3.1	Currency call options		12,069,134	7,428,997	19,498,131	9,069,974	8,208,590	17,278,564
3.2.3.2	Currency put options		6,711,270	14,481,046	21,192,316	8,084,584	10,686,711	18,771,295
3.2.3.3	Interest rate call options		-	12,273,182	12,273,182	-	11,921,185	11,921,185
3.2.3.4	Interest rate put options		-	1,639,210	1,639,210	-	1,554,239	1,554,239
3.2.3.5	Security call options		44,683	-	44,683	24,665	-	24,665
3.2.3.6	Security put options		37,896	-	37,896	52,924	-	52,924
3.2.4	Currency futures		3,392,109	3,685,242	7,077,351	837,290	970,229	1,807,519
3.2.4.1	Currency futures-purchases		33,584	3,474,714	3,508,298	66,180	807,290	873,470
3.2.4.2	Currency futures-sales		3,358,525	210,528	3,569,053	771,110	162,939	934,049
3.2.5	Interest rate futures		-	57,873	57,873	-	18,066	18,066
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	57,873	57,873	-	18,066	18,066
3.2.6	Others		40,096	22,826,685	22,866,781	28,019	18,482,130	18,510,149
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**758,979,914**	**832,048,163**	**1,591,028,077**	**734,970,642**	**779,705,808**	**1,514,676,450**
IV.	**ITEMS HELD IN CUSTODY**		**51,878,906**	**47,021,393**	**98,900,299**	**47,679,289**	**45,204,129**	**92,883,418**
4.1	Customers' securities held		18,173,065	-	18,173,065	16,549,359	-	16,549,359
4.2	Investment securities held in custody		13,719,054	15,969,156	29,688,210	11,117,076	15,329,484	26,446,560
4.3	Checks received for collection		16,462,112	5,901,888	22,364,000	16,598,765	5,317,179	21,915,944
4.4	Commercial notes received for collection		2,898,841	972,800	3,871,641	2,820,947	1,021,743	3,842,690
4.5	Other assets received for collection		220,947	19,729,680	19,950,627	189,845	19,210,946	19,400,791
4.6	Assets received through public offering		-	137,045	137,045	-	128,789	128,789
4.7	Other items under custody		404,887	4,310,824	4,715,711	403,297	4,195,988	4,599,285
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**707,101,008**	**785,026,770**	**1,492,127,778**	**687,291,353**	**734,501,679**	**1,421,793,032**
5.1	Securities		3,358,129	314,080	3,672,209	2,626,072	149,806	2,775,878
5.2	Guarantee notes		26,957,198	14,583,193	41,540,391	27,157,222	13,490,262	40,647,484
5.3	Commodities		12,330	-	12,330	13,913	-	13,913
5.4	Warranties		-	369,628	369,628	-	359,113	359,113
5.5	Real estates		171,682,601	143,888,438	315,571,039	169,974,426	135,795,357	305,769,783
5.6	Other pledged items		505,090,750	625,871,340	1,130,962,090	487,519,720	584,707,054	1,072,226,774
5.7	Pledged items-depository		-	91	91	-	87	87
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**966,008,597**	**1,212,924,628**	**2,178,933,225**	**899,107,644**	**1,109,405,466**	**2,008,513,110**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss
For the period ended at 31 March 2019

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2019- 31 March 2019	PRIOR PERIOD 1 January 2018- 31 March 2018
I.	**INTEREST INCOME**	5.4.1	**10,906,980**	**7,882,405**
1.1	Interest income on loans		8,641,764	6,453,427
1.2	Interest income on reserve deposits		70,868	71,905
1.3	Interest income on banks		240,625	103,351
1.4	Interest income on money market transactions		32,950	3,357
1.5	Interest income on securities portfolio		1,644,243	1,065,672
1.5.1	Financial assets measured at FVTPL		13,953	14,226
1.5.2	Financial assets measured at FVOCI		836,159	596,326
1.5.3	Financial assets measured at amortised cost		794,131	455,120
1.6	Financial lease income		130,385	115,632
1.7	Other interest income		146,145	69,061
II.	**INTEREST EXPENSE**	5.4.2	**5,997,223**	**3,771,443**
2.1	Interest on deposits		4,728,286	2,534,118
2.2	Interest on funds borrowed		483,535	413,536
2.3	Interest on money market transactions		37,617	291,312
2.4	Interest on securities issued		650,529	519,561
2.5	Lease interest expense		46,421	20
2.6	Other interest expenses		50,835	12,896
III.	**NET INTEREST INCOME (I - II)**		**4,909,757**	**4,110,962**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**1,499,103**	**1,238,226**
4.1	Fees and commissions received		2,047,757	1,567,005
4.1.1	Non-cash loans		177,794	119,616
4.1.2	Others		1,869,963	1,447,389
4.2	Fees and commissions paid		548,654	328,779
4.2.1	Non-cash loans		3,651	3,031
4.2.2	Others		545,003	325,748
V.	**DIVIDEND INCOME**	5.4.3	**568**	**820**
VI.	**NET TRADING INCOME/LOSSES (Net)**	5.4.4	**(142,765)**	**(282,461)**
6.1	Trading account income/losses		489,791	219,608
6.2	Income/losses from derivative financial instruments		823,009	288,025
6.3	Foreign exchange gains/losses		(1,455,565)	(790,094)
VII.	**OTHER OPERATING INCOME**	5.4.5	**2,026,080**	**1,352,404**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**8,292,743**	**6,419,951**
IX.	**EXPECTED CREDIT LOSSES (-)**	5.4.6	**3,386,617**	**1,783,039**
X.	**OTHER PROVISIONS (-)**	5.4.6	**244,880**	**19,788**
XI.	**PERSONNEL EXPENSES (-)**		**1,025,090**	**814,443**
XII.	**OTHER OPERATING EXPENSES (-)**	5.4.7	**1,392,113**	**1,228,088**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**2,244,043**	**2,574,593**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		**-**	**-**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)**	5.4.8	**2,244,043**	**2,574,593**
XVIII.	**PROVISION FOR TAXES (±)**	5.4.9	**486,634**	**563,391**
18.1	Current tax charge		282,846	474,610
18.2	Deferred tax charge (+)		535,766	314,946
18.3	Deferred tax credit (-)		(331,978)	(226,165)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	5.4.10	**1,757,409**	**2,011,202**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1	Income from assets held for sale		-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3	Others		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses on assets held for sale		-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3	Others		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)**	5.4.8	**-**	**-**
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**	5.4.9	**-**	**-**
23.1	Current tax charge		-	-
23.2	Deferred tax charge (+)		-	-
23.3	Deferred tax credit (-)		-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)**	5.4.10	**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	5.4.11	**1,757,409**	**2,011,202**
25.1	Equity holders of the bank		1,736,526	1,994,071
25.2	Minority interest		20,883	17,131
	Earnings per Share		**0.00413**	**0.00475**

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended at 31 March 2019

		THOUSANDS OF TURKISH LIRA (TL)	
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		**CURRENT PERIOD 1 January 2019 - 31 March 2019**	**PRIOR PERIOD 1 January 2018 - 31 March 2018**
I.	**CURRENT PERIOD PROFIT/LOSS**	**1,757,409**	**2,011,202**
II.	**OTHER COMPREHENSIVE INCOME**	**(231,123)**	**21,998**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**48,502**	**28,442**
2.1.1	Revaluation Surplus on Tangible Assets	4,630	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	46,628	28,708
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(2,756)	(266)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**(279,625)**	**(6,444)**
2.2.1	Translation Differences	196,133	261,867
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(597,010)	(295,581)
2.2.3	Gains/losses from Cash Flow Hedges	105,795	115,062
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(104,628)	(117,129)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	120,085	29,337
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**1,526,286**	**2,033,200**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the period ended at 31 March 2019

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD (01/01/2018-31/03/2018)																	
I. Balances at Beginning of Period		**4,200,000**	**11,880**	**-**	**772,554**	**1,519,875**	**(144,269)**	**60,858**	**1,583,793**	**(266,597)**	**(655,448)**	**27,869,150**	**6,332,056**	**-**	**41,283,852**	**322,149**	**41,606,001**
II. Correction made as per TAS 8		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**396,257**	**-**	**-**	**433,666**	**-**	**829,923**	**(7,809)**	**822,114**
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	396,257	-	-	433,666	-	829,923	(7,809)	822,114
III. Adjusted Balances at Beginning of Period (I+II)	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**1,519,875**	**(144,269)**	**60,858**	**1,583,793**	**129,660**	**(655,448)**	**27,869,150**	**6,765,722**	**-**	**42,113,775**	**314,340**	**42,428,115**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**1,852**	**-**	**7,615**	**259,313**	**(172,057)**	**(93,704)**	**18,975**	**-**	**1,994,071**	**2,016,065**	**17,135**	**2,033,200**
V. Capital Increase in Cash		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI. Capital Increase from Internal Sources		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII. Convertible Bonds		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX. Subordinated Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X. Others Changes		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI. Profit Distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,015,722**	**(6,765,722)**	**-**	**(1,750,000)**	**-**	**(1,750,000)**
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,750,000)	-	(1,750,000)	-	(1,750,000)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,014,572	(5,014,572)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	1,150	(1,150)	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**1,521,727**	**(144,269)**	**68,473**	**1,843,106**	**(42,397)**	**(749,152)**	**32,903,847**	**-**	**1,994,071**	**42,379,840**	**331,475**	**42,711,315**
CURRENT PERIOD (01/01/2019-31/03/2019)																	
I. Balances at Beginning of Period		**4,200,000**	**11,880**	**-**	**772,554**	**1,534,923**	**(160,891)**	**99,362**	**2,744,795**	**(1,058,211)**	**(1,074,741)**	**32,977,973**	**6,641,652**	**-**	**46,689,296**	**197,546**	**46,886,842**
II. Correction made as per TAS 8		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**1,534,923**	**(160,891)**	**99,362**	**2,744,795**	**(1,058,211)**	**(1,074,741)**	**32,977,973**	**6,641,652**	**-**	**46,689,296**	**197,546**	**46,886,842**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**4,248**	**-**	**44,254**	**196,133**	**(392,056)**	**(83,702)**	**-**	**-**	**1,736,526**	**1,505,403**	**20,883**	**1,526,286**
V. Capital Increase in Cash		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI. Capital Increase from Internal Sources		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII. Convertible Bonds		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX. Subordinated Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X. Others Changes		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,503**	**-**	**-**	**13,503**	**-**	**13,503**
XI. Profit Distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**1,539,171**	**(160,891)**	**143,616**	**2,940,928**	**(1,450,267)**	**(1,158,443)**	**32,991,476**	**6,641,652**	**1,736,526**	**48,208,202**	**218,429**	**48,426,631**

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
For the period ended at 31 March 2019

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2019- 31 March 2019	PRIOR PERIOD 1 January 2018 - 31 March 2018
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	5.6	**1,522,727**	**1,838,421**
1.1.1	Interests received		8,855,569	6,508,473
1.1.2	Interests paid		(6,172,868)	(3,415,159)
1.1.3	Dividend received		568	820
1.1.4	Fees and commissions received		2,047,757	1,567,005
1.1.5	Other income		2,515,871	1,635,546
1.1.6	Collections from previously written-off receivables		161,705	159,983
1.1.7	Cash payments to personnel and service suppliers		(1,896,783)	(1,522,348)
1.1.8	Taxes paid		(306,373)	(725,244)
1.1.9	Others		(3,682,719)	(2,370,655)
1.2	**Changes in operating assets and liabilities**	5.6	**(1,662,291)**	**(10,302,474)**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		31,869	321,670
1.2.2	Net (increase) decrease in due from banks		(2,317,235)	(1,244,585)
1.2.3	Net (increase) decrease in loans		(17,810,618)	(11,391,138)
1.2.4	Net (increase) decrease in other assets		1,098,531	(804,959)
1.2.5	Net increase (decrease) in bank deposits		1,517,940	2,280,386
1.2.6	Net increase (decrease) in other deposits		16,178,175	8,721,134
1.2.7	Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		1,442,072	(9,355,311)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		(1,803,025)	1,170,329
I.	**Net cash flow from banking operations**	5.6	**(139,564)**	**(8,464,053)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	5.6	**(983,389)**	**4,186,529**
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(139,257)	(132,583)
2.4	Sales of tangible assets		103,080	113,843
2.5	Cash paid for purchase of financial assets measured at FVOCI		(3,312,760)	(1,891,675)
2.6	Cash obtained from sale of financial assets measured at FVOCI		2,462,669	5,006,541
2.7	Cash paid for purchase of financial assets measured at amortised cost		(97,121)	(144,888)
2.8	Cash obtained from sale of financial assets measured at amortised cost		-	1,235,291
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**3,464,544**	**1,449,890**
3.1	Cash obtained from funds borrowed and securities issued		5,301,805	7,806,307
3.2	Cash used for repayment of funds borrowed and securities issued		(1,720,346)	(6,356,417)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for financial leases		(116,915)	-
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**		**1,301,552**	**335,070**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	5.6	**3,643,143**	**(2,492,564)**
VI.	**Cash and cash equivalents at beginning of period**	5.6	**37,697,604**	**14,952,512**
VII.	**Cash and cash equivalents at end of period (V+VI)**	5.6	**41,340,747**	**12,459,948**

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

3 Accounting Policies

3.1 Basis of presentation

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

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

In accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 with No. 30673, the accompanying previous period financial statements were made compatible with the new financial statement formats. The accompanying consolidated financial statements as of 1 January 2018 include the opening effects of TFRS 9 Financial Instruments standard (TFRS 9) which replaces TAS 39 Financial Instruments: Recognition and Measurement standard.

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

3.1.1 Changes in Accounting policies and disclosures

3.1.1.1 Major new and amended standards and interpretations

The Bank and its consolidated financial subsidiaries have started to apply TFRS 16 Leases standard ("TFRS 16") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the accompanying consolidated financial statements starting from 1 January 2019.

3.1.1.2 The standards which are effective as of 1 January 2019

TFRS 16 Leases

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same.

This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, comparative information is not restated.

A lease liability and a right-of-use asset is recognised at the date of initial application for leases previously classified as an operating lease applying TAS 17. That lease liability is measured at the present value of the remaining lease payments, discounted using the Bank's alternative borrowing rate at the date of initial application. Besides, that right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

The foreign currency risk arising from net investments in foreign subsidiaries are hedged with long-term foreign currency borrowings and the currency translation differences arising from the conversion of net investments in foreign subsidiaries and long-term foreign currency borrowings into TL are accounted in "other comprehensive income/expense items to be recycled to profit or loss under the shareholders' equity.

3.3 Information on consolidated subsidiaries

As of 31 March 2019, Türkiye Garanti Bankası Anonim Şirketi and the following financial subsidiaries are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring AŞ (Garanti Faktoring) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

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

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

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit or loss

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

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

Within the scope of TFRS 13 Fair Value Measurement standard; (i) if there is a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities); (ii) when the transaction or quoted price does not represent fair value; and / or (iii) when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or (iv) when the price is stale, an adjustment to the transactions or quoted prices is made and this adjustment is reflected to the fair value measurement. In this context, the point is determined within the range that is most representative of fair value under current market conditions. As of 31 March 2019, fair value measurement adjustments are made in TL yield curves used in valuation of derivative transactions.

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

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

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

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

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

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

3.4.2 Derivative financial instruments held for hedging purpose

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

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

Derivative financial assets measured at fair value through other comprehensive income

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

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

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders’ equity and presented under “accumulated other comprehensive income or expense to be reclassified to profit or loss” are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders’ equity are recognised in income statement considering the original maturity.

3.5 Interest income and expenses

General

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

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

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

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

If the financial asset is impaired and classified as a non-performing receivable, it is applied the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of “expected credit losses” expense and “interest income from loans” for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

<u>Financial lease activities</u>

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

3.6 Fees and commissions

Fees that are not an integral part of the effective interest rate of a financial instrument are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

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

3.7.2 Initial measurement of financial instruments

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

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of the business model

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

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

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

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

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

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

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

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

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

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

3.7.4 Measurement categories of financial assets and liabilities

As of 1 January 2018, all financial assets are classified based on the business model for managing the financial assets. Accordingly, financial assets are classified in three main categories as listed below:

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

Financial investments and loans measured at amortised cost

Starting from 1 January 2018, financial investments and loans are measured at amortised cost if both of the following conditions are met:

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized cost by using the discounting method with effective interest rate, that approximates to fair value, for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in accumulated other comprehensive income or expense to be reclassified to profit or loss under the shareholders' equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders' equity are recognized in income statement.

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

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

Equity instruments measured at fair value through other comprehensive income

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

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

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

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

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

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

3.8 Disclosures on impairment of financial assets

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

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

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

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

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

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

3.8.1 Calculation of expected credit losses

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank and its financial subsidiaries subject to consolidation is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day.
2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

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

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

In accordance with the Bank's internal policies, TFRS 9 models are updated once a year. The related model update was made in the 4th quarter of 2018 and the Bank continued to calculate expected credit losses provision based on the mentioned updated model in 2019.

3.8.1.1 Loan commitments and non-cash loans

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

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

3.8.1.2 Debt instruments measured at fair value through other comprehensive income

As of 1 January 2018, it shall be applied the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. The expected credit loss is reflected in other comprehensive income and the accumulated amount is recycled to statement of profit/loss following the derecognition of related financial asset.

3.8.1.3 Credit cards and other revolving loans

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

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

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

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

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

3.8.2 Forward-looking macroeconomic information

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

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

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

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

3.8.3 Significant increase in credit risk

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

Qualitative assessment:

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

- Loans overdue more than 30 days as of the reporting date,
- Loans classified as watchlist,
- When there is a change in the payment plan due to refinancing, restructuring or concession, the loan is not considered as default or written off and the change is not due to any commercial reason.

Quantitative assessment:

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

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

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

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

3.8.4 Low credit risk

As per TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

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

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

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

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

3.9 Disclosures about netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

3.9.2 Derecognition of financial instruments

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

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

When it is assessed the characteristics of the new contractual terms of the financial asset, it is also evaluated the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognised a modification gain or loss in profit or loss.

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

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

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

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

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

3.9.2.3 Derecognition of financial liabilities

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

3.9.3 Reclassification of financial instruments

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

3.9.4 Restructuring and refinancing of financial instruments

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

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

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

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

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time)

- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing

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

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

During the follow-up period of at least two years following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again. The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

3.10 Repurchase and resale agreements and securities lending

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

Securities purchased under resale agreements are classified under "interbank money markets" separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period on such securities.

Securities lending transactions are classified under "interbank money markets" and the related expense accruals are accounted.

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

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

- The ability to use the intangible asset,

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

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

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

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

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

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

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

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

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

3.13 Tangible assets

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

As of 1 November 2015, changing the existing accounting policy, it has been decided to apply revaluation model for properties recorded under tangible assets instead of cost model in accordance with the Turkish Accounting Standard 16 (TAS 16) "Property, Plant and Equipment". Accordingly, for all real estates registered in the ledger, a valuation study was performed by independent expertise firms.

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

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

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

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

(Thousands of Turkish Lira (TL))

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

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

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

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

Investment properties

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property. As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms. Fair value changes in investment properties were accounted in the income statement for the period they occurred.

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

As a result of internal evaluations, branches and service buildings subject to operational lease are accounted in accordance with TFRS 16; but ATMs, vehicles and other leasing transaction balances are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Other Operating Expenses.

At the commencement date, the Bank measures the right-of-use real estates considered as right-of-use asset at the cost of right-of-use asset in accordance with TFRS 16. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

3.14 Leasing activities

3.14.1 Financial lease

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in assets and liabilities, respectively. In the determination of the related asset and liability amounts, the lower of the fair value of the leased assets and the present value of leasing payments is considered. Financial costs on leasing agreements are distributed throughout the lease periods at fixed interest rates. Interest expenses and foreign exchange losses related with financial leasing are accounted in income statement.

In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. Depreciation for assets acquired through financial leases is calculated consistently with the same principle as for the tangible assets.

Leases, in which the majority of risks and returns of the related asset belong to the lessor, are classified as operational lease. In operating leases, the rent payments are recognized as expense in income statement in equal amounts over the lease term.

3.14.2 Leases

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

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

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

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

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

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

3.15 Provisions and contingent liabilities

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

(Thousands of Turkish Lira (TL))

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

As per the existing labor law in Turkey, the entities are required to pay certain amounts to the employees retired or fired except for resignations or misbehaviors specified in the Turkish Labor Law. Accordingly, the Bank and its financial subsidiaries subject to the labor law, reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who retired or whose employment is terminated, called up for military service or died.

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

	31 December 2018
Net Effective Discount Rate	3.38%
Discount Rate	16.30%
Expected Rate of Salary Increase	14.00%
Inflation Rate	12.50%

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

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

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

Retirement benefit obligations

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

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

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

	31 March 2019	
	Employer	Employee
Pension contributions	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%

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

a) Benefits transferable to SSF

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

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

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

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

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

b) Other benefits not transferable to SSF

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

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

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

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

The Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TFRS 9 Financial Instruments standard. Insurance technical provisions on the consolidated financial statements consist of, reserve for unearned premiums, reserve for unexpired risk, and provision for outstanding claims and mathematical provisions.

3.18.2 Insurance technical income and expense

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

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reinsurers' share of claims paid and outstanding loss are offset in these provisions.

3.19 Taxation

3.19.1 Corporate tax

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

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 20% for tax profits up to EUR 200,000 and 25% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. These rates will be applied as 19% and 25% in 2019, as 16.50% and 22.55% in 2020 and as 15% and 20.50% in 2021. Based on the unilateral decree for the avoidance of double taxation between Turkey and The Netherlands, the dividend taxation is nil as of 1 January 2018. Under the Dutch taxation system, tax losses can be carried forward to offset against future taxable income for nine years. Tax losses can be carried back to the prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

ROMANIA

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

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

3.19.2 Deferred taxes

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

3.19.3 Transfer pricing

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

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

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

3.20 Funds borrowed

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

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

3.21 Shares and share issuances

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

3.22 Confirmed bills of exchange and acceptances

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

3.23 Government incentives

As of 31 March 2019, the Bank or its financial subsidiaries do not have any government incentives or grants (2018: None).

3.24 Segment reporting

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

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

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

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

(Thousands of Turkish Lira (TL))

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

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

Current Period	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,128,850	2,956,910	(1,322,703)	3,529,118	8,292,175
Other	-	-	-	-	-
Total Operating Profit	**3,128,850**	**2,956,910**	**(1,322,703)**	**3,529,118**	**8,292,175**
Net Operating Profit	1,483,720	1,076,284	(1,446,626)	1,130,097	2,243,475
Dividend Income	-	-	-	568	568
Net Operating Profit	**1,483,720**	**1,076,284**	**(1,446,626)**	**1,130,665**	**2,244,043**
Provision for Taxes	-	-	-	486,634	486,634
Net Profit	**1,483,720**	**1,076,284**	**(1,446,626)**	**644,031**	**1,757,409**
Segment Assets	68,644,958	191,953,077	123,328,150	39,262,593	423,188,778
Investments in Associates and Subsidiaries	-	-	-	133,089	133,089
Total Assets	**68,644,958**	**191,953,077**	**123,328,150**	**39,395,682**	**423,321,867**
Segment Liabilities	171,434,095	92,685,658	85,062,545	25,712,938	374,895,236
Shareholders' Equity	-	-	-	48,426,631	48,426,631
Total Liabilities and Shareholders' Equity	**171,434,095**	**92,685,658**	**85,062,545**	**74,139,569**	**423,321,867**

Prior Period	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	1,891,705	1,830,331	(317,575)	2,201,047	5,605,508
Other	-	-	-	-	-
Total Operating Profit	**1,891,705**	**1,830,331**	**(317,575)**	**2,201,047**	**5,605,508**
Net Operating Profit	902,710	1,169,220	(344,242)	846,085	2,573,773
Dividend Income	-	-	-	820	820
Net Operating Profit	**902,710**	**1,169,220**	**(344,242)**	**846,905**	**2,574,593**
Provision for Taxes	-	-	-	563,391	563,391
Net Profit	**902,710**	**1,169,220**	**(344,242)**	**283,514**	**2,011,202**
Segment Assets	71,774,112	177,264,163	109,415,617	40,566,838	399,020,730
Investments in Associates and Subsidiaries	-	-	-	132,871	132,871
Total Assets	**71,774,112**	**177,264,163**	**109,415,617**	**40,699,709**	**399,153,601**
Segment Liabilities	160,344,635	87,752,597	76,989,822	27,179,705	352,266,759
Shareholders' Equity	-	-	-	46,886,842	46,886,842
Total Liabilities and Shareholders' Equity	**160,344,635**	**87,752,597**	**76,989,822**	**74,066,547**	**399,153,601**

3.25 Profit reserves and profit appropriation

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

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

In the ordinary General Assembly Meeting dated 4 April 2019, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 6,638,236 thousands, and the table considering the distribution made based on the decision is presented in note 5.9.

3.26 Earnings per share

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

	Current Period	***Prior Period***
Distributable net profit/loss	1,736,526	1,994,071
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.00413	0.00475

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

There are no bonus shares issued in 2019 (2018: None).

3.27 Related parties

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

3.28 Cash and cash equivalents

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

(Thousands of Turkish Lira (TL))

3.29 Reclassifications

Reclassifications and remeasurements during the first time appliciation of TFRS 16 Leases Standard dated 1 January 2019 are presented in the below table.

	Note	***31.12.2018***	***TFRS16 Reclassification Effect***	***TFRS16 Transition Effect***	***01.01.2019***
TANGIBLE ASSETS (Net)	(1),(2)	4,494,918	33,008	1,040,667	5,568,593
OTHER ASSETS (Net)	(2)	5,698,455	(33,008)	-	5,665,447
LEASE PAYABLES (Net)	(1),(3)	-	-	1,040,667	1,040,667

(1) In accordance with TFRS 16 a lease liability and a right-of-use asset amounting to TL 1,040,667 thousands are recognised as of 1 January 2019 for leases previously classified as an operating lease applying TAS 17.

(2) In accordance with TFRS 16 prepaid rent payments amounting to TL 33,008 thousands are reclassified under tangible assets as right-of-use which were previously classified under other assets.

(3) As of 1 January 2019, the weighted average of the alternative borrowing interest rates applied to TL, EUR and USD lease liabilities presented in the consolidated statement of financial position are 23.6%, 4.2% and 7% respectively.

3.30 Other disclosures

None.

(Thousands of Turkish Lira (TL))

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

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

4.1.1 Components of consolidated total capital (**)

Current Period	*Amount*	*Amount as per the regulation before 1/1/2014 (*)*
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	32,991,476	
Other Comprehensive Income according to TAS	5,366,274	
Profit	8,378,178	
Current Period Profit	1,736,526	
Prior Period Profit	6,641,652	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	913	
Minority Interest	85,053	
Common Equity Tier I Capital Before Deductions	**51,806,328**	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	3,674,788	-
Leasehold Improvements on Operational Leases (-)	224,619	-
Goodwill Netted with Deferred Tax Liabilities	6,388	6,388
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	406,845	406,845
Net Deferred Tax Asset/Liability (-)	4,057	4,057
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

(Thousands of Turkish Lira (TL))

	Amount	***Amount as per the regulation before 1/1/2014*** (*)
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	**4,316,697**	
Total Common Equity Tier I Capital	**47,489,631**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Shares of Third Parties in Additional Tier I Capital		
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Items to be Deducted from Tier I Capital During the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)		-
Total Deductions from Additional Tier I Capital	**-**	-
Total Additional Tier I Capital	**-**	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**47,489,631**	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4,211,475	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	3,907,063	
Total Deductions from Tier II Capital	**8,118,538**	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

(Thousands of Turkish Lira (TL))

	Amount	Amount as per the regulation before 1/1/2014 (*)
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**8,118,538**	
Total Equity (Total Tier I and Tier II Capital)	**55,608,169**	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	12	
Other items to be Defined by the BRSA (-)	16,234	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	**55,591,923**	-
Total Risk Weighted Assets	**358,226,378**	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**13.26**	-
Consolidated Tier I Capital Ratio (%)	**13.26**	-
Consolidated Capital Adequacy Ratio (%)	**15.52**	-
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.627	-
a) Capital Conservation Buffer Ratio (%)	2.500	-
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.127	-
c) Systemically Important Banks Buffer Ratio (%)	2.000	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	7.519	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1,450,481	-

(Thousands of Turkish Lira (TL))

	Amount	*Amount as per the regulation before 1/1/2014* (*)
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	6,176,992	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3,907,063	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

(Thousands of Turkish Lira (TL))

Prior Period	***Amount***	***Amount as per the regulation before 1/1/2014 (*)***
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	32,977,973	
Other Comprehensive Income according to TAS	5,010,422	
Profit	6,641,652	
Current Period Profit	6,641,652	
Prior Period Profit	-	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Period's Profit	913	
Minority Interest	66,813	
Common Equity Tier I Capital Before Deductions	**49,682,207**	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Period's and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	3,005,106	-
Leasehold Improvements on Operational Leases (-)	245,927	-
Goodwill Netted with Deferred Tax Liabilities	6,388	6,388
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	383,444	383,444
Net Deferred Tax Asset/Liability (-)	5,845	5,845
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	1,672	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

(Thousands of Turkish Lira (TL))

	Amount	*Amount as per the regulation before 1/1/2014* (*)
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions from Common Equity Tier I Capital	**3,648,382**	
Total Common Equity Tier I Capital	**46,033,825**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Shares of Third Parties in Additional Tier I Capital	-	
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Items to be Deducted from Tier I Capital During the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	**-**	-
Total Additional Tier I Capital	**-**	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**46,033,825**	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	3,952,425	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	3,586,565	
Total Deductions from Tier II Capital	**7,538,990**	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

(Thousands of Turkish Lira (TL))

	Amount	***Amount as per the regulation before 1/1/2014*** (*)
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	**7,538,990**	
Total Equity (Total Tier I and Tier II Capital)	**53,572,815**	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	1	
Other items to be Defined by the BRSA (-)	14,040	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	**53,558,774**	-
Total Risk Weighted Assets	**324,153,343**	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**14.20**	-
Consolidated Tier I Capital Ratio (%)	**14.20**	-
Consolidated Capital Adequacy Ratio (%)	**16.52**	-
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	3.468	-
a) Capital Conservation Buffer Ratio (%)	1.875	-
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.093	-
c) Systemically Important Banks Buffer Ratio (%)	1.500	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	8.523	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1,542,382	-

(Thousands of Turkish Lira (TL))

	Amount	***Amount as per the regulation before 1/1/2014*** (*)
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	5,478,236	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3,586,565	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

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

(Thousands of Turkish Lira (TL))

4.1.2 Items included in capital calculation

Information about instruments included in total capital calculation	
Issuer	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	4,211 (31 December 2018: 3,952)
Nominal value of instrument (TL million)	4,211 (31 December 2018: 3,952)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans
Issuance date of instrument	23.05.2017
Maturity structure of the instrument (demand/time)	Time
Original maturity of the instrument	24.05.2027
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 - USD750,000,000.00
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6.1250%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

(Thousands of Turkish Lira (TL))

4.1.3 Reconciliation of capital items to balance sheet

Current Period	*Carrying value*	*Amount of correction*	*Value at capital report*	*Explanation of differences*
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	1,854,114	(161,715)	1,692,399	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,521,896*	-	*1,521,896*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*332,218*	*(161,715)*	*170,503*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	32,991,476	-	32,991,476	
Profit or Loss	8,378,178	-	8,378,178	
Prior Periods' Profit/Loss	*6,641,652*	-	*6,641,652*	
Current Period Net Profit/Loss	*1,736,526*	-	*1,736,526*	
Minority Interest	218,429	(133,376)	85,053	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		641,909	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**48,426,631**		**47,489,631**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**47,489,631**	
Subordinated Debts			4,211,475	
General Provisions			3,907,063	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**8,118,538**	
Deductions from Total Capital (-)			16,246	Deductions from Capital as per the Regulation
Total			**55,591,923**	

(Thousands of Turkish Lira (TL))

Prior Period	***Carrying value***	***Amount of correction***	***Value at capital report***	***Explanation of differences***
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	2,085,237	(79,008)	2,006,229	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,473,394*	-	*1,473,394*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*611,843*	*(79,008)*	*532,835*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	32,977,973	-	32,977,973	
Profit or Loss	6,641,652	-	6,641,652	
Prior Periods' Profit/Loss	-	-	-	
Current Period Net Profit/Loss	*6,641,652*	-	*6,641,652*	
Minority Interest	197,546	(130,733)	66,813	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		643,276	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**46,886,842**		**46,033,825**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**46,033,825**	
Subordinated Debts			3,952,425	
General Provisions			3,586,565	General Loan Provision added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**7,538,990**	
Deductions from Total Capital (-)			14,041	Deductions from Capital as per the Regulation
Total			**53,558,774**	

(Thousands of Turkish Lira (TL))

4.2 Consolidated credit risk

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

4.3 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2019, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency short position amounts to TL 27,948,117 thousands (31 December 2018: TL 18,242,797 thousands), net 'off-balance sheet' foreign currency long position amounts to TL 26,468,653 thousands (31 December 2018: TL 20,473,605 thousands), while net foreign currency short open position amounts to TL 1,479,464 thousands (31 December 2018: TL 2,230,808 thousands long open position).

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

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

	USD	**EUR**
The Bank's foreign currency purchase rate at balance sheet date	5.6153	6.3032
Foreign currency rates for the days before balance sheet date;		
Day 1	5.6153	6.3032
Day 2	5.5525	6.2379
Day 3	5.4307	6.1106
Day 4	5.4336	6.1396
Day 5	5.5818	6.3194
Last 30-days arithmetical average rate	5.4626	6.1714

(Thousands of Turkish Lira (TL))

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	22,200,677	16,000,566	7,530,256	**45,731,499**
Banks	10,948,597	15,883,381	984,047	**27,816,025**
Financial Assets Measured at Fair Value through Profit/Loss	116,296	4,318,953	-	**4,435,249**
Money Market Placements	136,567	-	-	**136,567**
Financial Assets Measured at FVOCI	3,735,082	5,692,239	1,289,623	**10,716,944**
Loans (*)(**)	54,015,392	57,097,581	7,494,349	**118,607,322**
Investments in Associates, Subsidiaries and Joint-Ventures	2,871	-	931	**3,802**
Financial Assets Measured at Amortised Cost	14,686	6,321,563	-	**6,336,249**
Derivative Financial Assets Held for Hedging Purpose	-	132,959	-	**132,959**
Tangible Assets	190,441	304	143,359	**334,104**
Intangible Assets	-	-	-	**-**
Other Assets (***)	75,193	(1,102,456)	(91,445)	**(1,118,708)**
Total Assets	**91,435,802**	**104,345,090**	**17,351,120**	**213,132,012**
Liabilities				
Bank Deposits	6,124,165	801,624	34,082	**6,959,871**
Foreign Currency Deposits	50,334,058	88,356,057	9,858,217	**148,548,332**
Money Market Funds	812,017	490,069	142	**1,302,228**
Other Fundings	13,282,415	20,555,585	216,189	**34,054,189**
Securities Issued (****)	5,069,029	35,189,630	445,452	**40,704,111**
Miscellaneous Payables	155,582	481,924	77,899	**715,405**
Derivative Financial Liabilities Held for Hedging Purpose	127,469	111,497	1	**238,967**
Other Liabilities (*****)	1,305,790	3,112,940	4,138,296	**8,557,026**
Total Liabilities	**77,210,525**	**149,099,326**	**14,770,278**	**241,080,129**
Net 'On Balance Sheet' Position	**14,225,277**	**(44,754,236)**	**2,580,842**	**(27,948,117)**
Net 'Off-Balance Sheet' Position	**(11,451,708)**	**38,951,966**	**(1,031,605)**	**26,468,653**
Derivative Assets	19,155,980	87,292,675	6,242,676	**112,691,331**
Derivative Liabilities	(30,607,688)	(48,340,709)	(7,274,281)	**(86,222,678)**
Non-Cash Loans	-	-	-	**-**
Prior Period				
Total Assets	**88,489,422**	**91,968,102**	**18,991,753**	**199,449,277**
Total Liabilities	**68,282,583**	**135,473,030**	**13,936,461**	**217,692,074**
Net 'On Balance Sheet' Position	**20,206,839**	**(43,504,928)**	**5,055,292**	**(18,242,797)**
Net 'Off-Balance Sheet' Position	**(16,682,628)**	**40,753,037**	**(3,596,804)**	**20,473,605**
Derivative Assets	12,368,328	69,684,392	2,544,802	84,597,522
Derivative Liabilities	(29,050,956)	(28,931,355)	(6,141,606)	(64,123,917)
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 2,744,920 thousands included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) The foreign currency indexed factoring receivables amounting TL 19,297 thousands included under TL assets in the accompanying consolidated financial statements are presented above under the related foreign currency code.

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

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

(*****) The gold deposits of TL 3,919,738 thousands included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.4 Consolidated interest rate risk

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

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

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

(Thousands of Turkish Lira (TL))

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	27,801,987	-	-	-	-	20,691,297	**48,493,284**
Banks	9,181,092	800,326	522,470	250,063	45,411	18,772,495	**29,571,857**
Financial Assets Measured at Fair Value through Profit/Loss	6,645	5,749	4,283,284	87,631	80,371	256,711	**4,720,391**
Money Market Placements	368,682	-	-	-	-	-	**368,682**
Financial Assets Measured at FVOCI	1,456,788	2,980,965	9,377,011	4,566,346	6,227,412	3,378,500	**27,987,022**
Loans	67,737,518	44,268,702	70,417,939	70,180,232	13,249,490	16,216,502	**282,070,383**
Financial Assets Measured at Amortised Cost	5,096,547	4,045,787	3,082,427	1,390,342	5,272,553	6,781,416	**25,669,072**
Other Assets (**)	7,175	36,926	33,043	203,459	8,793	4,151,780	**4,441,176**
Total Assets	**111,656,434**	**52,138,455**	**87,716,174**	**76,678,073**	**24,884,030**	**70,248,701**	**423,321,867**
Liabilities							
Bank Deposits	512,303	141,912	8,350	-	-	7,017,836	**7,680,401**
Other Deposits	149,426,211	24,405,770	17,160,878	2,404,279	162,764	61,550,384	**255,110,286**
Money Market Funds	241,300	27,218	443,610	819,416	75,976	9,567	**1,617,087**
Miscellaneous Payables	-	-	-	-	-	12,876,753	**12,876,753**
Securities Issued (***)	7,294,633	2,700,905	8,125,811	13,968,648	14,545,372	701,958	**47,337,327**
Other Fundings	1,896,201	22,251,520	8,329,637	1,700,426	1,000,312	137,239	**35,315,335**
Other Liabilities	6,391	59,363	133,362	489,483	221,120	62,474,959	**63,384,678**
Total Liabilities	**159,377,039**	**49,586,688**	**34,201,648**	**19,382,252**	**16,005,544**	**144,768,696**	**423,321,867**
On Balance Sheet Long Position	**-**	**2,551,767**	**53,514,526**	**57,295,821**	**8,878,486**		**122,240,600**
On Balance Sheet Short Position	**(47,720,605)**	**-**	**-**	**-**	**-**	**(74,519,995)**	**(122,240,600)**
Off-Balance Sheet Long Position	**18,823,517**	**31,832,735**	**6,752,194**	**5,708,272**	**10,666,342**	**-**	**73,783,060**
Off-Balance Sheet Short Position	**(2,104,100)**	**(15,693,120)**	**(9,476,142)**	**(26,382,892)**	**(20,013,443)**	**234,145**	**(73,435,552)**
Total Position	**(31,001,188)**	**18,691,382**	**50,790,578**	**36,621,201**	**(468,615)**	**(74,285,850)**	**347,508**

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

(Thousands of Turkish Lira (TL))

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	20,879,371	-	-	-	-	20,741,667	**41,621,038**
Banks	8,153,390	669,287	687,016	240,065	22,905	20,880,237	**30,652,900**
Financial Assets at Fair Value through Profit/Loss	45,922	36,429	4,160,628	136,176	65,002	196,880	**4,641,037**
Interbank Money Market Placements	141,993	-	-	-	-	-	**141,993**
Financial Assets Available-for-Sale	1,830,044	6,285,422	5,256,065	4,089,487	6,351,864	3,350,071	**27,162,953**
Loans	63,028,059	30,559,237	74,547,732	64,740,502	14,037,637	18,648,561	**265,561,728**
Investments Held-to-Maturity	1,663,712	1,301,732	9,161,540	342,427	6,050,201	6,134,397	**24,654,009**
Other Assets (**)	23,812	34,591	29,147	238,390	6,832	4,385,171	**4,717,943**
Total Assets	**95,766,303**	**38,886,698**	**93,842,128**	**69,787,047**	**26,534,441**	**74,336,984**	**399,153,601**
Liabilities							
Bank Deposits	1,672,707	30,143	83,871	-	-	4,374,966	**6,161,687**
Other Deposits	128,497,970	35,298,304	20,435,031	2,134,307	5,065	52,483,982	**238,854,659**
Interbank Money Market Takings	1,357,567	286,818	98,466	782,847	71,255	37,637	**2,634,590**
Miscellaneous Payables	-	-	-	-	-	12,365,939	**12,365,939**
Securities Issued (**)	18,700,790	1,440,011	7,662,128	10,680,521	4,072,822	644,439	**43,200,711**
Other Fundings	2,359,221	16,415,486	12,073,933	1,355,279	926,869	208,939	**33,339,727**
Other Liabilities	583	-	8,494	-	-	62,587,211	**62,596,288**
Total Liabilities	**152,588,838**	**53,470,762**	**40,361,923**	**14,952,954**	**5,076,011**	**132,703,113**	**399,153,601**
On Balance Sheet Long Position	**-**	**-**	**53,480,205**	**54,834,093**	**21,458,430**	**-**	**129,772,728**
On Balance Sheet Short Position	**(56,822,535)**	**(14,584,064)**	**-**	**-**	**-**	**(58,366,129)**	**(129,772,728)**
Off-Balance Sheet Long Position	**16,970,347**	**14,745,285**	**20,201,735**	**5,225,464**	**10,080,996**	**-**	**67,223,827**
Off-Balance Sheet Short Position	**(1,551,698)**	**(4,835,220)**	**(19,471,866)**	**(22,043,425)**	**(18,964,432)**	**-**	**(66,866,641)**
Total Position	**(41,403,886)**	**(4,673,999)**	**54,210,074**	**38,016,132**	**12,574,994**	**(58,366,129)**	**357,186**

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

(Thousands of Turkish Lira (TL))

4.4.2 Average interest rates on monetary financial instruments (%)

Current Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	1.85	-	7.43
Banks	(0.37)-8.00	0.01-4.65	-	15.60-29.25
Financial Assets at Fair Value through Profit/Loss	3.28	5.13-6.45	-	3.12-27.94
Interbank Money Market Placements	-	-	-	24.01-25.49
Financial Assets Measured at FVOCI	0.65-4.63	2.30-11.88	-	16.32
Loans (*)	0.30-15.00	2.77-18.51	-	13.13-39.00
Financial Assets Measured at Amortised Cost	0.25	5.28	-	18.96-19.49
Liabilities				
Bank Deposits	(0.37)-0.54	2.55-3.10	-	23.36
Other Deposits	0.01-7.00	0.01-4.27	1.03	3.25-29.00
Interbank Money Market Takings	-	2.61-2.62	-	7.06-30.00
Miscellaneous Payables	-	-	-	-
Securities Issued	3.65	5.70	-	19.06-27.00
Other Fundings	0.40-5.50	2.70-8.14	-	2.02-25.15

Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	1.83	-	8.05
Banks	(0.34)-8.00	2.15-4.90	-	15.60-30.00
Financial Assets at Fair Value through Profit/Loss	3.52	3.30-6.94	-	3.12-27.94
Interbank Money Market Placements	-	-	-	18.00-25.48
Financial Assets Available-for-Sale	0.65-4.63	3.46-11.88	-	20.37
Loans	0.27-15.00	1.50-21.88	-	13.13-43.50
Investments Held-to-Maturity	0.25	5.26	-	19.49
Liabilities				
Bank Deposits	(0.34)-0.05	2.40-3.10	-	22.86
Other Deposits	0.01-7.00	0.01-4.27	0.93	8.75-29.00
Interbank Money Market Takings	0.05-0.15	2.62-3.75	-	7.06-30.00
Miscellaneous Payables	-	-	-	-
Securities Issued	3.65	5.64	-	17.79-27.00
Other Fundings	0.40-6.25	0.63-11.55	-	10.50-33.60

(*) Lease receivables and factoring receivables are included.

(Thousands of Turkish Lira (TL))

4.5 Consolidated position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

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

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

Current Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**105,650**	**-**	**-**
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,555**	**-**	**-**
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	**-**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**-**	**-**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**-**	**-**
	Quoted Securities	-	-	-

Prior Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**105,432**	**-**	**-**
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,555**	**-**	**-**
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	**-**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**-**	**-**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**-**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**-**	**-**
	Quoted Securities	-	-	-

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

Current Period		**Gains/Losses in Current Period**	**Revaluation Surpluses**		**Unrealized Gains and Losses**		
Portfolio			**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	**-**	-	-	-	-	-
2	Quoted Shares	**-**	-	-	8,682	-	8,682
3	Other Shares	**-**	142,036	142,036	-	-	-
	Total	**-**	**142,036**	**142,036**	**8,682**	**-**	**8,682**

(Thousands of Turkish Lira (TL))

	Prior Period	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
	Portfolio		**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	8,454	-	8,454
3	Other Shares	-	95,693	95,693	-	-	-
	Total	**-**	**95,693**	**95,693**	**8,454**	**-**	**8,454**

4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	133,089	133,089	10,647
	Total	**133,089**	**133,089**	**10,647**

	Prior Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	132,871	132,871	10,630
	Total	**132,871**	**132,871**	**10,630**

4.6 Liquidity risk management and consolidated liquidity coverage ratio

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank's liabilities consist of TL and foreign currency funding, of which a large portion is USD/EUR. Deposits and capital constitute most of TL funding. For the reasons like real person customers can not use foreign currency credit but are able to deposit foreign currency funds, TL and foreign currency deposit and credit amount may differ. Long term funding obtained from foreign banks and creditors are mainly in foreign currency. For these reasons overall foreign currency liabilities are usually more than foreign currency liabilities. Unused portion of USD and EUR foreign currency funding is turned to TL via currency swap transactions and used in TL funding. Lines extended by CBRT and BİST aren't used to full extent, unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also T.C. Eurobonds aren't used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored.

4.6.1 Liquidity coverage ratio

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. High quality liquid assets are composed of 3.64% cash, 44.32% deposits in central banks and 52.04% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 73.01% deposits, 10.26% funds borrowed and money market borrowings and 13.15% securities issued.

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

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

(Thousands of Turkish Lira (TL))

Current Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				**93,670,558**	**57,140,323**
1	Total high-quality liquid assets (HQLA)	93,670,558	57,140,323	93,670,558	57,140,323
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	175,326,118	95,050,828	16,226,494	9,482,057
3	Stable deposits	26,122,344	460,515	1,306,117	23,026
4	Less stable deposits	149,203,774	94,590,313	14,920,377	9,459,031
5	Unsecured wholesale funding, of which:	67,446,611	39,765,341	36,104,519	19,694,711
6	Operational deposits	-	-	-	-
7	Non-operational deposits	53,820,402	36,155,948	25,853,367	17,137,437
8	Unsecured funding	13,626,209	3,609,393	10,251,152	2,557,274
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	57,891,801	13,713,762	8,880,218	12,836,811
11	Outflows related to derivative exposures and other collateral requirements	5,388,529	12,317,843	5,388,529	12,317,843
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	52,503,272	1,395,919	3,491,689	518,968
14	Other revocable off-balance sheet commitments and contractual obligations	359,314	268,662	17,966	13,433
15	Other irrevocable or conditionally revocable off-balance sheet obligations	67,569,125	44,667,281	3,378,456	2,233,364
16	**Total Cash Outflows**			**64,607,653**	**44,260,376**
Cash Inflows					
17	Secured receivables	1,919	-	-	-
18	Unsecured receivables	35,506,340	17,851,051	26,188,705	14,573,158
19	Other cash inflows	327,189	8,284,819	310,843	8,284,170
20	**Total Cash Inflows**	**35,835,448**	**26,135,870**	**26,499,548**	**22,857,328**
				Upper Limit Applied Values	
21	**Total HQLA**			**93,670,558**	**57,140,323**
22	**Total Net Cash Outflows**			**38,108,105**	**21,403,048**
23	**Liquidity Coverage Ratio (%)**			**246.64%**	**268.37%**

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

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

Period	**TL+FC**	**FC**
31 January 2019	238.35%	269.06%
28 February 2019	245.14%	257.89%
31 March 2019	256.42%	278.16%

(Thousands of Turkish Lira (TL))

	Prior Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				**90,168,173**	**53,913,275**
1	Total high-quality liquid assets (HQLA)	90,168,173	53,913,275	90,168,173	53,913,275
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	170,724,981	91,272,314	15,763,919	9,106,152
3	Stable deposits	26,171,577	421,581	1,308,579	21,079
4	Less stable deposits	144,553,404	90,850,733	14,455,340	9,085,073
5	Unsecured wholesale funding, of which:	75,774,158	45,491,573	42,406,606	23,913,305
6	Operational deposits	-	-	-	-
7	Non-operational deposits	57,958,065	38,974,499	28,071,155	18,524,043
8	Unsecured funding	17,816,093	6,517,074	14,335,451	5,389,262
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	73,954,470	24,243,210	25,838,426	22,983,621
11	Outflows related to derivative exposures and other collateral requirements	22,357,173	22,411,751	22,357,173	22,411,751
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	51,597,297	1,831,459	3,481,253	571,870
14	Other revocable off-balance sheet commitments and contractual obligations	617,976	486,250	30,899	24,313
15	Other irrevocable or conditionally revocable off-balance sheet obligations	72,516,107	49,587,853	3,625,805	2,479,392
16	**Total Cash Outflows**			**87,665,655**	**58,506,783**
Cash Inflows					
17	Secured receivables	968	-	-	-
18	Unsecured receivables	39,244,362	20,635,316	29,638,064	17,244,172
19	Other cash inflows	1,234,990	6,424,300	1,219,136	6,423,779
20	**Total Cash Inflows**	**40,480,320**	**27,059,616**	**30,857,200**	**23,667,951**
				Upper Limit Applied Values	
21	**Total HQLA**			**90,168,173**	**53,913,275**
22	**Total Net Cash Outflows**			**56,808,455**	**34,838,832**
23	**Liquidity Coverage Ratio (%)**			**159.53%**	**157.37%**

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

The table below presents the last three months' consolidated Liquidity Ratios of the year 2018:

Period	**TL+FC**	**FC**
31 October 2018	166.20%	175.63%
30 November 2018	149.33%	138.61%
31 December 2018	163.06%	157.88%

(Thousands of Turkish Lira (TL))

4.6.2 Maturity analysis of liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) And Balances with the Central Bank	21,468,230	27,024,001	-	-	-	-	1,053	48,493,284
Banks	23,801,800	4,108,591	819,397	537,033	225,173	79,344	519	29,571,857
Financial Assets at Fair Value through Profit/Loss	135,016	508	11,566	4,338,566	152,627	82,108	-	4,720,391
Interbank Money Market Placements	-	368,682	-	-	-	-	-	368,682
Financial Assets Available-for-Sale	292,250	332,663	1,443,587	4,541,441	13,353,198	8,023,883	-	27,987,022
Loans	705,653	49,692,563	26,819,265	62,962,653	95,321,852	26,240,641	20,327,756	282,070,383
Investments Held-to-Maturity	-	38,119	23,776	118,789	14,203,030	11,285,358	-	25,669,072
Other Assets (*)	1,895,076	1,978,783	1,556,864	937,281	1,603,169	914,667	(4,444,664)	4,441,176
Total Assets	**48,298,025**	**83,543,910**	**30,674,455**	**73,435,763**	**124,859,049**	**46,626,001**	**15,884,664**	**423,321,867**
Liabilities								
Bank Deposits	7,048,148	480,344	143,254	8,655	-	-	-	7,680,401
Other Deposits	69,008,819	140,972,232	24,719,131	17,719,004	2,519,333	171,767	-	255,110,286
Other Fundings	-	2,899,940	9,491,300	18,058,205	4,764,960	100,930	-	35,315,335
Interbank Money Market Takings	142	253,439	30,149	445,060	812,017	76,280	-	1,617,087
Securities Issued (**)	-	1,482,638	2,724,392	8,518,354	17,412,898	17,199,045	-	47,337,327
Miscellaneous Payables	12,167,710	486,483	11,422	19,530	-	317	191,291	12,876,753
Other Liabilities (***)	1,375,959	1,460,949	1,333,089	929,775	1,334,581	2,126,787	54,823,538	63,384,678
Total Liabilities	**89,600,778**	**148,036,025**	**38,452,737**	**45,698,583**	**26,843,789**	**19,675,126**	**55,014,829**	**423,321,867**
Liquidity Gap	**(41,302,753)**	**(64,492,115)**	**(7,778,282)**	**27,737,180**	**98,015,260**	**26,950,875**	**(39,130,165)**	**-**
Net Off-Balance Sheet Position	**-**	**116,449**	**(177,593)**	**(400,158)**	**569,260**	**(3,359)**	**-**	**104,599**
Derivative Financial Assets	-	72,282,294	45,669,249	23,525,293	13,863,018	2,855,698	-	158,195,552
Derivative Financial Liabilities	-	72,165,845	45,846,842	23,925,451	13,293,758	2,859,057	-	158,090,953
Non-Cash Loans	**-**	**14,311,466**	**6,764,445**	**5,787,375**	**1,849,817**	**87,969**	**110,290,344**	**139,091,416**
Prior Period								
Total Assets	**51,262,723**	**69,826,849**	**25,815,249**	**69,639,702**	**120,133,177**	**47,496,970**	**14,978,931**	**399,153,601**
Total Liabilities	**68,771,747**	**139,028,942**	**39,593,243**	**55,390,792**	**25,244,997**	**17,868,153**	**53,255,727**	**399,153,601**
Liquidity Gap	**(17,509,024)**	**(69,202,093)**	**(13,777,994)**	**14,248,910**	**94,888,180**	**29,628,817**	**(38,276,796)**	**-**
Net Off-Balance Sheet Position	**-**	**(776,698)**	**25,123**	**121,141**	**641,570**	**135,722**	**-**	**146,858**
Derivative Financial Assets	-	62,930,044	12,213,678	29,817,513	10,938,125	2,785,895	-	**118,685,255**
Derivative Financial Liabilities	-	63,706,742	12,188,555	29,696,372	10,296,555	2,650,173	-	**118,538,397**
Non-Cash Loans	**-**	**14,464,568**	**4,584,345**	**3,048,644**	**1,635,298**	**95,658**	**109,426,843**	**133,255,356**

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

(Thousands of Turkish Lira (TL))

Contractual maturity analysis of liabilities according to remaining maturities

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

4.7 Consolidated leverage ratio

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

The Bank's consolidated leverage ratio calculated by taking simple average of end of month leverage ratios for the last three-month periods, is 8.34% (31 December 2018: 8.08%). Main reason for the variance compared to prior period is the decrease in especially on balance and off-balance sheet exposures while there is an increase in capital. While the capital increased by 2.09% as a result of increase in net profits, the balance sheet exposure decreased by 0.25% and the off balance sheet exposure decreased by 6.57%. Therefore, the current period leverage ratio increased by 26 basis points compared to prior period.

		Current Period (***)	***Prior Period*** (***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	396,570,504	454,636,644
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated	2,583,097	1,691,093
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(15,545,814)	(11,984,226)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts	3,284,485	4,706,876
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	2,283,143	3,134,011
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
7	Total risk amount	563,758,635	570,780,865

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

(**) The consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 31 December 2018 for the current period and 30 September 2018 for the prior period, are considered.

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

(Thousands of Turkish Lira (TL))

		Current Period(*)	*Prior Period*(*)
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	407,670,923	408,690,978
2	(Assets deducted in determining Tier I capital)	(636,041)	(618,179)
3	Total on-balance sheet risks (sum of lines 1 and 2)	407,034,882	408,072,799
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	4,443,087	4,928,851
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	15,576,569	12,017,739
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	20,019,656	16,946,590
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	798,642	991,391
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	798,642	991,391
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	138,188,593	147,904,095
11	(Adjustments for conversion to credit equivalent amounts)	(2,283,138)	(3,134,010)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	135,905,455	144,770,085
Capital and total risks			
13	Tier I capital	47,011,180	46,050,753
14	Total risks (sum of lines 3, 6, 9 and 12)	563,758,635	570,780,865
Leverage ratio			
15	Leverage ratio	8.34%	8.08%

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

4.8 Fair values of financial assets and liabilities

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

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

None.

4.10 Risk management objectives and policies

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

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

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

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

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

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

The Bank's main approach for the implementation of risk management model is establishing risk culture throughout the Bank, and aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for decision making and implementation mechanisms process by all employees.

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

The Bank's risk appetite framework determines the risk level that the board of directors is prepared to accept in order to accomplish the goals and strategies with the consideration of the capacity of the institution to safely absorbs those risks and the Bank monitors regularly risk appetite metrics regarding capital, liquidity, income recurrence and risk based limits. Risks that the Bank is exposed is managed by providing effective control environment and following closely within limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that causes the risk.

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

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

(Thousands of Turkish Lira (TL))

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	*Prior Period*	*Current Period*
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	305,412,781	281,730,318	24,433,022
2	Of which standardised approach (SA)	305,412,781	281,730,318	24,433,022
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	7,137,135	5,183,396	570,971
5	Of which standardised approach for counterparty credit risk (SA-CCR)	7,137,135	5,183,396	570,971
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	15,139	11,473	1,211
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	7,803,675	7,781,075	624,294
17	Of which standardised approach (SA)	7,803,675	7,781,075	624,294
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	37,857,648	29,447,081	3,028,612
20	Of which basic indicator approach	37,857,648	29,447,081	3,028,612
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)**	**358,226,378**	**324,153,343**	**28,658,110**

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

4.10.2 Linkages between financial statements and risk amounts

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

4.10.3 Consolidated credit risk

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

4.10.4 Consolidated counterparty credit risk

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

4.10.5 Consolidated securitisations

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

4.10.6 Consolidated market risk

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

4.10.7 Consolidated operational risk

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

4.10.8 Consolidated banking book interest rate risk

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

(Thousands of Turkish Lira (TL))

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and Cash Equivalents

5.1.1.1 Cash and balances with Central Bank

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	1,401,037	1,885,885	1,562,395	2,510,393
Central Bank of Turkey	1,360,748	41,422,749	1,253,438	34,549,115
Others	-	2,422,865	-	1,745,697
Total	**2,761,785**	**45,731,499**	**2,815,833**	**38,805,205**

Balances with the Central Bank of Turkey

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	1,360,748	14,397,694	1,253,438	13,261,434
Unrestricted Time Deposits	-	1,053	-	-
Restricted Time Deposits	-	27,024,002	-	21,287,681
Total	**1,360,748**	**41,422,749**	**1,253,438**	**34,549,115**

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

5.1.1.2 Banks

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic banks	1,403,161	2,322,486	655,552	1,015,795
Foreign banks	352,671	25,493,539	302,765	28,678,788
Foreign head office and branches	-	-	-	-
Total	**1,755,832**	**27,816,025**	**958,317**	**29,694,583**

The placements at foreign banks include blocked accounts amounting TL 7,856,788 thousands (31 December 2018: TL 10,873,164 thousands) of which TL 510,841 thousands (31 December 2018: TL 5,419,705 thousands) and TL 155,349 thousands (31 December 2018: TL 146,033 thousands) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 7,190,598 thousands (31 December 2018: TL 5,307,426 thousands) as collateral against funds borrowed at various banks.

Furthermore, there are restricted deposits at various domestic banks amounting TL 437,984 thousands (31 December 2018: TL 418,844 thousands) as required for insurance activities

Due from foreign banks

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

5.1.1.3 Expected credit losses for cash and cash equivalents

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**80,248**	**114**	**-**	**80,362**
Additions during the Period (+)	80,711	8	-	80,719
Disposal (-)	(59,082)	(34)	-	(59,116)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	(33)	33	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	6,135	5	-	6,140
Balances at End of Period	**107,979**	**126**	**-**	**108,105**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period (1January 2018)	**11,325**	**-**	**-**	**11,325**
Additions during the Period (+)	164,127	101	-	164,228
Disposal (-)	(100,332)	(43)	-	(100,375)
Transfer to Stage1	7	(7)	-	-
Transfer to Stage 2	(45)	45	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	5,169	18	-	5,187
Balances at End of Period	**80,251**	**114**	**-**	**80,365**

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	21,306	-	20,931	-
Assets Subject to Repurchase Agreements	8,508	-	1,605	-
Total	**29,814**	**-**	**22,536**	**-**

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Government Securities	154,915	131,394	176,148	83,426
Equity Securities	109,307	36,799	97,797	102,529
Other Financial Assets (*)	20,920	4,267,056	31,800	4,149,337
Total	**285,142**	**4,435,249**	**305,745**	**4,335,292**

(*) Financial assets measured at fair value through profit or loss include loan amounting to TL 4,201,115 (31 December 2018:TL 4,081,161) loan provided to a special purpose entity as detailed in Note 5.1.9.2. This loan is classified under financial assets measured at fair value through profit/loss as per TFRS 9. The fair value of this loan is determined by the independent valuation company based on the average of different methodologies (discounted cash flows, similar market multipliers, same sector transaction multipliers, market value and analyst reports). The corresponding loan is considered as Level 3 based on TFRS 13 "Fair Value Measurement" standard. Valuation methodologies considered in this valuation study and any possible changes in the basic assumptions may affect the carrying value of the related asset.

5.1.3 Financial assets measured at fair value through other comprehensive income

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	4,254,985	1,549,546	4,499,538	887,649
Assets subject to Repurchase Agreements	-	1,134,000	-	1,160,491
Total	**4,254,985**	**2,683,546**	**4,499,538**	**2,048,140**

(Thousands of Turkish Lira (TL))

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

	Current Period	*Prior Period*
Debt Securities	**25,546,129**	**24,406,840**
Quoted at Stock Exchange	25,539,458	24,397,449
Unquoted at Stock Exchange	6,671	9,391
Common Shares/Investment Fund	**126,340**	**118,891**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	121,849	114,400
Value Increase/Impairment Losses (-)	**2,314,553**	**2,637,222**
Total	**27,987,022**	**27,162,953**

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Forward Transactions	591,862	31,303	448,841	7,594
Swap Transactions	1,960,155	1,043,167	1,276,047	675,303
Futures	-	-	351	2,235
Options	338,821	334,951	365,849	307,327
Others	-	1,733	-	8,825
Total	**2,890,838**	**1,411,154**	**2,091,088**	**1,001,284**

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	303,764	30,316	210,820	45,075
Cash Flow Hedges	749,335	114,873	562,809	182,619
Net Foreign Investment Hedges	-	-	-	-
Total	**1,053,099**	**145,189**	**773,629**	**227,694**

As of 31 March 2019, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			*Prior Period*		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swaps	**62,402,901**	**618,149**	**277,539**	**57,826,116**	**457,835**	**233,155**
-TL	16,529,590	485,191	38,572	10,771,181	230,145	112,222
-FC	45,873,311	132,958	238,967	47,054,935	227,690	120,933
Cross Currency Swaps	**6,287,687**	**580,139**	**222,976**	**5,190,380**	**543,488**	**179,555**
-TL	1,673,986	567,908	69,014	2,034,419	543,484	78,231
-FC	4,613,701	12,231	153,962	3,155,961	4	101,324
Currency Forwards	**510,426**	**-**	**46,778**	**496,737**	-	**50,967**
-TL	287,873	-	46,778	287,873	-	50,967
-FC	222,553	-	-	208,864	-	-
Total	**69,201,014**	**1,198,288**	**547,293**	**63,513,233**	**1,001,323**	**463,677**

(Thousands of Turkish Lira (TL))

5.1.4.3 Fair value hedge accounting

Current Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(28,834)	101,262	(85,812)	(13,384)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(51,026)	52,501	-	1,475
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(64,502)	169,450	(126,473)	10,144
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	34,102	10,867	(153,822)	(108,853)

Prior Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(14,818)	75,199	(79,246)	(18,865)
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(39,668)	45,883	-	6,215
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(72,617)	134,813	(75,643)	(14,728)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	15,263	-	(98,516)	(83,479)

(Thousands of Turkish Lira (TL))

5.1.4.4 Cash flow hedge accounting

Current Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item: Asset	Fair Value Change of Hedged Item: Liability	Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	77,007	(18,114)	(38,688)	10,874	1,311
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	217,929	(47,140)	126,903	76,021	20,788
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	522,311	(42,719)	(8,258)	(5,501)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	46,961	(26,435)	11,283	(11,283)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	(46,778)	4,190	-	-
Spot Position (*)	Operational Expenses	Cash flow risk resulted from foreign currency exchange rates	488,526	-	10,365	-	-

(*) Includes foreign currency items on asset side in the balance sheet.

As of 31 March 2019, there is not any reclassified amounts from the shareholders' equity to the profit or loss due to the ceased hedging transactions during the current period.

(Thousands of Turkish Lira (TL))

Prior Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate securities issued	Cash flow risk resulted from change in market interest rates	-	-	(17)	17	-
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	111,668	(3,821)	44,614	33,260	913
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	90,272	(74,443)	(55,708)	9,665	(5,115)
Cross Currency Swaps	Mile payments	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	-	(1,094)	(248)	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	502,173	-	18,447	(31,509)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	41,315	(58,695)	4,455	(4,380)	-
Currency Swaps	Foreign currency lease receivables	Cash flow risk resulted from foreign currency exchange rates		(22,345)	531	-	(22,876)
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	(50,968)	(50,968)	-	-

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

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		*Prior Period*	
	Cash Loans	**Non-Cash Loans**	**Cash Loans**	**Non-Cash Loans**
Direct Lendings to Shareholders	**70**	**531,799**	**105**	**554,268**
Corporates	70	531,799	105	554,268
Individuals	-	-	-	-
Indirect Lendings to Shareholders	**83,333**	**33,181**	**83,167**	**33,234**
Loans to Employees	**350,967**	**88**	**342,015**	**95**
Total	**434,370**	**565,068**	**425,287**	**587,597**

(Thousands of Turkish Lira (TL))

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

Loans measured at amortised cost

Current Period		Loans under Follow-up		
Cash Loans (*)	Performing Loans	Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	**219,199,563**	**29,487,544**	**5,723,309**	**4,573,071**
Working Capital Loans	41,136,936	4,230,148	175,521	1,491,710
Export Loans	19,353,045	894,719	38,172	119,494
Import Loans	533,642	-	-	-
Loans to Financial Sector	5,225,248	1,173,050	-	-
Consumer Loans	42,570,712	7,184,447	931,134	56,682
Credit Cards	21,486,890	3,328,907	600,287	-
Others	88,893,090	12,676,273	3,978,195	2,905,185
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**6,867,539**	**780,317**	**287,594**	**12,612**
Total	**226,067,102**	**30,267,861**	**6,010,903**	**4,585,683**

(*) Non-performing loans are not included.

Prior Period		Loans under Follow-up		
Cash Loans (*)	Performing Loans	Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	**205,720,350**	**29,217,404**	**5,290,795**	**3,232,300**
Working Capital Loans	36,568,395	4,235,931	160,115	1,325,619
Export Loans	16,681,358	994,464	34,143	78,698
Import Loans	1,138,195	-	-	-
Loans to Financial Sector	3,549,441	1,413,828	-	-
Consumer Loans	44,497,212	7,536,368	466,539	26,230
Credit Cards	21,560,045	3,313,539	524,453	-
Others	81,725,704	11,723,274	4,105,545	1,801,753
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**7,375,813**	**724,252**	**234,738**	**12,692**
Total	**213,096,163**	**29,941,656**	**5,525,533**	**3,244,992**

(*) Non-performing loans are not included.

	Current Period		*Prior Period*	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	1,053,694	-	942,150	-
Significant Increase in Credit Risk (Stage 2)	-	4,563,561	-	4,027,289

As of 31 March 2019, loans amounting to TL 9,075,775 thousands are benefited as collateral under funding transactions (31 December 2018: TL 9,470,147 thousands).

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	505,838	28,085	-	533,923
Loans Collateralized by Mortgages / Shares	13,047,528	3,637,642	-	16,685,170
Loans Collateralized by Pledged Assets	2,413,269	309,031	-	2,722,300
Loans Collateralized by Cheques and Notes	109,302	5,584	-	114,886
Loans Collateralized by Other Collaterals	9,012,358	3,494,573	-	12,506,931
Unsecured Loans	3,674,699	697,348	3,929,194	8,301,241
Total	**28,762,994**	**8,172,263**	**3,929,194**	**40,864,451**

(Thousands of Turkish Lira (TL))

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	457,023	30,031	-	487,054
Loans Collateralized by Mortgages / Shares	12,572,700	3,679,534	-	16,252,234
Loans Collateralized by Pledged Assets	1,591,381	280,990	-	1,872,371
Loans Collateralized by Cheques and Notes	160,108	5,465	-	165,573
Loans Collateralized by Other Collaterals	8,137,907	3,386,065	-	11,523,972
Unsecured Loans	3,925,933	647,052	3,837,992	8,410,977
Total	**26,845,052**	**8,029,137**	**3,837,992**	**38,712,181**

Delinquency periods of loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	1,107,058	1,208,614	251,155	2,566,827
61-90 days	1,631,330	374,457	96,501	2,102,288
Other	26,024,606	6,589,192	3,581,538	36,195,336
Total	**28,762,994**	**8,172,263**	**3,929,194**	**40,864,451**

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	3,730,224	1,803,644	264,827	5,798,695
61-90 days	680,448	389,255	83,782	1,153,485
Other	22,434,380	5,836,238	3,489,383	31,760,001
Total	**26,845,052**	**8,029,137**	**3,837,992**	**38,712,181**

5.1.5.3 Maturity analysis of cash loans

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

(Thousands of Turkish Lira (TL))

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**1,312,967**	**42,285,735**	**43,598,702**
Housing Loans	17,443	20,609,193	20,626,636
Automobile Loans	278,383	1,810,655	2,089,038
General Purpose Loans	1,016,383	19,865,887	20,882,270
Others	758	-	758
Consumer Loans – FC-indexed	**-**	**183,276**	**183,276**
Housing Loans	-	183,276	183,276
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**784,551**	**4,061,375**	**4,845,926**
Housing Loans	129,812	2,461,684	2,591,496
Automobile Loans	25	20,156	20,181
General Purpose Loans	273,763	1,069,126	1,342,889
Others	380,951	510,409	891,360
Retail Credit Cards – TL	**19,703,925**	**456,243**	**20,160,168**
With Installment	8,799,676	456,243	9,255,919
Without Installment	10,904,249	-	10,904,249
Retail Credit Cards – FC	**358,347**	**13,726**	**372,073**
With Installment	-	-	-
Without Installment	358,347	13,726	372,073
Personnel Loans – TL	**21,058**	**124,498**	**145,556**
Housing Loan	-	1,476	1,476
Automobile Loans	-	35	35
General Purpose Loans	21,058	122,987	144,045
Others	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**8,398**	**72,122**	**80,520**
Housing Loans	2,202	32,380	34,582
Automobile Loans	-	-	-
General Purpose Loans	5,027	29,314	34,341
Others	1,169	10,428	11,597
Personnel Credit Cards – TL	**117,841**	**719**	**118,560**
With Installment	44,102	719	44,821
Without Installment	73,739	-	73,739
Personnel Credit Cards – FC	**6,126**	**205**	**6,331**
With Installment	-	-	-
Without Installment	6,126	205	6,331
Deposit Accounts– TL (Real Persons)	**1,888,995**	**-**	**1,888,995**
Deposit Accounts– FC (Real Persons)	-	-	-
Total	**24,202,208**	**47,197,899**	**71,400,107**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**1,295,735**	**44,106,240**	**45,401,975**
Housing Loans	18,821	21,441,927	21,460,748
Automobile Loans	313,159	2,003,166	2,316,325
General Purpose Loans	962,761	20,661,147	21,623,908
Others	994	-	994
Consumer Loans – FC-indexed	**-**	**187,534**	**187,534**
Housing Loans	-	187,529	187,529
Automobile Loans	-	-	-
General Purpose Loans	-	5	5
Others	-	-	-
Consumer Loans – FC	**508,295**	**4,384,838**	**4,893,133**
Housing Loans	8,262	2,546,300	2,554,562
Automobile Loans	69	20,371	20,440
General Purpose Loans	23,127	1,298,365	1,321,492
Others	476,837	519,802	996,639
Retail Credit Cards – TL	**19,855,372**	**418,644**	**20,274,016**
With Installment	8,950,810	418,644	9,369,454
Without Installment	10,904,562	-	10,904,562
Retail Credit Cards – FC	**175,423**	**179,648**	**355,071**
With Installment	-	-	-
Without Installment	175,423	179,648	355,071
Personnel Loans – TL	**20,871**	**118,191**	**139,062**
Housing Loan	-	1,566	1,566
Automobile Loans	-	41	41
General Purpose Loans	20,871	116,584	137,455
Others	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	**-**	**-**	**-**
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**1,898**	**78,404**	**80,302**
Housing Loans	131	33,383	33,514
Automobile Loans	-	-	-
General Purpose Loans	487	34,307	34,794
Others	1,280	10,714	11,994
Personnel Credit Cards – TL	**116,405**	**702**	**117,107**
With Installment	41,469	702	42,171
Without Installment	74,936	-	74,936
Personnel Credit Cards – FC	**1,904**	**3,640**	**5,544**
With Installment	-	-	-
Without Installment	1,904	3,640	5,544
Deposit Accounts– TL (Real Persons)	**1,824,343**	**-**	**1,824,343**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**23,800,246**	**49,477,841**	**73,278,087**

(Thousands of Turkish Lira (TL))

5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and	Total
Installment-based Commercial Loans – TL	**1,167,155**	**14,532,378**	**15,699,533**
Real Estate Loans	4,172	626,026	630,198
Automobile Loans	124,083	1,823,278	1,947,361
General Purpose Loans	1,038,900	12,083,074	13,121,974
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**11,562**	**1,845,053**	**1,856,615**
Real Estate Loans	-	63,340	63,340
Automobile Loans	85	707,956	708,041
General Purpose Loans	11,477	1,073,757	1,085,234
Others	-	-	-
Installment-based Commercial Loans – FC	**2,307,178**	**2,635,881**	**4,943,059**
Real Estate Loans	-	-	-
Automobile Loans	-	27,983	27,983
General Purpose Loans	128	88,374	88,502
Others	2,307,050	2,519,524	4,826,574
Corporate Credit Cards – TL	**4,670,116**	**54,333**	**4,724,449**
With Installment	1,787,417	54,333	1,841,750
Without Installment	2,882,699	-	2,882,699
Corporate Credit Cards – FC	**34,503**	**-**	**34,503**
With Installment	-	-	-
Without Installment	34,503	-	34,503
Deposit Accounts– TL (Corporates)	**1,547,640**	**-**	**1,547,640**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**9,738,154**	**19,067,645**	**28,805,799**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**1,436,233**	**13,287,526**	**14,723,759**
Real Estate Loans	3,975	671,981	675,956
Automobile Loans	145,927	1,936,508	2,082,435
General Purpose Loans	1,286,331	10,679,037	11,965,368
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**59,349**	**2,042,190**	**2,101,539**
Real Estate Loans	-	65,534	65,534
Automobile Loans	346	779,742	780,088
General Purpose Loans	59,003	1,196,914	1,255,917
Others	-	-	-
Installment-based Commercial Loans – FC	**1,553,276**	**3,024,785**	**4,578,061**
Real Estate Loans	-	-	-
Automobile Loans	-	18,993	18,993
General Purpose Loans	81	84,424	84,505
Others	1,553,195	2,921,368	4,474,563
Corporate Credit Cards – TL	**4,584,616**	**38,066**	**4,622,682**
With Installment	1,813,744	38,066	1,851,810
Without Installment	2,770,872	-	2,770,872
Corporate Credit Cards – FC	**23,617**	**-**	**23,617**
With Installment	-	-	-
Without Installment	23,617	-	23,617
Deposit Accounts– TL (Corporates)	**1,460,204**	**-**	**1,460,204**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**9,117,295**	**18,392,567**	**27,509,862**

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans (*)

	Current Period	*Prior Period*
Domestic Loans	242,847,366	228,921,453
Foreign Loans	24,084,183	22,886,891
Total	**266,931,549**	**251,808,344**

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	Current Period	*Prior Period*
Direct Lending	144,921	120,168
Indirect Lending	-	-
Total	**144,921**	**120,168**

(Thousands of Turkish Lira (TL))

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

	Current Period	*Prior Period*
Substandard Loans- Limited Collectability	884,436	1,362,987
Doubtful Loans	2,453,871	2,366,903
Uncollectible Loans	5,588,876	4,394,699
Total	**8,927,183**	**8,124,589**

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period			
Gross amounts before provisions	304,706	2,484,864	2,349,784
Restructured Loans	304,706	2,484,864	2,349,784
Prior Period			
Gross amounts before provisions	561,524	2,662,588	1,672,351
Restructured Loans	561,524	2,662,588	1,672,351

Movements in non-performing loan groups

	Group III	**Group IV**	**Group V**
Current Period	**Substandard Loans**	**Doubtful Loans**	**Uncollectible Loans**
Balances at End of Prior Period	**3,147,412**	**5,035,594**	**5,570,378**
Additions during the Period (+)	1,589,334	25,055	94,292
Transfer from Other NPL Categories (+)	28,957	2,481,627	1,962,488
Transfer to Other NPL Categories (-)	2,460,893	1,979,212	32,967
Collections during the Period (-)	223,917	196,553	232,456
Write-offs (-)	79	410	29,400
Debt Sale (-) (**)	-	-	21,905
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	21,905
Credit Cards	-	-	-
Other	-	-	-
Foreign Currency Differences	40,609	198,470	142,406
Balances at End of Period	**2,121,423**	**5,564,571**	**7,452,836**
Provisions (-)	884,436	2,453,871	5,588,876
Net Balance on Balance Sheet	**1,236,987**	**3,110,700**	**1,863,960**

(Thousands of Turkish Lira (TL))

Prior Period	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Balances at Beginning of Period (1 January 2018)	**1,048,935**	**1,382,104**	**4,457,417**
Additions during the Period (+)	11,022,449	163,817	615,992
Transfer from Other NPL Categories (+)	376,173	6,717,224	2,303,877
Transfer to Other NPL Categories (-)	6,659,001	2,368,310	369,963
Collections during the Period (-)	654,760	726,032	1,278,498
Write-offs (-)(*)	2,110,584	31	144,955
Debt Sale (-) (**)	-	5,251	348,499
Corporate and Commercial Loans	-	330	16,142
Retail Loans	-	3,181	189,623
Credit Cards	-	1,740	142,734
Other	-	-	-
Foreign Currency Differences	124,200	(127,927)	335,007
Balances at End of Period	**3,147,412**	**5,035,594**	**5,570,378**
Provisions (-)	1,362,987	2,366,903	4,394,699
Net Balance on Balance Sheet	**1,784,425**	**2,668,691**	**1,175,679**

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

(**) includes TL 21,905 thousands (31 December 2018: TL 353,750 thousands) from the sale of non-performing receivables.

Non-performing loans in foreign currencies

	Group III Substandard Loans and Receivables	Group IV Doubtful Loans and Receivables	Group V Uncollectible Loans and Receivables
Current Period			
Balance at End of Period	**795,387**	**3,460,730**	**3,052,578**
Provisions (-)	319,338	1,334,607	1,976,110
Net Balance at Balance Sheet	**476,049**	**2,126,123**	**1,076,468**
Prior Period			
Balance at End of Period	**1,801,141**	**3,686,282**	**1,415,535**
Provisions (-)	746,311	1,641,343	1,087,589
Net Balance at Balance Sheet	**1,054,830**	**2,044,939**	**327,946**

(Thousands of Turkish Lira (TL))

Gross and net non-performing loans as per customer categories

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	**1,236,987**	**3,110,700**	**1,863,960**
Loans to Individuals and Corporates (Gross)	2,099,170	5,556,524	7,435,014
Specific Provision (-)	875,440	2,448,497	5,573,507
Loans to Individuals and Corporates (Net)	1,223,730	3,108,027	1,861,507
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	22,253	8,047	17,822
Specific Provision (-)	8,996	5,374	15,369
Other Loans and Receivables (Net)	13,257	2,673	2,453
Prior Period (Net)	**1,784,425**	**2,668,691**	**1,175,679**
Loans to Individuals and Corporates (Gross)	3,122,592	5,021,903	5,561,603
Specific Provision (-)	1,351,352	2,358,307	4,385,944
Loans to Individuals and Corporates (Net)	1,771,240	2,663,596	1,175,659
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	24,820	13,691	8,775
Specific Provision (-)	11,635	8,596	8,755
Other Loans and Receivables (Net)	13,185	5,095	20

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

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	**16,590**	**124,993**	**70,257**
Interest accruals and valuation differences	28,340	212,822	211,575
Provision (-)	11,750	87,829	141,318
Prior Period (Net)	**47,554**	**126,534**	**39,151**
Interest accruals and valuation differences	79,590	238,856	115,799
Provision (-)	32,036	112,322	76,648

(Thousands of Turkish Lira (TL))

Collaterals received for non-performing loans

Current Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	7,394	466	-	7,860
Loans Collateralized by Mortgages	6,421,116	280,726	-	6,701,842
Loans Collateralized by Pledged Assets	1,365,910	63,951	-	1,429,861
Loans Collateralized by Cheques and Notes	205,202	7,319	-	212,521
Loans Collateralized by Other Collaterals	2,751,777	1,765,949	-	4,517,726
Unsecured Loans	689,733	315,073	1,264,214	2,269,020
Total	**11,441,132**	**2,433,484**	**1,264,214**	**15,138,830**

Prior Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	13,272	354	-	13,626
Loans Collateralized by Mortgages	5,789,032	240,063	-	6,029,095
Loans Collateralized by Pledged Assets	1,180,931	59,774	-	1,240,705
Loans Collateralized by Cheques and Notes	187,107	6,875	-	193,982
Loans Collateralized by Other Collaterals	2,565,655	1,564,239	-	4,129,894
Unsecured Loans	725,261	293,375	1,127,446	2,146,082
Total	**10,461,258**	**2,164,680**	**1,127,446**	**13,753,384**

5.1.5.11 Expected credit loss for loans

Current Period	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
Balances at End of Prior Period	**942,150**	**4,027,289**	**8,124,589**	**13,094,028**
Additions during the Period (+)	509,307	1,701,602	632,704	2,843,613
Disposal (-)	(578,585)	(843,735)	(250,053)	(1,672,373)
Debt Sale (-)	-	-	(20,220)	(20,220)
Write-offs (-)	-	-	(28,563)	(28,563)
Transfer to Stage1	326,409	(325,414)	(995)	-
Transfer to Stage 2	(160,162)	167,111	(6,949)	-
Transfer to Stage 3	(2,057)	(303,425)	305,482	-
Foreign Currency Differences	16,632	140,133	171,188	327,953
Balances at End of Period	**1,053,694**	**4,563,561**	**8,927,183**	**14,544,438**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period (1 January 2018)	**908,210**	**3,531,388**	**4,512,355**	**8,951,953**
Additions during the Period (+)	1,665,196	5,005,345	3,111,983	9,782,524
Disposal (-)	(2,365,129)	(1,117,884)	(952,422)	(4,435,435)
Debt Sale (-)	(649)	-	(351,667)	(352,316)
Write-offs (-)	-	-	(2,254,607)	(2,254,607)
Transfer to Stage1	1,234,803	(1,227,561)	(7,242)	-
Transfer to Stage 2	(570,081)	612,034	(41,953)	-
Transfer to Stage 3	(5,805)	(3,920,918)	3,926,723	-
Foreign Currency Differences	75,602	1,144,885	181,419	1,401,906
Balances at End of Period	**942,147**	**4,027,289**	**8,124,589**	**13,094,025**

5.1.5.12 *Liquidation policy for uncollectible loans*

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

5.1.5.13 *Write-off policy*

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

5.1.6 Lease receivable (Net)

5.1.6.1 *Financial lease receivables according to remaining maturities*

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	3,029,710	2,671,528	3,084,367	2,706,742
Between 1-5 Years	3,413,910	3,043,866	3,546,631	3,158,637
Longer than 5 Years	216,211	206,105	213,731	202,846
Total	**6,659,831**	**5,921,499**	**6,844,729**	**6,068,225**

Non-performing loans are not included.

5.1.6.2 *Net financial lease receivables*

	Current Period	*Prior Period*
Gross Financial Lease Receivables	6,659,830	6,844,729
Unearned Income on Financial Lease Receivables (-)	(738,331)	(776,504)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**5,921,499**	**6,068,225**

Non-performing loans are not included.

5.1.6.3 *Financial lease agreements*

Criteria applied for financial lease agreements

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

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

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

(Thousands of Turkish Lira (TL))

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.7 Factoring receivables

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

5.1.8 Financial assets measured at amortised cost

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Investments	3,753,186	5,513,163	3,176,487	4,185,992
Investments subject to Repurchase Agreements	27,352	387,146	46,120	-
Total	**3,780,538**	**5,900,309**	**3,222,607**	**4,185,992**

5.1.8.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	25,522,744	24,606,227
Treasury Bills	-	-
Other Government Securities	-	-
Total	**25,522,744**	**24,606,227**

5.1.8.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**19,218,905**	**18,519,608**
Quoted at Stock Exchange	19,179,248	18,480,608
Unquoted at Stock Exchange	39,657	39,000
Valuation Increase / (Decrease)	**6,450,167**	**6,134,401**
Total	**25,669,072**	**24,654,009**

5.1.8.4 Movement of financial assets measured at amortised cost

	Current Period	*Prior Period*
Balances at Beginning of Period	**24,654,009**	**21,497,337**
Foreign Currency Differences on Monetary Assets	418,503	1,775,282
Purchases during the Period	97,121	693,258
Disposals through Sales/Redemptions	-	(2,148,127)
Valuation Effect	499,439	2,836,259
Balances at End of Period	**25,669,072**	**24,654,009**

(Thousands of Turkish Lira (TL))

5.1.8.5 Expected credit loss for financial assets measured at amortised cost

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**54,125**	**-**	**-**	**54,125**
Additions during the Period (+)	15,287	-	-	15,287
Disposal (-)	(2,815)	-	-	(2,815)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	1,204	-	-	1,204
Balances at End of Period	**67,801**	**-**	**-**	**67,801**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period (1January 2018)	**16,907**	**-**	**-**	**16,907**
Additions during the Period (+)	51,066	-	-	51,066
Disposal (-)	(15,193)	-	-	(15,193)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	1,345	-	-	1,345
Balances at End of Period	**54,125**	**-**	**-**	**54,125**

Expected losses of TL 57,892 thousands (31 December 2018: TL 46,834 thousands) is accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.9 Assets held for sale and assets of discontinued operations

5.1.9.1 Assets held for sale

	Current Period	*Prior Period*
Balances at Beginning of Period		
Cost	**870,977**	**850,308**
Accumulated Depreciation	**(13,293)**	**(14,756)**
Net Book Value	**857,684**	**835,552**
End of Current Period		
Additions	64,277	293,534
Disposals (Cost)	(57,510)	(219,124)
Disposals (Accumulated Depreciation)	344	1,463
Reversal of Impairment / Impairment Losses	1,824	(58,187)
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	605	4,446
Cost	**880,173**	**870,977**
Accumulated Depreciation (-)	**(12,949)**	**(13,293)**
Net Book Value	**867,224**	**857,684**

As of balance sheet date, the net book values of assets held for sale on which rights of repurchase exist amounting to TL 316,976 thousands (31 December 2018: TL 241,574 thousands).

(Thousands of Turkish Lira (TL))

5.1.9.2 Investments in subsidiaries and associates to be disposed

	Current Period	*Prior Period*
Balances at Beginning of Period	**11**	**-**
Additions [(*)]	-	11
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses	-	-
Depreciation Expense for Current Period (-)	-	-
Cost	**11**	**11**
Accumulated Depreciation (-)	**-**	**-**
Net Book Value	**11**	**11**

(*)Within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192,500,000,000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 22.1265% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations".

5.1.10 Investments in associates

5.1.10.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ [(1)]	İstanbul/Turkey	-	5.26
2	Bankalararası Kart Merkezi AŞ [(1)]	İstanbul/Turkey	10.15	10.15
3	Yatırım Finansman Menkul Değerler AŞ [(1)]	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ [(1)]	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ [(1)]	İstanbul/Turkey	0.30	0.34
6	KKB Kredi Kayıt Bürosu AŞ [(1)]	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ [(1)]	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ [(1)]	Ankara/ Turkey	1.54	1.54

	Total Assets	Shareholders' Equity	Total Fixed Assets [(*)]	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	14,953	8,544	3,130	1,141	13	662	578	-
2	117,093	64,965	56,060	3,632	-	15,953	9,004	-
3	580,870	100,318	2,115	41,016	1,447	11,361	8,296	-
4	11,795,183	1,745,485	114,344	677,361	7,207	479,740	276,371	-
5	13,285,548	2,665,517	618,258	117,327	265,253	1,173,543	228,053	-
6	342,784	211,006	206,138	16,750	292	41,206	44,798	-
7	721,499,799	85,155,002	541,979	30,135,305	5,070,791	56,279,555	18,383,903	-
8	530,188	318,282	21,257	34,317	-	57,787	131,197	-

(*) Total fixed assets include tangible and intangible assets.
(1) Financial information is as of 31 December 2018.

Unconsolidated investments in associates sold during the current period
None.

Unconsolidated investments in associates acquired during the current period
None.

5.1.10.2 Consolidated investments in associates

None.

5.1.10.3 Movement of consolidated investments in associates

None.

Valuation methods of consolidated investments in associates

None.

Sectoral distribution of consolidated investments and associates

None.

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

(Thousands of Turkish Lira (TL))

5.1.11 Investments in subsidiaries

Information on capital adequacy of major subsidiaries

Current Period	**Garanti Bank International NV**	**Garanti Finansal Kiralama AŞ**	**Garanti Holding BV**
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	867,262	357,848	2,429,186
Share Premium	-	-	81,778
Share Cancellation Profits	-	-	-
Legal Reserves	943,565	455,967	(172,876)
Other Comprehensive Income according to TAS	1,839,504	- -	42,164
Current and Prior Periods' Profits	108,847	113,111	186,653
Common Equity Tier I Capital Before Deductions	**3,759,178**	**926,926**	**2,566,905**
Deductions From Common Equity Tier I Capital	-	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	59,426	655	759,490
Leasehold Improvements on Operational Leases (-)	-	-	2,023
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	30,487	11,461	350,483
Net Deferred Tax Asset/Liability (-)	-	-	4,057
Total Deductions from Common Equity Tier I Capital	**89,913**	**12,116**	**1,116,053**
Total Common Equity Tier I Capital	**3,669,265**	**914,810**	**1,450,852**
Total Deductions From Tier I Capital	-	-	-
Total Tier I Capital	**3,669,265**	**914,810**	**1,450,852**
TIER II CAPITAL	**315,160**	**-**	**63,017**
TOTAL CAPITAL	**3,984,425**	**914,810**	**1,513,869**

Prior Period	**Garanti Bank International NV**	**Garanti Finansal Kiralama AŞ**	**Garanti Holding BV**
COMMON EQUITY TIER I CAPITAL			
Paid-in Capital to be Entitled for Compensation after All Creditors	828,770	357,848	2,320,775
Share Premium	-	-	78,128
Share Cancellation Profits	-	-	-
Legal Reserves	943,565	455,967	(173,836)
Other Comprehensive Income according to TAS	1,707,964	-	27,396
Current and Prior Periods' Profits	70,447	90,029	146,750
Common Equity Tier I Capital Before Deductions	**3,550,746**	**903,844**	**2,399,213**
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	45,089	655	691,154
Leasehold Improvements on Operational Leases (-)	-	39	2,664
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	28,917	10,995	341,733
Net Deferred Tax Asset/Liability (-)	-	-	5,845
Total Deductions from Common Equity Tier I Capital	**74,006**	**11,689**	**1,041,396**
Total Common Equity Tier I Capital	**3,476,740**	**892,155**	**1,357,817**
Total Deductions From Tier I Capital	**-**	**-**	**-**
Total Tier I Capital	**3,476,740**	**892,155**	**1,357,817**
TIER II CAPITAL	**301,095**	**-**	**60,286**
TOTAL CAPITAL	**3,777,835**	**892,155**	**1,418,103**

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

(Thousands of Turkish Lira (TL))

5.1.11.1 Unconsolidated investments in subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	114,272	90,582	9	4,815	-	8,971	4,443	-	-
2	39,610	20,398	531	947	-	1,294	2,048	-	-
3	4,473	4,019	-	207	-	204	106	-	-
4	3,163	1,947	1,227	-	-	19	11	-	-
5	5,257	3,950	23	206	-	181	236	-	-
6	6,233	6,233	6,229	-	-	(2)	(1)	-	-
7	1,723,762	8,668	1,361,867	469	-	6,353	8,388	-	-
8	4,469	3,641	-	-	-	248	435	-	-

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

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

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

(Thousands of Turkish Lira (TL))

5.1.11.2 *Movement of consolidated investments in subsidiaries*

	Current Period	*Prior Period*
Balances at Beginning of Period	**6,942,044**	**6,081,445**
Movements during the Period	**451,378**	**860,599**
Acquisitions and Capital Increases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	249,959	751,691
Sales/Liquidations	-	-
Reclassifications		833
Value Increase/Decrease (*) (**)	(23,441)	(1,037,918)
Currency Differences on Foreign Subsidiaries	224,860	1,145,993
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balance at End of Period	**7,393,422**	**6,942,044**
Capital Commitments	-	**-**
Share Percentage at the End of Period (%)	-	**-**

(*) Except for quoted subsidiaries, value increases / (decreases) are based on the results of equity accounting application.

(**) TL 1,018,959 thousands of Prior Period's Value Decrease amount is due to the dividend distribution of Garanti Emeklilik AŞ as per the decision made at its Annual General Assembly meeting held on 9 April 2018.

Valuation methods of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Valued at Cost	-	**-**
Valued at Fair Value	7,393,422	6,942,044

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Banks	3,698,553	3,499,491
Insurance Companies	857,270	764,722
Factoring Companies	130,039	114,151
Leasing Companies	912,834	902,555
Finance Companies	1,794,726	1,661,125
Other Subsidiaries	-	-

Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchanges	130,672	114,985
Quoted at International Stock Exchanges	-	-

(Thousands of Turkish Lira (TL))

Other information on consolidated investments in subsidiaries

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (**)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	5,995,769	912,845	20,637	118,764	-	23,088	30,991	-
2	2,181,596	158,885	15,285	116,789	-	19,370	7,895	-
3	425,310	211,039	40,911	3,488	1,810	32,946	27,144	-
4	115,561	105,296	3,356	3,723	917	7,202	7,393	-
5	1,634,299	1,009,651	53,900	70,342	799	109,085	98,604	-
6	25,487,062	3,708,597	220,928	233,694	8,103	38,400	30,763	-
7	2,145,184	2,144,791	-	-	-	(248)	(74)	-
8	2,146,472	1,831,813	-	-	-	(7,763)	(4,128)	-
9	13,957,144	1,821,016	480,153	129,623	17,534	40,044	33,615	-
10	1,099,168	169,028	5,094	17,055	-	5,000	3,209	-
11	767,610	106,144	12,283	18,896	-	2,869	1,773	-
12	41,055	38,624	83	360	1,014	916	321	19,200

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

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.12 Investments in joint-ventures

None.

(Thousands of Turkish Lira (TL))

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

	Current Period	*Prior Period*
Net Book Value at Beginning of Period	**558,309**	**559,388**
Additions	-	6,576
Disposals	-	(8,850)
Transfers to Tangible Assets	-	6,809
Fair Value Change	-	(5,614)
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	**558,309**	**558,309**

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

5.1.16 Deferred tax asset

As of 31 March 2019, on a consolidated basis the Bank has a deferred tax asset of TL 1,430,072 thousands (31 December 2018: TL 1,519,177 thousands) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 March 2019, deferred tax assets of TL 2,308,234 thousands (31 December 2018: TL 2,063,575 thousands) are reduced by deferred tax liabilities of TL 878,162 thousands (31 December 2018: TL 544,398 thousands)with offsetting characteristics and presented as net in the accompanying consolidated financial statements, on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	Current Period		***Prior Period***	
	Tax Base	**Deferred Tax Amount**	**Tax Base**	**Deferred Tax Amount**
Provisions (*)	2,884,159	581,539	2,314,652	470,921
Stages 1&2 Credit Losses	6,011,185	1,318,275	5,296,956	1,162,439
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	(2,225,123)	(361,703)	(236,245)	(61,304)
Revaluation Differences on Real Estates	(1,860,323)	(186,185)	(1,857,926)	(185,793)
Other	341,920	78,146	581,357	132,914
Deferred Tax Asset	**5,151,818**	**1,430,072**	**6,098,794**	**1,519,177**

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

As of 31 March 2019, TL 203,788 thousands (31 March 2018: TL 88,781 thousands) of deferred tax expense and TL 117,329 thousands (31 December 2018: TL 364,567 thousands) of deferred tax income were recognised in the income statement and the shareholders' equity, respectively.

(Thousands of Turkish Lira (TL))

5.1.17 Other Assets

5.1.17.1 Receivables from term sale of assets

	Current Period	*Prior Period*
Sale of Real Estates	116,635	148,819
Sale of Financial Assets Measured at Fair Value through Other Comprehensive Income	28,383	27,116
Sale of Other Assets	1,137	1,137
Total	**146,155**	**177,072**

5.1.17.2 Prepaid expenses, taxes and similar items

	Current Period	*Prior Period*
Prepaid Expenses	1,211,197	1,089,636
Prepaid Taxes	136,229	176,016

(Thousands of Turkish Lira (TL))

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	**10,921,872**	**-**	**3,744,520**	**45,447,904**	**2,075,187**	**2,323,633**	**2,878,960**	**2,735**	**67,394,811**
Foreign Currency	**44,014,026**	**-**	**14,397,941**	**67,596,746**	**4,898,385**	**7,579,706**	**10,018,40**	**43,126**	**148,548,33**
Residents in Turkey	32,669,718	-	13,293,144	62,466,908	2,425,474	2,752,614	1,100,428	41,980	114,750,26
Residents in Abroad	11,344,308	-	1,104,797	5,129,838	2,472,911	4,827,092	8,917,974	1,146	33,798,066
Public Sector Deposits	**1,086,027**	**-**	**23,702**	**31,532**	**3,934**	**1,080**	**51**	**-**	**1,146,326**
Commercial Deposits	**9,405,613**	**-**	**8,463,711**	**10,663,085**	**390,193**	**443,606**	**182,219**	**-**	**29,548,427**
Others	**266,104**	**-**	**147,240**	**825,331**	**40,054**	**442,601**	**2,831,322**	**-**	**4,552,652**
Precious Metal	**3,315,177**	**-**	**-**	**72,706**	**70,848**	**19,154**	**441,853**	**-**	**3,919,738**
Bank Deposits	**7,048,148**	**-**	**400,913**	**97,307**	**69,396**	**56,160**	**8,477**	**-**	**7,680,401**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7,610	-	150,316	-	-	4,308	-	-	162,234
Foreign Banks	3,259,208	-	250,597	97,307	69,396	51,852	8,477	-	3,736,837
Special Financial	3,781,330	-	-	-	-	-	-	-	3,781,330
Others	-	-	-	-	-	-	-	-	-
Total	**76,056,967**	**-**	**27,178,027**	**124,734,61**	**7,547,997**	**10,865,940**	**16,361,28**	**45,861**	**262,790,68**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit	Total
Saving Deposits	**10,392,601**	-	**2,789,332**	**44,035,108**	**7,338,680**	**2,226,529**	**2,750,586**	**2,925**	**69,535,761**
Foreign Currency	**37,630,017**	-	**11,622,976**	**56,608,217**	**4,848,737**	**9,484,338**	**12,470,861**	**44,780**	**132,709,926**
Residents in Turkey	27,145,860	-	10,039,604	51,338,494	2,342,906	3,320,384	1,008,280	43,262	95,238,790
Residents in Abroad	10,484,157	-	1,583,372	5,269,723	2,505,831	6,163,954	11,462,581	1,518	37,471,136
Public Sector Deposits	**1,148,423**	-	**1,252**	**26,429**	**4,968**	**1,024**	**-**	**-**	**1,182,096**
Commercial Deposits	**7,487,587**	-	**8,336,846**	**9,333,787**	**346,049**	**466,923**	**667,804**	-	**26,638,996**
Others	**246,290**	-	**160,384**	**816,004**	**135,756**	**387,369**	**3,761,840**	-	**5,507,643**
Precious Metal	**2,794,512**	-	**-**	**76,254**	**13,884**	**9,758**	**385,829**	-	**3,280,237**
Bank Deposits	**4,477,785**	-	**1,507,045**	**72,544**	**39,935**	**58,485**	**5,893**	-	**6,161,687**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,771	-	650,427	-	-	2,076	-	-	655,274
Foreign Banks	1,240,267	-	856,618	72,544	39,935	56,409	5,893	-	2,271,666
Special Financial	3,234,747	-	-	-	-	-	-	-	3,234,747
Others	-	-	-	-	-	-	-	-	-
Total	**64,177,215**	-	**24,417,835**	**110,968,343**	**12,728,009**	**12,634,426**	**20,042,813**	**47,705**	**245,016,346**

(Thousands of Turkish Lira (TL))

5.2.1.1 Saving deposits and other deposit accounts insured by Saving Deposit Insurance Fund

Saving deposits covered by deposit insurance and total amount of deposits exceeding insurance coverage limit:

	Covered by Deposit Insurance Over Deposit Insurance Limit		**Over Deposit Insurance Limit**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***
Saving Deposits	28,662,088	28,827,533	38,189,012	40,144,845
Foreign Currency Saving Deposits	30,720,340	27,501,977	66,678,179	55,379,738
Other Saving Deposits	1,931,297	1,639,365	1,815,038	1,559,569
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,176,721	-	96	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	***Prior Period***
Deposits and Other Accounts held at Foreign Branches	69,267	62,924
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	164,536	160,214
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	-	657,652	-	502,342
Domestic Banks and Institutions	483,700	1,966,513	409,133	1,815,811
Foreign Banks, Institutions and Funds	777,446	31,430,024	776,544	29,835,897
Total	**1,261,146**	**34,054,189**	**1,185,677**	**32,154,050**

5.2.2.1 Maturities of funds borrowed

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Short-Term	477,696	4,778,197	405,801	4,779,862
Medium and Long-Term	783,450	29,275,992	779,876	27,374,188
Total	**1,261,146**	**34,054,189**	**1,185,677**	**32,154,050**

5.2.2.2 Disclosures for concentration areas of bank's liabilities

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

(Thousands of Turkish Lira (TL))

5.2.3 *Money market funds*

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**48,482**	**-**	**68,144**	**-**
Financial Institutions and Organizations	125	-	23,252	-
Other Institutions and Organizations	30,453	-	31,149	-
Individuals	17,904	-	13,743	-
Foreign Transactions	**81**	**1,302,086**	**56**	**1,220,550**
Financial Institutions and Organizations	-	1,302,086	-	1,220,550
Other Institutions and Organizations	-	-	-	-
Individuals	81	-	56	-
Total	**48,563**	**1,302,086**	**68,200**	**1,220,550**

5.2.4 *Securities issued*

Current Period	**TL**		**FC**	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	4,513,102	2,122,173	29,205	23,699,079
Cost	4,341,798	2,119,400	29,205	23,606,366
Carrying Value (*)	4,433,831	2,199,385	29,564	23,053,200

Prior Period	**TL**		**FC**	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	1,968,185	2,127,018	26,970	23,411,508
Cost	1,874,850	2,125,144	26,970	23,323,918
Carrying Value (*)	1,926,060	2,173,141	27,087	22,785,175

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 4,016 thousands and foreign currency securities with a total face value of TL 1,166,298 thousands (31 December 2018: TL 1,089,446 thousands) and netted off such securities in the accompanying consolidated financial statements.

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Securities Issued	-	13,319,268	-	12,312,230
Total	**-**	**13,319,268**	**-**	**12,312,230**

In accordance with TAS 39 paragraph 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,596,160,714 (31 December 2018: USD 2,484,345,238)as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch. As of 31 March 2019, the accumulated credit risk change and the credit risk change recognised in the income statement amounted to TL 1,443,344 thousands (31 December 2018: TL 930,827 thousands) and a loss of TL 512,517 thousands (31 March 2018: TL 164,286 thousands), respectively. The carrying value of the related financial liability amounted to TL 13,319,268 thousands (31 December 2018: TL 12,312,230 thousands).

(Thousands of Turkish Lira (TL))

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

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

Trading Derivatives	***Current Period***		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Forward Transactions	221,215	36,260	384,022	18,382
Swap Transactions	1,168,445	2,035,241	1,580,258	1,470,826
Futures	123	3,577	811	164
Options	491,470	182,981	329,799	253,305
Others	12	1,765	-	8,918
Total	**1,881,265**	**2,259,824**	**2,294,890**	**1,751,595**

5.2.6.2 Derivative financial liabilities held for hedging purpose

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

Derivative Financial Liabilities Held for Hedging Purpose	***Current Period***		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	16,729	349,378	49,606	203,799
Cash Flow Hedges	137,635	43,551	191,814	18,458
Net Foreign Investment Hedges	-	-	-	-
Total	**154,364**	**392,929**	**241,420**	**222,257**

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

5.2.7 Factoring payables

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

5.2.8 Lease payables

5.2.8.1 Financial lease payables

None.

5.2.8.2 Operational lease agreements

	Current Period		***Prior Period***	
	Gross	**Net**	**Gross**	**Net**
Up to 1 Year	358,161	218,704	-	-
1-4 Years	799,775	493,341	-	-
More than 4 Years	548,635	319,632	-	-
Total	**1,706,571**	**1,031,677**	-	-

(Thousands of Turkish Lira (TL))

5.2.9 Provisions

The movement of reserve for employee severance indemnity classified in reserve for employee benefits line of note 5.2.9.4 is presented as below:

5.2.9.1 Reserve for employee severance indemnity

	Current Period	*Prior Period*
Balances at Beginning of Period	**489,257**	**423,871**
Provision for the Period	43,444	101,135
Actuarial Gain/Loss	-	16,630
Payments During the Period	(13,565)	(52,379)
Balances at End of Period	**519,136**	**489,257**

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

None.

5.2.9.3 Provisions for non-cash loans that are not indemnified or converted into cash

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

5.2.9.4 Other provisions

	Current Period	*Prior Period*
Reserve for Employee Benefits	1,188,348	1,127,102
Insurance Technical Provisions, Net	461,685	444,820
Provision for Promotion Expenses of Credit Cards	143,666	132,272
Provision for Lawsuits	364,285	348,002
Provision for Non-Cash Loans	661,488	654,657
Other Provisions(*)	2,642,354	2,662,659
Total	**5,461,826**	**5,369,512**

(*) Includes total general reserve of TL 2,350,000 thousands (31 December 2018: 2,250,000 thousands) consisting of TL 100,000 thousands (31 December 2018: TL 1,090,000 thousands) and TL 2,250,000 thousands (31 December 2018: TL 1,160,000 thousands) recognized as expense in the current period and prior periods, respectively.

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 23 December 2018 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 3,747,984 thousands at 31 December 2018 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2018 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's 23 December 2018 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 1,693,744 thousands remains as of 31 December 2018 as details are given in the table below.

The Bank's management, acting prudently, did not consider the health premium surplus amounting TL 596,470 thousands as stated above and resulted from the present value of medical benefits and health premiums transferable to SSF as of 31 December 2018. However, despite this treatment there are no excess obligation that needs to be provided against.

(Thousands of Turkish Lira (TL))

	31 December 2018
Transferable Pension and Medical Benefits:	
Net present value of pension benefits transferable to SSF	(1,408,961)
Net present value of medical benefits and health premiums transferable to SSF	596,470
General administrative expenses	(52,481)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	**(864,972)**
Fair Value of Plan Assets (2)	**4,612,956**
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	**3,747,984**
Non-Transferable Benefits:	
Other pension benefits	(920,128)
Other medical benefits	(1,134,112)
Total Non-Transferable Benefits (4)	**(2,054,240)**
Asset Surplus over Total Benefits ((3)-(4)=(5))	**1,693,744**
Net Present Value of Medical Benefits and Health Premiums Transferable to SSF – but not considered acting prudently (6)	**(596,470)**
Present Value of Asset Surplus/(Defined Benefit Obligation) ((5)-(6))	**1,097,274**

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

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

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

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

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

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

Defined Benefit Obligation	**Pension Benefits Effect**	**Medical Benefits Effect**	**Overall Effect**
Assumption change	**%**	**%**	**%**
Discount rate +1%	(12.80)	(17.40)	(15.30)
Discount rate -1%	16.10	23.30	20.10
Medical inflation +1%	-	23.00	12.70
Medical inflation -1%	-	(17.40)	(9.60)

(Thousands of Turkish Lira (TL))

Retirement Indemnities	**Sensitivity of Past Service Liability**	**Sensitivity of Normal Cost**
Assumption change	**%**	**%**
Discount rate +1%	(11.20)	(15.20)
Discount rate -1%	13.50	18.80
Inflation rate +1%	12.20	19.20
Inflation rate -1%	(11.40)	(15.70)

5.2.10 Tax liability

5.2.10.1 Current tax liability

5.2.10.1.1 Tax liability

As of 31 March 2019, the corporate tax liability amounts to TL 302,957 thousands (31 December 2018: TL 132,546 thousands) after offsetting with prepaid taxes.

5.2.10.1.2 Taxes payable

	Current Period	***Prior Period***
Corporate Taxes Payable	302,957	132,546
Taxation on Securities Income	221,311	162,703
Taxation on Real Estates Income	5,361	4,846
Banking Insurance Transaction Tax	177,640	229,702
Foreign Exchange Transaction Tax	120	100
Value Added Tax Payable	19,184	15,303
Others	80,034	88,430
Total	**806,607**	**633,630**

5.2.10.1.3 Premiums payable

	Current Period	***Prior Period***
Social Security Premiums-Employees	4,664	5,357
Social Security Premiums-Employer	4,656	3,372
Bank Pension Fund Premium-Employees	315	30
Bank Pension Fund Premium-Employer	488	30
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,615	1,446
Unemployment Insurance-Employer	3,325	2,986
Others	39	30
Total	**15,102**	**13,251**

5.2.10.2 Deferred tax liability

As of 31 March 2019, the deferred tax liability amounts to TL 21,248 thousands (31 December 2018: TL 19,121 thousands).

(Thousands of Turkish Lira (TL))

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

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

5.2.12 Subordinated debts

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

5.2.13 Other liabilities

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Payables from credit card transactions	11,116,816	113,928	10,869,208	87,311
Payables from clearing transactions	1,249,660	83,419	3,780,969	59,285
Dividend payables to shareholders	725	-	725	-
Other	1,333,483	1,911,927	1,226,808	1,505,403
Total	**13,700,684**	**2,109,274**	**15,877,710**	**1,651,999**

5.2.14 Shareholders' equity

5.2.14.1 Paid-in capital

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

5.2.14.2 Registered share capital system

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

5.2.14.3 Capital increases in current period

None.

5.2.14.4 Capital increases from capital reserves in current period

None.

5.2.14.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.14.7 Information on privileges given to stocks representing the capital

None.

(Thousands of Turkish Lira (TL))

5.2.14.8 Securities value increase fund

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

	Current Period		***Prior Period***	
	TL	**FC**		
Investments in Associates, Subsidiaries and Joint-Ventures	**-**	**-**	**-**	**-**
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	**(1,128,405)**	**(339,953)**	**(799,094)**	**(238,765)**
Valuation Difference	(1,128,405)	(339,953)	(799,094)	(238,765)
Exchange Rate Difference	-	-	-	-
Total	**(1,128,405)**	**(339,953)**	**(799,094)**	**(238,765)**

5.2.14.9 Revaluation surplus

	Current Period		***Prior Period***	
	TL	**FC**		
Movables	8,683	134,934	8,453	90,909
Real Estates	1,487,401	51,771	1,487,401	47,522
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	-	-	-	-
Other	(160,893)	-	(160,891)	-
Total	**1,335,191**	**186,705**	**1,334,963**	**138,431**

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

Bonus shares resulted from non-cash capital increases from the following investee companies; Doğuş Gayrimenkul Yatırım Ortaklığı AŞ by TL 22 thousands, Garanti Ödeme Sistemleri AŞ by TL 401 thousands, Kredi Kartları Bürosu by TL 481 thousands and Yatırım Finansman Menkul Değerler AŞ by TL 9 thousands.

5.2.14.11 Legal reserves

	Current Period	***Prior Period***
I. Legal Reserve	1,072,847	1,074,438
II. Legal Reserve	507,264	507,264
Special Reserves	-	-
Total	**1,580,111**	**1,581,702**

5.2.14.12 Extraordinary reserves and other profit reserves

	Current Period	***Prior Period***
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	30,925,011	30,856,685
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	**30,925,011**	**30,856,685**

5.2.14.13 Minority interest

	Current Period	*Prior Period*
Balance at Beginning of Period	**197,546**	**314,340**
Profit Share of Subsidiaries Net Profits	20,883	64,953
Prior Period Dividend Payment	-	(181,524)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	-	(223)
Balance at End of Period	**218,429**	**197,546**

(Thousands of Turkish Lira (TL))

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 19,043,183 thousands (31 December 2018: TL 12,101,326 thousands), commitments for cheque payments of TL 3,380,399 thousands (31 December 2018: TL 2,719,279 thousands) and commitments for credit card limits of TL 33,819,986 thousands (31 December 2018: TL 32,542,906 thousands).

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

	Current Period	*Prior Period*
Letters of Guarantee in Foreign Currency	28,247,984	27,430,938
Letters of Guarantee in TL	22,461,559	22,742,832
Letters of Credit	11,729,087	14,685,922
Bills of Exchange and Acceptances	2,986,359	2,788,829
Prefinancings	-	-
Other Guarantees	68,319	66,907
Total	**65,493,308**	**67,715,428**

Expected losses for non-cash loans and irrevocable commitments

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Current Period **Balances at Beginning of Period**	**123,751**	**245,225**	**285,681**	**654,657**
Additions during the Period (+)	64,827	63,881	24,553	153,261
Disposal (-)	(63,439)	(43,522)	(57,633)	(164,594)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	20,776	(20,573)	(203)	-
Transfer to Stage 2	(7,251)	8,403	(1,151)	1
Transfer to Stage 3	(116)	(16,205)	16,321	-
Foreign Currency Differences	2,670	5,404	10,089	18,163
Balances at End of Period	**141,218**	**242,613**	**277,657**	**661,488**

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Prior Period **Balances at Beginning of Period**	**115,145**	**205,417**	**118,820**	**439,382**
Additions during the Period (+)	215,981	369,581	157,008	**742,570**
Disposal (-)	(325,023)	(202,021)	(60,410)	**(587,454)**
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	150,260	(135,371)	(14,889)	-
Transfer to Stage 2	(39,066)	47,408	(8,342)	-
Transfer to Stage 3	(752)	(81,092)	81,844	-
Foreign Currency Differences	7,206	41,303	11,650	**60,159**
Balances at End of Period	**123,751**	**245,225**	**285,681**	**654,657**

A specific provision of TL 277,657 thousands (31 December 2018: TL 285,681 thousands) is made for unliquidated non-cash loans of TL 946,610 thousands (31 December 2018: TL 842,292 thousands) recorded under the off-balance sheet items.

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

(Thousands of Turkish Lira (TL))

5.3.1.3 Non-cash loans

	Current Period	*Prior Period*
Non-Cash Loans against Cash Risks	12,442,628	12,434,212
With Original Maturity of 1 Year or Less	*2,051,755*	*2,339,515*
With Original Maturity of More Than 1 Year	*10,390,873*	*10,094,697*
Other Non-Cash Loans	53,050,680	55,281,216
Total	**65,493,308**	**67,715,428**

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

(Thousands of Turkish Lira (TL))

5.4 Consolidated statement of profit or loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest Income from Loans				
Short-term loans	2,932,715	171,312	1,701,208	119,353
Medium and long-term loans	3,900,470	1,483,035	3,401,100	1,071,783
Loans under follow-up	130,800	23,432	158,410	1,573
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**6,963,985**	**1,677,779**	**5,260,718**	**1,192,709**

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

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	3,882	58,243	11,712	14,749
Domestic Banks	98,135	10,277	42,167	5,446
Foreign Banks	2,017	68,071	970	28,307
Foreign Head Offices and Branches	-	-	-	-
Total	**104,034**	**136,591**	**54,849**	**48,502**

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Financial Assets Measured at Fair Value through Profit or Loss	11,910	2,043	13,433	794
Financial Assets Measured at Fair Value through Other Comprehensive Income	690,981	145,178	467,391	128,935
Financial Assets Measured at Amortised Cost	738,903	55,228	411,456	43,663
Total	**1,441,794**	**202,449**	**892,280**	**173,392**

As disclosed in the accounting policies, the parent Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. The estimated inflation rate which was taken as 14% in the first two months of 2019, was updated to 13% as of 4 March 2019. If the valuation of such securities was performed according to the reference index valid as of 31 March 2019, the parent Bank's securities value increase fund under the equity would increase by TL 350,996 thousands (net), whereas the interest income on securities portfolio would decrease by TL 1,031,959 thousands.

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	13,215	809

(Thousands of Turkish Lira (TL))

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks	47,457	176,707	26,032	243,562
Central Bank of Turkey	-	2,799	-	1,275
Domestic Banks	22,517	18,247	9,480	12,448
Foreign Banks	24,940	155,661	16,552	229,839
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	259,371	-	143,942
Total	**47,457**	**436,078**	**26,032**	**387,504**

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

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	*Prior Period*
Interest Paid to Investments in Associates and Subsidiaries	7,975	3,091

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	**Demand Deposits**	**Time Deposits**						**Total**
		Up to 1 Month	**1-3 Months**	**3-6 Months**	**6-12 Months**	**Over 1 Year**	**Accumulating Deposit Accounts**	
Turkish Lira								
Bank Deposits	231	26,622	-	-	-	-	-	26,853
Saving Deposits	681	112,809	2,195,609	276,526	125,188	146,286	-	2,857,099
Public Sector Deposits	-	81	1,510	251	57	1	-	1,900
Commercial Deposits	56	367,490	470,041	35,131	20,430	38,411	-	931,559
Others	-	13,576	47,550	4,188	22,584	178,349	-	266,247
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**968**	**520,578**	**2,714,710**	**316,096**	**168,259**	**363,047**	**-**	**4,083,658**
Foreign Currency								
Foreign Currency Deposits	13,990	50,394	401,217	25,299	59,176	86,496	138	636,710
Bank Deposits	8	759	362	482	2,668	1,839	-	6,118
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	56	141	50	1,553	-	1,800
Total FC	**13,998**	**51,153**	**401,635**	**25,922**	**61,894**	**89,888**	**138**	**644,628**
Grand Total	**14,966**	**571,731**	**3,116,345**	**342,018**	**230,153**	**452,935**	**138**	**4,728,286**

(Thousands of Turkish Lira (TL))

Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	142	18,012	-	175	37	-	-	18,366
Saving Deposits	420	52,601	1,295,042	64,443	19,267	29,281	-	1,461,054
Public Sector Deposits	-	36	715	172	-	-	-	923
Commercial Deposits	26	138,573	253,116	10,534	10,757	38,255	-	451,261
Others	8	5,182	23,789	3,250	14,376	82,315	-	128,920
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**596**	**214,404**	**1,572,662**	**78,574**	**44,437**	**149,851**	**-**	**2,060,524**
Foreign Currency								
Foreign Currency Deposits	10,598	24,027	278,765	19,431	31,364	102,968	185	467,338
Bank Deposits	41	3,781	158	155	277	840	-	5,252
"7 Days Notice" Deposits	-	-	-	-		-	-	-
Precious Metal Deposits	-	-	32	7	50	915	-	1,004
Total FC	**10,639**	**27,808**	**278,955**	**19,593**	**31,691**	**104,723**	**185**	**473,594**
Grand Total	**11,235**	**242,212**	**1,851,617**	**98,167**	**76,128**	**254,574**	**185**	**2,534,118**

5.4.2.5 Interest expense on money market transactions

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

5.4.2.6 Financial lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

5.4.4 Trading income/losses (net)

	Current Period	*Prior Period*
Income	**31,742,223**	**16,626,339**
Trading Account Income	852,739	396,852
Derivative Financial Instruments	5,597,019	3,558,792
Foreign Exchange Gain	25,292,465	12,670,695
Losses (-)	**31,884,988**	**16,908,800**
Trading Account Losses	362,948	177,244
Derivative Financial Instruments	4,774,010	3,270,767
Foreign Exchange Losses	26,748,030	13,460,789
Total	**(142,765)**	**(282,461)**

TL 1,578,734 thousands (31 March 2018: TL 1,697,348 thousands) of foreign exchange gains and TL 3,229,172 thousands (31 March 2018: TL 2,463,183 thousands) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

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

In this respect; the Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 2,214,627, USD 563,513,627 and EUR 259,591,490 for its fixed-rate bonds with a total face value of TL 795,000 thousands and USD 487,500,000 and fixed-rate coupons with a total face value of USD 90,000,000 and EUR 148,800,000 by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, in the current period, losses of TL (79,860) thousands and TL (25,312) thousands (31 March 2018: losses of TL (119,809) thousands and TL (50,635) thousands resulting from outstanding transactions at that date) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under trading income/losses in the income statement, respectively.

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for funds borrowed amounting to USD 43,904,865 and EUR 28,947,368 and securitization borrowings amounting to EUR 60,189,468 by designating cross currency swaps with the same face values and terms and borrowing amounting to USD 500,000,000, securitizations amounting to USD 667,093,498 and EUR 82,500,000 and deposits amounting to TL 5,255,000 thousands, USD 855,000,000 and forward EUR 350,000,000 by designating interest rate swaps with the same face values and terms and finalized commitments amounting to USD 39,633,336 by designating forwards with the same face values and terms. Accordingly, in the current period, gains of TL 70,779 thousands and TL 171,305 thousands and loss of TL (46,778) thousands (31 March 2018: gains of TL 53,087 thousands, TL 192,860 thousands and TL 0 thousands resulting from outstanding transactions at that date) resulting from cross currency, interest rate swap and forward agreements were recognised under shareholders' equity, respectively.

One of the Bank's consolidated subsidiaries enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial instruments due to fluctuations in market interest rates. In this respect, the subsidiary applied fair value hedge accounting for fixed rate eurobonds with a total face value of USD 25,000,000 and EUR 65,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a net gain of TL 3,745 thousands (31 March 2018: a net loss of TL (1,938) thousands) resulting from the related fair value calculations for the hedged bonds were accounted for under trading income/losses in the income statement.

One of the Bank's consolidated subsidiaries enters into interest rate agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the subsidiary applied cash flow hedge accounting for its funds borrowed amounting to EUR 35,000,000 by designating interest rate swaps with the same face values and terms. Accordingly, in the current period, a net loss of TL(2,842) thousands (31 March 2018: a net gain of TL 238 thousands) resulting from interest rate swap agreements were recognised under shareholders' equity.

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its loans granted in Turkish Lira by designating swaps with the same face value amount and similar terms; TL 838,908,632 thousands sell and EUR 127,305,629 buy, RON 265,000,000 sell and EUR 54,742,035 buy. Accordingly, in the current period, a net gain of TL 8,857 thousands (31 March 2018: a net gain of TL 65 thousands) resulting from currency derivative contracts were recognized under shareholder's equity.

(Thousands of Turkish Lira (TL))

One of the Bank's consolidated subsidiaries enters into foreign currency derivative contracts to hedge the foreign currency risk of its expected future cash flows. In this respect, the subsidiary applied cash flow hedge accounting for its financial lease receivables granted in Foreign Currency by designating swaps with the same face value amount and similar terms; EUR 15,000,000 sell and TL 139,095,000 thousands buy, USD 29,000,000 sell and TL 209,090,000 thousands buy. Accordingly, in the current period, a net loss of TL (11,250) thousands (31 March 2018: -) resulting from currency derivative contracts were recognized under shareholder's equity.

5.4.5 Other operating income

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

In the current period, a part of non-performing receivables of the Bank's one of its consolidated subsidiaries amounting to TL 21,905 thousands (31 March 2018: -) were sold for a consideration of TL 7,472 thousands (31 March 2018: -). Considering the related provision of TL 20,220 thousands (31 March 2018: -) made in the financial statements, a gain of TL 5,787 thousands (31 March 2018: -) is recognized under "Other Operating Income".

	Current Period	*Prior Period*
Prior Year Reversals	**1,761,809**	**980,302**
Stage 1	598,942	459,886
Stage 2	774,431	282,815
Stage 3	358,279	229,296
Others	30,157	8,305
Income from term sale of assets	**12,241**	**123,933**
Others (*)	**252,030**	**248,169**
Total	**2,026,080**	**1,352,404**

(*) Premium income from insurance business amounting to TL 193,521 thousands (31 March 2018: TL 197,364 thousands) which is included in other operating income in the accompanying financial statements is presented in "others" line item.

5.4.6 Expected credit losses and other provisions

	Current Period	*Prior Period*
Expected Credit Losses	**3,386,617**	**1,783,039**
12-Month ECL (Stage 1)	*719,113*	*438,373*
Significant Increase in Credit Risk (Stage 2)	*1,614,697*	*793,528*
Impaired Credits(Stage 3)	*1,052,807*	*551,138*
Other Provisions	**244,880**	**19,788**
Impairment Losses on Securities	18,608	4,004
Financial Assets Measured at Fair Value through Profit or Loss	*2,153*	*4,004*
Financial Assets Measured at Fair Value through Other Comprehensive Income	*16,455*	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others	226,272	15,784
Total	**3,631,497**	**1,802,827**

(Thousands of Turkish Lira (TL))

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	29,879	22,019
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	101,232	76,576
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	33,026	29,198
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	75,676	-
Impairment Losses on Assets Held for Sale and Discontinued Assets	80	-
Other Operating Expenses	790,997	825,130
Operational Lease related Expenses (*)	*40,140*	*124,121*
Repair and maintenance expenses	*20,212*	*17,367*
Advertisement expenses	*32,401*	*42,461*
Other expenses	*698,244*	*641,181*
Loss on Sale of Assets	970	190
Others (**)	360,253	274,975
Total	**1,392,113**	**1,228,088**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes saving-deposits-insurance-fund related expenses of TL 44,880 thousands and insurance-business claim losses of TL 109,638 thousands (31 March 2018: TL 57,859 thousands) in the current period.

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

As of 31 March 2019, on a consolidated basis, the Bank recorded a current tax expense of TL 282,846 thousands (31 March 2018: TL 474,610 thousands) and a deferred tax expense of TL 203,788 thousands (31 March 2018: TL 88,781 thousands).

There is no amount from discontinued operations.

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	*Current Period*	*Prior Period*
Increase in Tax Deductible Timing Differences (+)	(299,554)	(168,606)
Decrease in Tax Deductible Timing Differences (-)	87,047	214,977
Increase in Taxable Timing Differences (-)	448,719	99,969
Decrease in Taxable Timing Differences (+)	(32,424)	(57,559)
Total	**203,788**	**88,781**

(Thousands of Turkish Lira (TL))

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	***Current Period***	***Prior Period***
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(212,507)	41,496
(Increase)/Decrease in Taxable Timing Differences (net)	416,295	42,410
(Increase)/Decrease in Tax Losses (net)	-	4,875
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**203,788**	**88,781**

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

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

5.4.11 Net profit/loss

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

None.

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

None.

5.4.11.3 Minority interest's profit/loss

	Current Period	***Prior Period***
Net Profit/(Loss) of Minority Interest	20,883	17,131

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

(Thousands of Turkish Lira (TL))

5.7 Related party risks

5.7.1 Transactions with parent bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	300,597	5,024	116,428	954,272	147,203	36,351
Balance at end of period	213,902	3,920	156,755	531,799	83,519	34,562
Interest and Commission Income	13,670	2	2,035	-	3,425	2

Prior Period:

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	84,052	3,530	1,398,195	1,548,939	2,710,219	896,963
Balance at end of period	300,597	5,024	116,428	954,272	147,203	36,351
Interest and Commission Income (*)	1,138	2	696	32	45,714	1,599

(*) Doğuş Group Companies have not been considered as related party, as they do not meet the required criteria under TAS 24 Related Party Disclosures standard. The interest and commissions received due to the transactions with these companies in 2018 are included in the related party disclosures.

5.7.1.2 Deposits

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
Deposits	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Balance at beginning of period	134,824	97,361	109,448	375,171	107,483	409,424
Balance at end of period	131,901	134,824	188,034	109,448	103,197	107,483
Interest Expenses (*)	7,243	3,091	15	574	1,309	3,784

(*) Doğuş Group Companies have not been considered as related party, as they do not meet the required criteria under TAS 24 Related Party Disclosures standard. The interest paid due to the transactions with these companies in 2018 are included in the related party disclosures.

5.7.1.3 Derivative transactions

Bank's Risk Group	**Associates, Subsidiaries and Joint-Ventures**		**Bank's Direct and Indirect Shareholders**		**Other Components in Risk Group**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	34,363	7,239	33,860,021	39,433,377	9,479	792,918
Balance at end of period	73,729	34,363	33,808,286	33,860,021	-	9,479
Total Profit/(Loss)	775	42	(17,764)	65,541	-	(3,076)
Transactions for Hedging						
Balance at beginning of period	-	-	1,004,943	1,037,356	-	-
Balance at end of period	-	-	1,027,851	1,004,943	-	-
Total Profit/(Loss)	-	-	856	(150)	-	-

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

5.7.2 Bank's risk group

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

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

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

The cash loans of the risk group amounting TL 228,324 thousands (31 December 2018: TL 4,329,526 thousands) compose 0.08% (31 December 2018: 1.69%) of the Bank's total consolidated cash loans and 0.05% (31 December 2018: 1.08%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 454,176 thousands (31 December 2018: TL 564,228 thousands) compose 0.14% (31 December 2018: 0.14%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 570,281 thousands (31 December 2018: TL 995,647 thousands) compose 0.87% (31 December 2018: 1.47%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 423,132 thousands (31 December 2018: TL 351,755 thousands) compose 0.16% (31 December 2018: 0.14%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

A total rent income of TL 1,207 thousands (31 March 2018: TL 1,089 thousands) was recognized for the real estates rented to the related parties.

Operating expenses for TL 921 thousands (31 March 2018: TL 1,072 thousands) as of 31 March 2019 were incurred for the IT services rendered by the related parties. Other income of TL 418 thousands (31 March 2018: TL 1,005 thousands) for the IT services rendered and banking services fee income of TL 240 thousands (31 March 2018: TL 15,287 thousands) were recognized from the related parties

There are no operating expenses for advertisement and broadcasting services (31 March 2018: TL 102 thousands) and travelling services (31 March 2018: TL 4,141 thousands). Operating expenses of TL 17,197 thousands (31 March 2018: TL 14,294 thousands) for operational leasing services rendered by the related parties were recognized as expenses.

The net payment provided or to be provided to the key management of the Bank and its consolidated financial subsidiaries amounts to TL 40,936 thousands as of 31 March 2019 (31 March 2018: TL 34,252 thousands) including compensations paid to key management personnel who left their position during the year.

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

None.

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

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

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

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

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

(Thousands of Turkish Lira (TL))

5.9 Matters arising subsequent to the balance sheet date

As per the decision made at the annual general assembly of shareholders of the parent Bank on 4 April 2019, the distribution of the net profit of the year 2018, was as follows;

2018 PROFIT DISTRIBUTION TABLE	
2018 Net Profit	**6,638,236**
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(6,416)
B – First dividend at 5% of the paid-in capital	-
C – Extraordinary reserves at 5% after above deductions	(331,912)
D – Second dividend to the shareholders	-
E – Extraordinary reserves	(6,299,908)
F – II. Legal reserve (Turkish Commercial Code 519/2)	-

Following the completion of the legal procedures required by the BBVA Group's global strategy, the Bank will continue its operations with the brand of “Garanti BBVA”.

5.10 Other disclosures on activities

5.10.1 Information on international risk ratings

5.10.1.1 Parent bank's international risk ratings

MOODY'S *(September 2018)*

Outlook	Negative
Long Term FC Deposit	B2(Negative)
Long Term TL Deposit	B1(Negative)
Short Term FC Deposit	Not Prime
Short Term TL Deposit	Not Prime
Basic Loan Assessment	b2
Adjusted Loan Assessment	b1
Long Term National Scale Rating (NSR)	A1.tr
Short Term NSR	TR-1

STANDARD AND POORS *(August 2018)*

Long Term FC ICR	B+
Long Term TL ICR	B+
Outlook	Stable
Stand-alone Credit Profile (SACP)	b+

FITCH RATINGS *(October 2018)*

Long Term FC	BB- / Negative Outlook
Short Term FC	B
Long Term TL	BB / Negative Outlook
Short Term TL	B
Financial Capacity	b+
Support	3
NSR	AA(tur)
Long Term National Scale Rating (NSR)	Stable
Senior Unsecured Long Term Notes	BB-
Senior Unsecured Short Term Notes	B
Subordinated Notes	B+

JCR EURASIA RATINGS *(August 2018)*

International FC Outlook	Negative
Long Term International FC	BBB
Short Term International FC	A-3
International TL Outlook	Negative
Long Term International TL	BBB+
Short Term International TL	A-2
National Outlook	Negative
Long Term NSR	AAA(Trk)
Short Term NSR	A-1+(Trk)
Independency from Shareholders	A
Support	1

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

MOODY'S *(September 2018)* *(*)*

Long Term FC Deposit	Baa3
Short Term FC Deposit	P-3
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	Baa3
Outlook	Negative
Long Term Counterparty Risk Assessment	Baa1(cr)
Short Term Counterparty Risk Assessment	P-2(cr)
Long Term Counterparty Risk Rating	Baa2
Short Term Counterparty Risk Rating	P-2

(*) Latest date in risk ratings or outlooks

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS *(October 2018)* *(*)*

Foreign Currency	
Long Term	BB-
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB
Short Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Support	3

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS *(October 2018)* *(*)*

Foreign Currency	
Long Term	BB-
Short Term	B
Outlook	Negative
Turkish Lira	
Long Term	BB
Short Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Support	3

(*) Latest date in risk ratings or outlooks

STANDARD AND POORS ***(August 2018)*** (*)

Foreign Currency	
Long Term	B+
Short Term	B
Outlook	Stable
Turkish Lira	
Long Term	B+
Short Term	B
Outlook	Stable

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS ***(October 2018)*** (*)

Foreign Currency	
Long - Term IDR	BB-
Short - Term IDR	B
Support Rating	3
Viability Rating	bb-
Outlook	Stable

(*) Latest date in risk ratings or outlooks

5.10.2 Other disclosures

None.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial subsidiaries as of 31 March 2019, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and a limited review report dated 29 April 2019, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent auditors

None.

7 Interim Activity Report

(Amounts are expressed in Turkish Lira (TL))

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

Türkiye Garanti Bankası A.Ş., announced its financial statements dated March 31, 2019. Based on the consolidated financials, Garanti's net income in the first three months recorded as TL 1 billion 757 million 409 thousand. Garanti's asset size reached TL 423 billion 321 million 867 thousand and Turkish Lira loans were the main driver of the asset growth. Given the support of Credit Guaranteed Fund, performing cash loans grew by 6% in the first three months and the Bank's contribution to the economy through cash and non-cash loans reached TL 323 billion 221 million 232 thousand. Actively managing the funding base, deposits continued to be the main funding source with 62% share in the total funding base. Garanti's deposit base reached to TL 262 billion 790 million 687 thousand with 7% growth in the quarter. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 15.5%. The Bank delivered an **ROAE** (Return on Average Equity) of 15.6% and an **ROAA** (Return on Average Assets) of 1.8%.

Commenting on the successful financial performance announced by Garanti Bank, **Chairman Süleyman Sözen** stated that: "In the first quarter of 2019 Garanti continued its uninterrupted support to the economy on the back of its strong capital structure and sound balance sheet management." Sözen said that: "Garanti that is known as the pioneer in innovation, continues to create value for the society and its stakeholders with the synergy created with its largest shareholder BBVA."

Referring to the developments in the the first quarter of 2019, Sözen stated that: "Garanti Bank's achievements in digital Banking stand out in the international arena. Global Finance, a leading organization in finance, named Garanti as the 'Best in Mobile Banking' in the Western Europe and the 'Best Digital Bank in Turkey'. Once again, Garanti stood out with its innovative Business model as one of the world's leading financial organizations."

Chairman **Sözen** closed his remarks by saying that: "Addressing the changing needs of our customers in the most effective way will continue to be our top priority. Taking this opportunity, I would like to thank my colleagues, our esteemed clients, shareholders, and all other stakeholders."

Commenting on the topic, **Garanti Bank CEO Fuat Erbil** stated that: "Despite challenging market conditions, we made a strong start to 2019 with continued support to the economy. Given the confidence in our high capital adequacy ratio, our contribution to the economy exceeded TL 323 billion. While growing faster than the sector in TL loans, we sustained our leadership in consumer loans. In the first three months of 2019, we grew our TL business banking loans by 13%. On funding front, we have diversified our resources and extended the maturities. Within the framework of the international borrowing program, we have secured a financing in the total amount of USD 150 million with a maturity of 5 years. Thereby solidifying our leading position in the sector, we have reaffirmed foreign investors' confidence in Garanti Bank and their long-term interest in Turkey."

Expressing his appreciation for Garanti's recognitions on the international platforms, **Erbil** said: "With our customer-oriented approach, wide range of solution oriented products meeting the special needs and with a team of banking experts, our bank was the winner of **"Best Private Banking Award"** in Turkey per survey conducted by **Euromoney,** one of the world's leading magazines. On the other hand, as Garanti Bank, we continue to be the solution partner of our customers in foreign trade. With the solutions we offer to our customers and value we have created for them, we are very pleased to be recognized as **"Turkey's Best Trade Finance Bank"** by an important international platform like **Global Finance.** After another year of successful work within the entire value chain contributing to our human resources, customers and the community, this year again we were entitled to be included in the **Bloomberg Gender Equality Index** as the **only company from Turkey**. It is highly valuable to reach such achievements in a fast moving period, both domestically and globally. I would like to thank all my colleagues, all of our stakeholders who trust and support us."

(Thousands of Turkish Lira (TL))

You may access the earnings presentation regarding the BRSA consolidated financial results as of and for the period ending March 31, 2019 from Garanti Bank Investor Relations website at www.garantiinvestorrelations.com

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	**Current Period 31.Mar.2019**	**Prior Period 31.Dec.2018**	**Change Δ %**
Total Assets	423,321,867	399,153,601	6.1%
Loans	272,866,758	257,214,233	6.1%
- Performing Loans	257,727,924	243,460,849	5.9%
- Non-Performing Loans	15,138,834	13,753,384	10.1%
Deposits	262,790,687	245,016,346	7.3%
Shareholders' Equity	48,426,631	46,886,842	3.3%

Selected P&L Items	**Current Period 31.Mar.2019**	**Prior Period 31.Mar.2018**	**Change Δ %**
Net Interest Income	4,909,757	4,110,962	19.4%
Operating Expenses	2,417,203	2,042,531	18.3%
- HR Cost	1,025,090	814,443	25.9%
- Other Operating Expenses	1,392,113	1,228,088	13.4%
Net Fees&Commissions	1,499,103	1,238,226	21.1%
Net Income	1,757,409	2,011,202	-12.6%

Selected Financial Ratios	**Current Period 31.Mar.2019**	**Prior Period 31.Dec.2018**	**Change Δ bp**
Performing Loans/Assets	60.9%	61.0%	-11
Deposits/Assets	62.1%	61.4%	69
Return on Average Equity	15.6%	15.0%	57
Return on Average Assets	1.8%	1.7%	9
Cumulative Net Interest Margin (incl. swap costs)	5.1%	5.3%	-18
Non-Performing Loans Ratio	5.4%	5.2%	19
Capital Adequacy Ratio	15.5%	16.5%	-100

Market Shares*	**Current Period 31.Mar.2019**	**Prior Period 31.Dec.2018**	**Change Δ bp**
Performing Loans	10.7%	10.6%	7
TL Performing Loans	11.1%	11.0%	13
FC Performing Loans	9.9%	10.0%	-8
Deposits	10.8%	10.8%	5
TL Deposits	10.4%	10.1%	22
FC Deposits	11.2%	11.4%	-24

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

Garanti with Numbers	**Current Period 31.Mar.2019**	**Prior Period 31.Dec.2018**	**Change Δ %**
Branch Network	932	936	-0.4%
Number of Employees	18,295	18,338	-0.2%
ATM	5,197	5,258	-1.2%
POS*	688,424	669,435	2.8%
Number of Customers	16,676,295	16,378,164	1.8%
Number of Digital Customers**	7,502,944	7,256,168	3.4%
Number of Credit Card Customers	6,940,143	6,975,591	-0.5%

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

7.2 The amendments in the articles of association during period of 01.01.2019-31.03.2019

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2019-31.03.2019

Garanti Bank's Annual Report, documents regarding ordinary general meeting of shareholders, information on board of directors and senior management, ratings and disclosures regarding important developments and other disclosures during 01.01.2019-31.03.2019 period were announced and the disclosures were uploaded to the Public Disclosure Platform. Disclosures and all of the announcements are available at www.garantiinvestorrelations.com.

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 31 March 2019. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti Bank Investor Relations website at www.garantiinvestorrelations.com.

You may find financial information on Garanti Bank for the most recent five year period in the 2018 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti Bank Investor Relations website and at www.garantiannualreport.com.

7.5 Information regarding management and corporate governance practices

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

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

7.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced its forward looking statements regarding the expectations for the year 2019. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website at www.garantiinvestorrelations.com in Operating Plan Guidance Presentations section.

As of March 31, 2019, there are no revisions to the forward looking statements regarding the expectations for the year 2018.