

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

Türkiye Garanti Bankası Anonim Şirketi
Publicly Announced Unconsolidated Financial
Statements, Related Disclosures and Independent
Auditors' Report Thereon
as of and for the Six-Month Period Ended
30 June 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' Review Report on Interim Financial Information

To the Board of Directors of Türkiye Garanti Bankası Anonim Şirketi

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 30 June 2019 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes 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 unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "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 unconsolidated interim financial information as at 30 June 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 unconsolidated interim financial information do not present fairly, in all material respects, the unconsolidated financial position of Türkiye Garanti Bankası AŞ as at 30 June 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the six month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

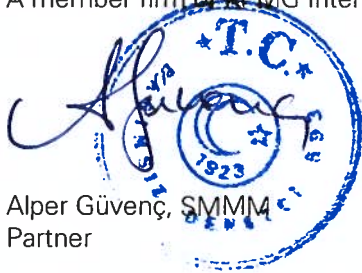
Report on Other Legal and Regulatory Requirements

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 unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated 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 unconsolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated 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 unconsolidated 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

30 July 2019
İstanbul, Turkey

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

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORTAS OF AND
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

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The unconsolidated financial report for the six-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 the Bank
2. Unconsolidated Financial Statements of the Bank
3. Accounting Policies
4. Financial Position and Results of Operations, and Risk Management Applications of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Limited Review Report
7. Interim Activity Report

The unconsolidated financial statements for the six-month period and related disclosures and footnotes that were subject to independent audit, 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
Board of Directors
Chairman

Ali Fuat Erbil
General Manager

Aydın Güler
Executive Vice President
Responsible of Financial
Reporting

Hakan Özdemir
Financial Reporting and
Accounting Director

**Jorge Saenz - Azcunaga
Carranza**
Audit Committee Member

Ricardo Gomez Barredo
Audit Committee Member

Belkıs Sema Yurdum
Audit Committee Member

The authorized contact person for questions on this financial report:

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1 General Information

1.1 History of the 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 916 domestic branches, 8 foreign branches and 2 representative offices abroad (31 December 2018: 926 domestic branches, 8 foreign branches and 2 representative offices). The Bank’s head office is located in Istanbul.

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

As of 30 June 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 representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 representing 6.29% ownership. BBVA, purchasing 24.89% shares of the Bank, had joint control on the Bank’s management together with group of companies under Doğuş Holding AŞ (the Doğuş Group).

Subsequently, on 7 April 2011, BBVA had acquired 503.160.000 shares at a nominal value of TL 5,032 and increased its ownership in the Bank’s share capital to 25.01%. Accordingly, BBVA and the Doğuş Group continued to have mutual control on the Bank’s management.

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

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreements 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 76 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 30 countries with more than 125 thousand employees.

1.3 Information on the bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and 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
Belkis 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	Independent Member	04.04.2019	Master	31 years

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- Talent and Culture	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.

1.4 Information on the bank's qualified shareholders

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

1.5 Summary information on the 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 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its subsidiaries

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 30 June 2019

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2019			31 December 2018		
		TL	FC	Total	TL	FC	Total	
I. FINANCIAL ASSETS (Net)		24,422,510	83,018,805	107,441,315	24,474,783	70,122,320	94,597,103	
1.1 Cash and Cash Equivalents	5.1.1	4,966,451	70,296,563	75,263,014	3,211,527	59,521,225	62,732,752	
1.1.1 Cash and Balances with Central Bank		4,432,543	50,748,959	55,181,502	2,815,820	38,550,627	41,366,447	
1.1.2 Banks		542,785	19,637,579	20,180,364	399,233	21,035,031	21,434,264	
1.1.3 Money Market Placements		-	-	-	216	-	216	
1.1.4 Expected Credit Losses (-)		8,877	89,975	98,852	3,742	64,433	68,175	
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2	313,605	4,440,896	4,754,501	183,255	4,261,381	4,444,636	
1.2.1 Government Securities		286,939	140,430	427,369	151,143	83,426	234,569	
1.2.2 Equity Securities		25,712	21,646	47,358	25,670	85,842	111,512	
1.2.3 Other Financial Assets		954	4,278,820	4,279,774	6,442	4,092,113	4,098,555	
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.1.3	17,400,742	6,963,325	24,364,067	18,254,325	5,213,456	23,467,781	
1.3.1 Government Securities		17,338,180	5,764,682	23,102,862	18,174,639	4,116,609	22,291,248	
1.3.2 Equity Securities		16,129	299,701	315,830	15,058	210,087	225,145	
1.3.3 Other Financial Assets		46,433	898,942	945,375	64,628	886,760	951,388	
1.4 Derivative Financial Assets	5.1.4	1,741,712	1,318,021	3,059,733	2,825,676	1,126,258	3,951,934	
1.4.1 Derivative Financial Assets Measured at FVTPL		1,181,709	1,293,993	2,475,702	2,304,179	945,016	3,249,195	
1.4.2 Derivative Financial Assets Measured at FVOCI		560,003	24,028	584,031	521,497	181,242	702,739	
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST		166,731,383	87,607,138	254,338,521	163,355,336	81,227,567	244,582,903	
2.1 Loans	5.1.5	154,780,628	85,220,073	240,000,701	152,258,825	78,352,639	230,611,464	
2.2 Lease Receivables	5.1.6	-	-	-	-	-	-	
2.3 Other Financial Assets Measured at Amortised Cost	5.1.7	20,352,135	7,449,505	27,801,640	18,565,890	6,866,393	25,432,283	
2.3.1 Government Securities		20,110,758	6,557,197	26,667,955	18,532,126	6,053,663	24,585,789	
2.3.2 Other Financial Assets		241,377	892,308	1,133,685	33,764	812,730	846,494	
2.4 Expected Credit Losses (-)		8,401,380	5,062,440	13,463,820	7,469,379	3,991,465	11,460,844	
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.8	916,480	-	916,480	786,709	-	786,709	
3.1 Asset Held for Resale		916,480	-	916,480	786,709	-	786,709	
3.2 Assets of Discontinued Operations		-	-	-	-	-	-	
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		2,530,121	5,541,410	8,071,531	2,176,289	4,883,620	7,059,909	
4.1 Associates (Net)	5.1.9	35,158	-	35,158	35,158	-	35,158	
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-	
4.1.2 Unconsolidated Associates		35,158	-	35,158	35,158	-	35,158	
4.2 Subsidiaries (Net)	5.1.10	2,494,963	5,541,410	8,036,373	2,141,131	4,883,620	7,024,751	
4.2.1 Unconsolidated Financial Investments in Subsidiaries		2,395,371	5,541,410	7,936,781	2,057,591	4,883,620	6,941,211	
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		99,592	-	99,592	83,540	-	83,540	
4.3 Joint Ventures (Net)	5.1.11	-	-	-	-	-	-	
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-	
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-	
V. TANGIBLE ASSETS (Net)	5.1.12	4,994,024	295	4,994,319	4,105,729	300	4,106,029	
VI. INTANGIBLE ASSETS (Net)	5.1.13	302,799	-	302,799	300,551	-	300,551	
6.1 Goodwill		-	-	-	-	-	-	
6.2 Others		302,799	-	302,799	300,551	-	300,551	
VII. INVESTMENT PROPERTY (Net)	5.1.14	690,792	-	690,792	690,700	-	690,700	
VIII. CURRENT TAX ASSET		-	-	-	60,043	-	60,043	
IX. DEFERRED TAX ASSET	5.1.15	1,686,240	-	1,686,240	1,305,446	-	1,305,446	
X. OTHER ASSETS (Net)	5.1.16	3,986,251	1,222,322	5,208,573	4,854,484	1,133,325	5,987,809	
TOTAL ASSETS		206,260,600	177,389,970	383,650,570	202,110,070	157,367,132	359,477,202	

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 30 June 2019

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2019			31 December 2018		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	102,577,303	129,224,527	231,801,830	104,641,068	113,416,850	218,057,918
II. FUNDS BORROWED	5.2.2	912,320	30,038,737	30,951,057	914,443	31,026,239	31,940,682
III. MONEY MARKET FUNDS	5.2.3	94,667	423,684	518,351	45,416	-	45,416
IV. SECURITIES ISSUED (NET)	5.2.4	7,079,845	17,549,097	24,628,942	3,200,841	16,806,517	20,007,358
4.1 Bills		4,986,576	-	4,986,576	1,128,901	27,087	1,155,988
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2,093,269	17,549,097	19,642,366	2,071,940	16,779,430	18,851,370
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Others		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL	5.2.5	-	13,565,901	13,565,901	-	12,285,838	12,285,838
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6	1,873,504	2,794,218	4,667,722	2,402,287	1,801,765	4,204,052
7.1 Derivative Financial Liabilities Measured at FVTPL		1,772,113	2,724,972	4,497,085	2,288,704	1,789,390	4,078,094
7.2 Derivative Financial Liabilities Measured at FVOCI		101,391	69,246	170,637	113,583	12,375	125,958
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	5.2.7	884,141	77,614	961,755	16,464	-	16,464
X. PROVISIONS	5.2.8	4,034,370	835,045	4,869,415	3,826,730	993,663	4,820,393
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		978,383	137,596	1,115,979	940,537	110,696	1,051,233
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		3,055,987	697,449	3,753,436	2,886,193	882,967	3,769,160
XI. CURRENT TAX LIABILITY	5.2.9	1,418,518	33,384	1,451,902	508,339	57,628	565,967
XII. DEFERRED TAX LIABILITY	5.2.9	-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	5.2.11	-	4,339,333	4,339,333	-	3,977,018	3,977,018
14.1 Borrowings		-	-	-	-	-	-
14.2 Other Debt Instruments		-	4,339,333	4,339,333	-	3,977,018	3,977,018
XV. OTHER LIABILITIES	5.2.12	14,246,073	1,327,317	15,573,390	15,704,986	1,163,257	16,868,243
XVI. SHAREHOLDERS' EQUITY	5.2.13	50,145,436	175,536	50,320,972	46,363,042	324,811	46,687,853
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		1,274,375	166,150	1,440,525	1,273,518	90,909	1,364,427
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		1,353,915	(257,838)	1,096,077	1,271,073	(76,540)	1,194,533
16.5 Profit Reserves		38,899,792	267,224	39,167,016	31,798,472	310,442	32,108,914
16.5.1 Legal Reserves		1,465,374	-	1,465,374	1,465,374	-	1,465,374
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		37,201,842	-	37,201,842	30,103,954	-	30,103,954
16.5.4 Other Profit Reserves		232,576	267,224	499,800	229,144	310,442	539,586
16.6 Profit/Loss		3,632,920	-	3,632,920	7,035,545	-	7,035,545
16.6.1 Prior Periods' Profit/Loss		-	-	-	397,309	-	397,309
16.6.2 Current Period's Net Profit/Loss		3,632,920	-	3,632,920	6,638,236	-	6,638,236
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		183,266,177	200,384,393	383,650,570	177,623,616	181,853,586	359,477,202

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

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 June 2019

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2019			31 December 2018		
	TL	FC	Total	TL	FC	Total	
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		186,079,110	333,502,443	519,581,553	162,159,415	312,705,642	474,865,057
I. GUARANTEES AND SURETIES	5.3.1	23,080,953	39,966,382	63,047,335	22,813,515	42,989,474	65,802,989
1.1. Letters of guarantee		22,942,741	27,006,862	49,949,603	22,742,832	26,424,630	49,167,462
1.1.1. Guarantees subject to State Tender Law		-	1,246,826	1,246,826	-	981,914	981,914
1.1.2. Guarantees given for foreign trade operations		1,409,984	418,740	1,828,724	1,842,819	214,343	2,057,162
1.1.3. Other letters of guarantee		21,532,757	25,341,296	46,874,053	20,900,013	25,228,373	46,128,386
1.2. Bank acceptances		76,579	2,790,599	2,867,178	23,495	2,765,334	2,788,829
1.2.1. Import letter of acceptance		76,579	2,790,599	2,867,178	23,495	2,765,334	2,788,829
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		61,633	10,099,324	10,160,957	47,188	13,736,240	13,783,428
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		61,633	10,099,324	10,160,957	47,188	13,736,240	13,783,428
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		-	69,597	69,597	-	63,270	63,270
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		66,854,736	20,624,929	87,479,665	52,647,137	11,735,504	64,382,641
2.1. Irrevocable commitments		66,797,461	19,117,603	85,915,064	52,528,332	8,693,452	61,221,784
2.1.1. Asset purchase and sale commitments		13,689,494	17,772,083	31,461,577	4,333,078	7,478,919	11,811,997
2.1.2. Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and affiliates		-	6,246	6,246	-	5,743	5,743
2.1.4. Loan granting commitments		15,102,184	1,339,274	16,441,458	13,412,427	1,208,790	14,621,217
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		3,466,550	-	3,466,550	2,719,279	-	2,719,279
2.1.8. Tax and fund obligations on export commitments		95,070	-	95,070	66,328	-	66,328
2.1.9. Commitments for credit card limits		34,441,754	-	34,441,754	31,989,908	-	31,989,908
2.1.10. Commitments for credit cards and banking services related promotions		2,409	-	2,409	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		-	-	-	-	-	-
2.2. Revocable commitments		57,275	1,507,326	1,564,601	118,805	3,042,052	3,160,857
2.2.1. Revocable loan granting commitments		57,275	1,505,716	1,562,991	118,805	3,040,576	3,159,381
2.2.2. Other revocable commitments		-	1,610	1,610	-	1,476	1,476
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	96,143,421	272,911,132	369,054,553	86,698,763	257,980,664	344,679,427
3.1. Derivative financial instruments held for risk management		17,087,613	45,800,258	62,887,871	11,918,326	46,555,011	58,473,337
3.1.1. Fair value hedges		5,445,772	16,534,574	21,980,346	6,000,686	16,411,355	22,412,041
3.1.2. Cash flow hedges		11,641,841	29,265,684	40,907,525	5,917,640	30,143,656	36,061,296
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		79,055,808	227,110,874	306,166,682	74,780,437	211,425,653	286,206,090
3.2.1. Forward foreign currency purchases/sales		7,973,445	10,169,598	18,143,043	11,612,734	13,094,791	24,707,525
3.2.1.1. Forward foreign currency purchases		3,580,696	5,845,439	9,426,135	4,785,365	7,470,638	12,256,003
3.2.1.2. Forward foreign currency sales		4,392,749	4,324,159	8,716,908	6,827,369	5,624,153	12,451,522
3.2.2. Currency and interest rate swaps		59,239,466	170,533,856	229,773,322	45,314,567	147,510,879	192,825,446
3.2.2.1. Currency swaps-purchases		11,399,661	70,309,864	81,709,525	10,335,927	58,804,841	69,140,768
3.2.2.2. Currency swaps-sales		42,791,581	36,630,112	79,421,693	33,563,046	31,725,340	65,288,386
3.2.2.3. Interest rate swaps-purchases		2,524,112	31,796,940	34,321,052	707,797	28,490,349	29,198,146
3.2.2.4. Interest rate swaps-sales		2,524,112	31,796,940	34,321,052	707,797	28,490,349	29,198,146
3.2.3. Currency, interest rate and security options		11,077,289	24,283,252	35,360,541	17,067,638	31,573,332	48,640,970
3.2.3.1. Currency call options		7,274,150	4,575,455	11,849,605	9,026,514	7,809,989	16,836,503
3.2.3.2. Currency put options		3,803,139	8,687,195	12,490,334	8,041,124	10,288,110	18,329,234
3.2.3.3. Interest rate call options		-	8,710,037	8,710,037	-	11,920,994	11,920,994
3.2.3.4. Interest rate put options		-	2,310,565	2,310,565	-	1,554,239	1,554,239
3.2.3.5. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		765,608	864,025	1,629,633	785,498	923,754	1,709,252
3.2.4.1. Currency futures-purchases		-	775,706	775,706	31,748	791,418	823,166
3.2.4.2. Currency futures-sales		765,608	88,319	853,927	753,750	132,336	886,086
3.2.5. Interest rate futures		-	45,122	45,122	-	18,066	18,066
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	45,122	45,122	-	18,066	18,066
3.2.6. Others		-	21,215,021	21,215,021	-	18,304,831	18,304,831
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		750,732,455	806,841,594	1,557,574,049	716,032,012	729,102,775	1,445,134,787
IV. ITEMS HELD IN CUSTODY		41,055,617	47,842,464	88,898,081	34,633,151	44,578,085	79,211,236
4.1. Customers' securities held		5,768,576	-	5,768,576	3,982,523	-	3,982,523
4.2. Investment securities held in custody		15,836,161	16,319,933	32,156,094	11,117,076	15,329,484	26,446,560
4.3. Checks received for collection		16,252,196	6,000,564	22,252,760	16,479,946	5,246,790	21,726,736
4.4. Commercial notes received for collection		2,896,736	981,697	3,878,433	2,819,574	1,015,696	3,835,270
4.5. Other assets received for collection		201,276	20,731,696	20,932,972	189,845	19,205,507	19,395,352
4.6. Assets received through public offering		-	140,486	140,486	-	128,789	128,789
4.7. Other items under custody		100,672	3,668,088	3,768,760	44,187	3,651,819	3,696,006
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		709,676,838	758,999,130	1,468,675,968	681,398,861	684,524,690	1,365,923,551
5.1. Securities		3,212,318	1,318,759	4,531,077	2,341,155	27,885	2,369,040
5.2. Guarantee notes		26,591,258	12,183,454	38,774,712	27,120,291	11,296,710	38,417,001
5.3. Commodities		3,872	-	3,872	13,913	-	13,913
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		172,080,734	133,386,593	305,467,327	169,414,525	123,196,216	292,610,741
5.6. Other pledged items		507,788,656	612,110,229	1,119,898,885	482,508,977	550,003,792	1,032,512,769
5.7. Pledged items-depository		-	95	95	-	87	87
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		936,811,565	1,140,344,037	2,077,155,602	878,191,427	1,041,808,417	1,919,999,844

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

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit or Loss

For the period ended at 30 June 2019

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		1 January 2019- 30 June 2019	1 January 2018- 30 June 2018	1 April 2019- 30 June 2019	1 April 2018- 30 June 2018
I. INTEREST INCOME	5.4.1	20,829,103	15,568,291	10,556,282	8,185,308
1.1 Interest income on loans		16,673,466	12,930,489	8,468,641	6,811,748
1.2 Interest income on reserve deposits		156,497	157,350	86,239	85,616
1.3 Interest income on banks		433,963	161,365	237,780	97,375
1.4 Interest income on money market transactions		77,287	7,008	47,510	3,958
1.5 Interest income on securities portfolio		3,226,495	2,165,482	1,598,899	1,108,888
1.5.1 Financial assets measured at FVTPL		26,539	24,280	15,845	11,792
1.5.2 Financial assets measured at FVOCI		1,571,582	1,151,926	761,125	573,640
1.5.3 Financial assets measured at amortised cost		1,628,374	989,276	821,929	523,456
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		261,395	146,597	117,213	77,723
II. INTEREST EXPENSE	5.4.2	11,690,422	7,662,089	5,912,664	4,066,871
2.1 Interest on deposits		9,366,573	5,322,025	4,678,176	2,792,849
2.2 Interest on funds borrowed		1,047,939	763,055	536,910	431,643
2.3 Interest on money market transactions		23,922	528,103	17,645	280,460
2.4 Interest on securities issued		1,092,862	1,001,949	618,642	528,074
2.5 Lease interest expense		92,977	491	45,915	226
2.6 Other interest expenses		66,149	46,466	15,376	33,619
III. NET INTEREST INCOME (I - II)		9,138,681	7,906,202	4,643,618	4,118,437
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		2,869,922	2,302,931	1,439,420	1,133,717
4.1 Fees and commissions received		4,004,448	2,982,683	2,047,437	1,500,733
4.1.1 Non-cash loans		341,422	232,523	174,938	123,066
4.1.2 Others		3,663,026	2,750,160	1,872,499	1,377,667
4.2 Fees and commissions paid		1,134,526	679,752	608,017	367,016
4.2.1 Non-cash loans		94	1,474	42	745
4.2.2 Others		1,134,432	678,278	607,975	366,271
V. DIVIDEND INCOME	5.4.3	7,963	2,987	7,549	2,987
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	(1,100,165)	(416,229)	(931,087)	(74,323)
7.1 Trading account income/losses		335,143	734,376	(151,812)	526,529
7.2 Income/losses from derivative financial instruments		(2,389,643)	227,781	(3,296,988)	(122,083)
7.3 Foreign exchange gains/losses		954,335	(1,378,386)	2,517,713	(478,769)
VII. OTHER OPERATING INCOME	5.4.5	2,574,407	1,430,417	934,434	406,536
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		13,490,808	11,226,308	6,093,934	5,587,354
IX. EXPECTED CREDIT LOSSES (-)	5.4.6	5,122,634	3,275,340	1,915,811	1,658,345
X. OTHER PROVISIONS (-)	5.4.6	200,003	26,610	(42,873)	8,685
XI. PERSONNEL EXPENSES (-)		1,765,408	1,449,137	900,416	770,897
XII. OTHER OPERATING EXPENSES (-)	5.4.7	2,433,825	2,064,658	1,230,023	1,007,005
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		3,968,938	4,410,563	2,090,557	2,142,422
XIV. INCOME RESULTED FROM MERGERS		-	-	-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		510,817	457,486	260,858	233,042
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	5.4.8	4,479,755	4,868,049	2,351,415	2,375,464
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	5.7.9	846,835	964,483	440,458	468,149
18.1 Current tax charge		1,082,680	893,687	886,192	516,032
18.2 Deferred tax charge (+)		297,437	391,532	(225,464)	85,678
18.3 Deferred tax credit (-)		(533,282)	(320,736)	(220,270)	(133,561)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	5.4.10	3,632,920	3,903,566	1,910,957	1,907,315
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	3,632,920	3,903,566	1,910,957	1,907,315
Earnings per Share		0.00865	0.00929	0.00455	0.00454

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit or Loss and Other Comprehensive Income

For the period ended at 30 June 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2019 - 30 June 2019	PRIOR PERIOD 1 January 2018 - 30 June 2018
I. CURRENT PERIOD PROFIT/LOSS	3,632,920	3,903,566
II. OTHER COMPREHENSIVE INCOME	(22,358)	(70,581)
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	76,098	32,273
2.1.1 Revaluation Surplus on Tangible Assets	-	-
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	80,272	33,734
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(4,174)	(1,461)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	(98,456)	(102,854)
2.2.1 Translation Differences	422,233	611,446
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(317,959)	(754,492)
2.2.3 Gains/losses from Cash Flow Hedges	(154,279)	213,450
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	(197,574)	(282,306)
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	149,123	109,048
III. TOTAL COMPREHENSIVE INCOME (I+II)	3,610,562	3,832,985

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the period ended at 30 June 2019

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)														
		Footnotes	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	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			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
							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				
PREVIOUS PERIOD (01/01/2018-30/06/2018)																
I.	Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,431,478	(142,992)	60,858	1,711,458	(138,997)	(350,921)	27,431,972	6,343,920	-	41,331,210
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	393,233	-	-	397,309	-	790,542
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	393,233	-	-	397,309	-	790,542
III.	Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	1,431,478	(142,992)	60,858	1,711,458	254,236	(350,921)	27,431,972	6,741,229	-	42,121,752
IV.	Total Comprehensive Income		-	-	-	-	-	-	32,273	611,446	(488,485)	(225,845)	-	-	3,903,566	3,832,985
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		-	-	-	-	-	-	-	-	-	-	41,144	-	-	41,144
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	4,593,920	(6,343,920)	-	(1,750,000)
11.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,750,000)	-	(1,750,000)
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4,592,770	(4,592,770)	-	-
11.3.	Others		-	-	-	-	-	-	-	-	-	-	1,150	(1,150)	-	-
	Balances at end of the period (III+IV...+X+XI)		4,200,000	11,880	-	772,554	1,431,478	(142,992)	93,131	2,322,904	(234,219)	(576,766)	32,067,036	397,309	3,903,566	44,245,881
CURRENT PERIOD (01/01/2019-30/06/2019)																
I.	Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,423,894	(158,829)	99,362	2,857,876	(889,345)	(773,998)	32,108,914	7,035,545	-	46,687,853
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	1,423,894	(158,829)	99,362	2,857,876	(889,345)	(773,998)	32,108,914	7,035,545	-	46,687,853
IV.	Total Comprehensive Income		-	-	-	-	-	-	76,098	422,233	(362,630)	(158,059)	-	-	3,632,920	3,610,562
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		-	-	-	-	-	-	-	-	-	-	22,557	-	-	22,557
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	7,035,545	(7,035,545)	-	-
11.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	7,029,129	(7,029,129)	-	-
11.3.	Others		-	-	-	-	-	-	-	-	-	-	6,416	(6,416)	-	-
	Balances at end of the period (III+IV...+X+XI)		4,200,000	11,880	-	772,554	1,423,894	(158,829)	175,460	3,280,109	(1,251,975)	(932,057)	39,167,016	-	3,632,920	50,320,972

Türkiye Garanti Bankası Anonim Şirketi

Statement of Cash Flows

For the period ended at 30 June 2019

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2019 30 June 2019	1 January 2018 30 June 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	7,791,507	3,250,368
1.1.1 Interests received		18,264,210	13,026,794
1.1.2 Interests paid		(11,797,074)	(7,781,519)
1.1.3 Dividend received		7,963	2,987
1.1.4 Fees and commissions received		4,004,448	2,982,683
1.1.5 Other income		2,909,550	2,164,793
1.1.6 Collections from previously written-off receivables		319,760	220,115
1.1.7 Cash payments to personnel and service suppliers		(3,563,309)	(3,123,494)
1.1.8 Taxes paid		(196,745)	(1,204,437)
1.1.9 Others		(2,157,296)	(3,037,554)
1.2 Changes in operating assets and liabilities	5.6	(10,394,574)	(6,692,724)
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		(72,189)	521,175
1.2.2 Net (increase) decrease in due from banks		(10,928,249)	(1,085,976)
1.2.3 Net (increase) decrease in loans		(12,617,960)	(24,960,343)
1.2.4 Net (increase) decrease in other assets		(36,499)	(1,553,973)
1.2.5 Net increase (decrease) in bank deposits		(2,170,127)	4,335,188
1.2.6 Net increase (decrease) in other deposits		15,711,155	20,183,521
1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		1,075,380	(5,375,427)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(1,356,085)	1,243,111
I. Net cash flow from banking operations	5.6	(2,603,067)	(3,442,356)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(1,352,519)	3,679,360
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		(131,941)	(256,842)
2.4 Sales of tangible assets		134,250	144,519
2.5 Cash paid for purchase of financial assets measured at FVOCI		(3,727,073)	(4,052,116)
2.6 Cash obtained from sale of financial assets measured at FVOCI		3,220,281	6,206,177
2.7 Cash paid for purchase of financial assets measured at amortised cost		(932,340)	(289,021)
2.8 Cash obtained from sale of financial assets measured at amortised cost		84,304	1,926,643
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		4,444,145	254,862
3.1 Cash obtained from funds borrowed and securities issued		10,039,419	12,337,042
3.2 Cash used for repayment of funds borrowed and securities issued		(5,417,835)	(10,329,288)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	(1,750,000)
3.5 Payments for financial leases		(177,439)	(2,892)
3.6 Others		-	-
IV. Effect of translation differences on cash and cash equivalents		1,118,596	819,412
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	1,607,155	1,311,278
VI. Cash and cash equivalents at beginning of period	5.6	30,547,325	12,360,409
VII. Cash and cash equivalents at end of period (V+VI)	5.6	32,154,480	13,671,687

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

3 Accounting policies

3.1 Basis of presentation

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial instruments measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, real estates and subsidiaries accounted based on equity method.

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 unconsolidated 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 3.29.

3.1.1 Changes in accounting policies and disclosures

3.1.1.1 Major new and amended standards and interpretations

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

3.1.1.2 Standards 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.

The Bank applies this standard with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, the Bank did not restate comparative information.

The Bank recognises a lease liability and a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying TAS 17. The Bank measures that lease liability at the present value of the remaining lease payments, discounted using the Bank’s incremental borrowing rate at the date of initial application. Besides, the Bank measures that right-of-use asset 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 Bank's 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 has 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 is 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 of the Bank 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 statement of profit or loss. 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.

The Bank may classify its 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 Bank's 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 management of interest and liquidity risks 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 and the differences are recorded as foreign exchange gain or loss in the statement of profit or loss.

In the unconsolidated financial statements, the financial subsidiaries are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements". In this context, foreign subsidiaries' asset and liability items in the balance sheet are translated into Turkish Lira by using foreign exchange rates as of the balance sheet date whereas income and expense items are translated into Turkish Lira by using average foreign exchange rates for the related period. Foreign exchange differences arising from translation of income and expense items and other equity items are accounted under capital reserves under equity.

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 394,084,339 (31 December 2018: EUR 366,635,075) in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses in the amount of TL 1,165,096 (31 December 2018: TL 967,523), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 30 June 2019. There is no ineffective portion arising from net investment hedge accounting.

3.3 Investments in associates and subsidiaries

In the unconsolidated financial statements, the financial subsidiaries are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 no. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) “Separate Financial Statements”.

In accordance with the Turkish Accounting Standard 28 (TAS 28) for “Investments in Associates and Joint Ventures” through the equity method, the carrying value of financial subsidiaries are accounted in the financial statements with respect to the Bank’s share in these investments’ net asset value. While the Bank’s share on profits or losses of financial subsidiaries are accounted in the Bank’s statement of profit or loss, the Bank’s share in other comprehensive income of financial subsidiaries are accounted in the Bank’s statement of other comprehensive income.

Non-financial subsidiaries and associates are accounted at cost in the financial statements after provisions for impairment losses deducted, if any, in accordance with TAS 27.

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit/loss

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

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in statement of profit or loss at the date they incur. The changes in their fair values are recorded on balance sheet under “derivative financial assets measured at fair value through profit/loss” or “derivative financial liabilities measured at fair value through profit/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 statement of profit or loss.

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, the Bank makes an adjustment to the transactions or quoted prices and reflects this adjustment to the fair value measurement. In this context, the Bank determines the point within the range that is most representative of fair value under current market conditions.

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

Liabilities and receivables arising from the derivative instruments are recorded under 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 cashflows 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 does 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 Bank's 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. The Bank enters 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 continues to apply hedge accounting in accordance with TAS 39 in this context.

The Bank enters 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 instruments 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. In case of fixed-rate financial assets measured at fair value through other comprehensive income, such changes are reclassified from shareholders' equity to statement of profit or loss.

Derivative financial instruments measured at fair value through other comprehensive income

The Bank enters 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 other comprehensive income or expense to be recycled to profit/loss in shareholders' equity, and the ineffective portion is recognised in statement of profit or loss. The changes recognised in shareholders' equity is removed and included in statement of profit or loss in the same period when the hedged cash flows effect the income or loss.

The Bank performs effectiveness test 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 range 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 statement of profit or loss 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 other comprehensive income or expense to be recycled 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 statement of profit or loss considering the original maturity.

3.5 Interest income and expenses

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, the Bank identifies 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, The Bank amortises 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 of the period after the acquisition is recorded as interest income in the financial statements.

If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies 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.

3.6 Fees and commissions

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

The Bank shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the 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, the Bank measures financial asset or financial liabilities at fair value. At initial recognition, financial asset or liability excluding the ones at fair value through profit or loss are accounted 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 business model

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

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

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

- A business model whose objective is to hold assets in order to collect contractual cash flows: a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Other business models: Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

As per TFRS 9, the Bank classifies a financial asset 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 cashflows, 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, the Bank classified all its financial assets 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/loss.

Financial investments and loans measured at amortised cost

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

- financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- 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 loss calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.7.5.

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 loss 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, the financial investments are measured at fair value through other comprehensive income if both of the following conditions are met.

- financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on 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 related 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 costs by using the discounting method with effective interest rate, that approximates to fair value, of return 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 statement of profit or loss.

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

The Bank also owns in its securities portfolio; consumer price indexed government bonds (CPI) reclassified as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortised cost. CPI's are valued and accounted according to 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 guide. The estimated inflation rate according to the Central Bank of Turkey and the Bank's expectations, is updated during the year when it is considered necessary.

Equity instruments measured at fair value through other comprehensive income

At initial recognition, the Bank may make 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. The Bank makes the election on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit/loss. However, the cumulative gain or loss shall be transferred to prior periods' profit/loss. Dividends on such investments are recognised in profit/loss unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments measured at fair value through other comprehensive income are not subject to impairment calculation.

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

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

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

Excluding the change in credit risk of the liability, the change in the fair value of the liability shall be recognized in profit or loss.

3.8 Disclosures on impairment of financial assets

As of 1 January 2018, the Bank recognises a loss allowance for expected credit losses 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/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from 1 January 2018. TFRS 9 impairment requirements are not applicable for equity instruments.

At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank shall use 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, the Bank shall measure 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, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

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

The Bank 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 Bank’s aforementioned policy is presented in Note 3.8.3.

The Bank’s 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

The Bank calculates expected credit losses 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 within a specified time horizon, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

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

The Bank uses internal rating systems 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, the Bank considers four scenarios (base scenario, bad scenario, good scenario, balanced scenario). Each of these four scenarios is associated with different probability of default and loss given 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 the Bank has 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. The Bank calculates 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, the Bank calculates 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, the Bank accounts lifetime expected credit losses. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

The Bank considers 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 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 the Bank considers that a debt is unlikely to be paid. Whenever the Bank considers 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, the Bank groups financial instruments 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 Bank's common credit risk characteristics include, but are not limited to, the following:

- Customer type (retail or commercial / corporate)
- 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, the Bank assesses a certain portion of commercial and corporate loans individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. The Bank makes such calculation 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, the Bank shall consider 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. The Bank makes such assessment 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 that the Bank became 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, the Bank shall apply 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 offers 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 the Bank is exposed to credit losses with the contractual notice. For this reason, the Bank calculates 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 Bank's reduction or removal of undrawn limits.

When determining the period over which the Bank is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by the Bank's normal credit risk management actions, the Bank considers 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 the Bank expects to take once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

The Bank calculates expected credit losses on the revolving products of retail and corporate customers by considering 3-5 years.

The Bank makes assessment of significant increase in credit risk of revolving loans by considering qualitative and quantitative criteria considered for other credit products as explained in Note 3.8.3.

3.8.2 Forward-looking macroeconomic information

The Bank incorporates forward-looking macroeconomic information 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 Bank's credit risk parameters consists of the following steps:

Step 1: The Bank makes 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, the Bank applies the methods of credit risk parameters reflection and forward-looking impact inclusion into the parameters.

3.8.3 Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk.

Qualitative assessment:

The Bank classifies 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.

The Bank classifies 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 Bank considers the credit risk on a financial instrument 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. The Bank is not considering 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 Bank's other financial instruments or relative to the credit risk of the jurisdiction within which the Bank operates.

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

The Bank defines 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 the Bank defines 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 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 has a legally enforceable right 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 contractual terms

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

The Bank shall assess the characteristics of the new contractual terms of the financial asset based on quantitative and qualitative criteria. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and in case a significant change is determined, it is recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset.

When the Bank retains 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 financial assets without any change in contractual terms

The Bank derecognises 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/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, the Bank shall reclassify 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 changes its business model for managing financial assets.

3.9.4 Restructuring and refinancing of financial instruments

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

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan by the Bank 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 one 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 Bank management’s future intentions, either at market prices or using discounting method with internal rate of return. The funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

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

Securities lending transactions are classified under “money market funds” and the related expense accruals are accounted.

3.11 Assets held for sale, 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 acquired against non-performing receivables.

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in statement of profit or loss. The Bank has no discontinued operations.

3.12 Goodwill and other intangible assets

The Bank's intangible assets consist of softwares, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in compliance 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 criteria:

- The technical feasibility of completing the intangible asset so that it will be available for use,
- Availability of the Bank's 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 by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. Estimated useful lives of the Bank's intangible assets 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. The depreciation rates and the 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 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 statement of profit or loss for the period they occurred.

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

Based on the Bank’s assessment, lease branches and buildings are recognized in compliance with TFRS 16 whereas ATM places, lease cars and other leases are considered out of TFRS 16 scope as a result of materiality assessment. Therefore, these leases are recognized under Other Operating Income.

At the commencement date, the Bank shall measure the right-of-use properties at cost in compliance with TFRS 16. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

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

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

3.14 Leasing activities

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in the Bank's 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 statement of profit or loss.

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. The rent payments for leases that meet the conditions of exemptions stated in TFRS 16, are recognized as expense in related periods' statement of profit or loss over the lease term in accordance with periodicity principle.

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

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

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

After the commencement date, the Bank remeasures the lease liability to reflect changes to the lease payments. The Bank recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Bank remeasures the lease liability 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, the Bank uses an unchanged discount rate.

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits to the Bank 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 labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignations or misbehaviours specified in the Turkish Labour Law.

Accordingly, the Bank 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:

	30 June 2019	31 December 2018
Net Effective Discount Rate	3.38%	3.38%
Discount Rate	16.30%	16.30%
Expected Rate of Salary Increase	14.00%	14.00%
Inflation Rate	12.50%	12.50%

The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees’ 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 TAS 19.

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 numbered 506. These contributions are as follows:

	30 June 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”) 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 TAS 19.

3.18 Taxation

3.18.1 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 are not subject to withholding tax. As per the decisions no.2009/14593 and no.2009/14594 of the Council of Ministers published in the Official Gazette no.27130 dated 3 February 2009, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the 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 tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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.

The 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 12 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.

3.18.2 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 statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. 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 are reported as net in the financial statements.

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.

3.18.3 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.

3.19 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 statement of profit or loss and the difference between the fair values and the amortized costs of the financial liabilities are recorded under trading account income/losses.

3.20 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.

3.21 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.

3.22 Government incentives

As of 30 June 2019, the Bank does not have any government incentives or grants (2018: None).

3.23 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.

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 is as follows:

<i>Current Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	6,354,871	5,523,395	(3,514,805)	5,119,384	13,482,845
Other	-	-	-	-	-
Total Operating Profit	6,354,871	5,523,395	(3,514,805)	5,119,384	13,482,845
Net Operating Profit	3,133,936	2,406,184	(3,688,400)	2,620,072	4,471,792
Dividend Income from Associates and Subsidiaries	-	-	-	7,963	7,963
Net Operating Profit	3,133,936	2,406,184	(3,688,400)	2,628,035	4,479,755
Provision for Taxes	-	-	-	846,835	846,835
Net Profit	3,133,936	2,406,184	(3,688,400)	1,781,200	3,632,920
Segment Assets	64,615,208	161,921,672	128,976,646	20,065,513	375,579,039
Investments in Associates and Subsidiaries	-	-	-	8,071,531	8,071,531
Total Assets	64,615,208	161,921,672	128,976,646	28,137,044	383,650,570
Segment Liabilities	160,552,522	80,079,069	81,933,940	10,764,067	333,329,598
Shareholders’ Equity	-	-	-	50,320,972	50,320,972
Total Liabilities and Shareholders’ Equity	160,552,522	80,079,069	81,933,940	61,085,039	383,650,570

<i>Prior Period</i>	Retail Banking	Corporate / Commercial Banking	Investment Banking	Other	Total Operations
Total Operating Profit	3,769,106	4,119,893	(778,648)	2,663,833	9,774,184
Other	-	-	-	-	-
Total Operating Profit	3,769,106	4,119,893	(778,648)	2,663,833	9,774,184
Net Operating Profit	1,941,249	2,142,153	(817,872)	1,599,532	4,865,062
Dividend Income from Associates and Subsidiaries	-	-	-	2,987	2,987
Net Operating Profit	1,941,249	2,142,153	(817,872)	1,602,519	4,868,049
Provision for Taxes	-	-	-	964,483	964,483
Net Profit	1,941,249	2,142,153	(817,872)	638,036	3,903,566
Segment Assets	67,429,523	155,858,399	110,331,035	18,798,336	352,417,293
Investments in Associates and Subsidiaries	-	-	-	7,059,909	7,059,909
Total Assets	67,429,523	155,858,399	110,331,035	25,858,245	359,477,202
Segment Liabilities	144,469,422	79,616,577	77,871,115	10,832,235	312,789,349
Shareholders' Equity	-	-	-	46,687,853	46,687,853
Total Liabilities and Shareholders' Equity	144,469,422	79,616,577	77,871,115	57,520,088	359,477,202

3.24 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, and the table considering the distribution made based on the decision is presented in Note 5.10.2.

3.25 Earnings per share

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

	<i>30 June 2019</i>	<i>30 June 2018</i>
Distributable net profit for the year	3,632,920	3,903,566
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.00865	0.00929

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).

3.26 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.

3.27 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.

3.28 Reclassifications

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

	<i>Note</i>	<i>31.12.2018</i>	<i>TFRS16 Reclassification Effect</i>	<i>TFRS16 Transition Effect</i>	<i>01.01.2019</i>
TANGIBLE ASSETS (Net)	(1),(2)	4,106,029	30,190	923,465	5,059,684
OTHER ASSETS (Net)	(2)	5,987,809	(30,190)	-	5,957,619
LEASE PAYABLES (Net)	(1),(3)	16,464	-	923,465	939,929

(1) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 923,465 as of 1 January 2019 for leases previously classified as an operating lease applying TAS 17.

(2) In accordance with TFRS 16, the Bank recognised prepaid rent payments amounting to TL 30,190 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 incremental borrowing interest rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Bank are 23.6%, 4.2% and 7% respectively.

3.29 Other disclosures

None.

4 Financial Position and Results of Operations and Risk Management

4.1 Total capital

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

4.1.1 Components of total capital

<i>Current Period</i>	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	39,167,016	
Other Comprehensive Income according to TAS	4,991,537	
Profit	3,632,920	
Current Period’s Profit	3,632,920	
Prior Periods’ Profit	-	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	1,855	
Common Equity Tier I Capital Before Deductions	52,777,762	
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 (-)	2,412,217	
Leasehold Improvements on Operational Leases (-)	195,447	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	283,534	283,534
Net Deferred Tax Asset/Liability (-)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank’s liabilities’ fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	-	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Total Deductions from Common Equity Tier I Capital	2,891,198	
Total Common Equity Tier I Capital	49,886,564	
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)	-	
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)	49,886,564	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4,312,500	
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)	3,470,382	
Total Deductions from Tier II Capital	7,782,882	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	
Total of Net Long 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	7,782,882	
Total Equity (Total Tier I and Tier II Capital)	57,669,446	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	30	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Other items to be Defined by the BRSA (-)	10,129	
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)	57,659,287	
Total Risk Weighted Assets	320,227,682	
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.58	
Tier I Capital Ratio (%)	15.58	
Capital Adequacy Ratio (%)	18.01	
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b)	2.53	
a) Capital Conservation Buffer Ratio (%)	2.500	
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.03	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	9.43	
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	1,705,505	
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)	6,326,535	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3,470,382	
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.

<i>Prior Period</i>	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	
Share Premium	11,880	
Reserves	32,108,914	
Other Comprehensive Income according to TAS	4,443,308	
Profit	7,035,545	
Current Period Profit	6,638,236	
Prior Period Profit	397,309	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	1,855	
Common Equity Tier I Capital Before Deductions	48,574,056	
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 (-)	1,961,968	
Leasehold Improvements on Operational Leases (-)	235,547	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	279,586	279,586
Net Deferred Tax Asset/Liability (-)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	
Net amount of defined benefit plans	-	
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	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 the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
Total Deductions from Common Equity Tier I Capital	2,478,773	
Total Common Equity Tier I Capital	46,095,283	
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)	-	
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)	46,095,283	
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)	3,228,493	
Total Deductions from Tier II Capital	7,180,918	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long 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	7,180,918	
Total Equity (Total Tier I and Tier II Capital)	53,276,201	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	1	

	<i>Amount</i>	<i>Amount as per the regulation before 1/1/2014^(*)</i>
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)	53,262,160	-
Total Risk Weighted Assets	290,922,820	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.84	-
Tier I Capital Ratio (%)	15.84	-
Capital Adequacy Ratio (%)	18.31	-
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b)	1.90	
a) Capital Conservation Buffer Ratio (%)	1.875	-
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.02	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	9.66	-
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1,326,411	-
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)	5,119,174	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3,228,493	-
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.

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.

4.1.2 Items included in capital calculation

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>
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)	4,313
Nominal value of instrument (TL million)	4,313
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.

<i>Prior Period</i>	<i>Information about instruments included in total capital calculation</i>
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)	3,952
Nominal value of instrument (TL million)	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.

4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
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	2,536,602	44,573	2,581,175	Items not included in the calculation as per Regulation's Article 9-1-f
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	1,440,525	-	1,440,525	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	1,096,077	44,573	1,140,650	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	39,167,016	-	39,167,016	
Profit or Loss	3,632,920	-	3,632,920	
Prior Periods' Profit/Loss	-	-	-	
Current Period Net Profit/Loss	3,632,920	-	3,632,920	
Deductions from Common Equity Tier I Capital (-)	-	-	478,981	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	47,784,370	-	49,886,564	
Subordinated Debts	-	-	-	
Deductions from Tier I Capital (-)	-	-	-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital	-	-	49,886,564	
Subordinated Debts	-	-	4,312,500	
General Provisions	-	-	3,470,382	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	-	-	7,782,882	
Deductions from Total Capital (-)	-	-	10,159	Deductions from Capital as per the Regulation
Total	-	-	57,659,287	

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
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	2,558,960	(75,765)	2,483,195	Items not included in the calculation as per Regulation's Article 9-1-f
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	1,364,427	-	1,364,427	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	1,194,533	(75,765)	1,118,768	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	32,108,914	-	32,108,914	
Profit or Loss	7,035,545	-	7,035,545	
Prior Periods' Profit/Loss	397,309	-	397,309	
Current Period Net Profit/Loss	6,638,236	-	6,638,236	
Deductions from Common Equity Tier I Capital (-)	-	-	516,805	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	44,128,893		46,095,283	
Subordinated Debts	-	-	-	
Deductions from Tier I Capital (-)	-		-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital	-		46,095,283	
Subordinated Debts			3,952,425	
General Provisions			3,228,493	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			7,180,918	
Deductions from Total Capital (-)			14,041	Deductions from Capital as per the Regulation
Total			53,262,160	

4.2 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 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2019, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 17,419,617 (31 December 2018: TL 17,732,924), net ‘off-balance sheet’ foreign currency long position amounts to TL 20,461,183 (31 December 2018: TL 19,778,676), while net foreign currency short open position amounts to TL 3,041,566 (31 December 2018: TL 2,045,752).

The foreign currency position risk of the Bank 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. 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
Foreign currency purchase rates at balance sheet date	5.7500	6.5486
<u>Exchange rates for the days before balance sheet date;</u>		
Day 1	5.7500	6.5486
Day 2	5.7405	6.5269
Day 3	5.7538	6.5455
Day 4	5.7338	6.5256
Day 5	5.7733	6.5763
Last 30-days arithmetical average rates	5.7898	6.5318

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	22,426,960	20,188,059	8,133,940	50,748,959
Banks	9,409,334	7,688,359	2,539,886	19,637,579
Financial Assets Measured at Fair Value through Profit/Loss	55,412	4,385,483	1	4,440,896
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,504,319	5,459,006	-	6,963,325
Loans (*)	37,487,275	48,139,474	1,341,203	86,967,952
Investments in Associates, Subsidiaries and Joint-Ventures	5,541,410	-	-	5,541,410
Financial Assets Measured at Amortised Cost	20,572	7,428,933	-	7,449,505
Derivative Financial Assets Held for Hedging Purpose	-	27,428	-	27,428
Tangible Assets	-	295	-	295
Intangible Assets	-	-	-	-
Other Assets (**)	489,311	(45,641)	(15,106)	428,564
Total Assets	76,934,593	93,271,396	11,999,924	182,205,913
Liabilities				
Bank Deposits	2,061,794	549,784	4,107	2,615,685
Foreign Currency Deposits	35,463,361	83,788,053	3,193,752	122,445,166
Money Market Funds	-	423,684	-	423,684
Other Fundings (***)	9,257,885	34,345,275	1,478	43,604,638
Securities Issued (****)	3,677,039	18,211,390	1	21,888,430
Miscellaneous Payables	134,905	145,828	19,485	300,218
Derivative Financial Liabilities Held for Hedging Purpose	111,675	279,803	1	391,479
Other Liabilities (*****)	1,182,951	2,779,458	3,993,821	7,956,230
Total Liabilities	51,889,610	140,523,275	7,212,645	199,625,530
Net 'On Balance Sheet' Position	25,044,983	(47,251,879)	4,787,279	(17,419,617)
Net 'Off-Balance Sheet' Position	(20,758,261)	45,781,368	(4,561,924)	20,461,183
Derivative Financial Assets	10,252,086	77,179,446	1,030,671	88,462,203
Derivative Financial Liabilities	31,010,347	31,398,078	5,592,595	68,001,020
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	68,640,866	83,775,423	10,953,762	163,370,051
Total Liabilities	46,986,577	128,074,305	6,042,093	181,102,975
Net 'On Balance Sheet' Position	21,654,289	(44,298,882)	4,911,669	(17,732,924)
Net 'Off-Balance Sheet' Position	(16,788,606)	41,453,651	(4,886,369)	19,778,676
Derivative Assets	9,137,303	68,721,139	405,496	78,263,938
Derivative Liabilities	25,925,909	27,267,488	5,291,865	58,485,262
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 1,747,879 included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

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

(***) Includes funds presented under financial liabilities amounting TL 13,565,901 measured at fair value through profit or loss in balance sheet.

(****) Includes securities issued having qualification of subordinated loan presented under subordinated debts in balance sheet.

(*****) Other liabilities include gold deposits of TL 4,163,676.

4.4 Interest rate risk

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

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

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

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

<i>Current Period</i>	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	33,814,802	-	-	-	-	21,366,700	55,181,502
Banks	1,155,365	6,000	46,000	-	-	18,972,999	20,180,364
Financial Assets Measured at Fair Value through Profit/Loss	21,848	29,893	4,233,652	135,335	54,147	279,626	4,754,501
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,033,277	5,822,556	4,713,059	3,485,221	4,531,440	3,778,514	24,364,067
Loans	53,789,494	20,857,585	78,122,608	60,800,077	12,649,958	13,780,979	240,000,701
Financial Assets Measured at Amortised Cost	2,550,683	1,965,680	9,247,883	1,478,652	5,470,257	7,088,485	27,801,640
Other Assets (**)	-	-	-	108,151	-	11,259,644	11,367,795
Total Assets	93,365,469	28,681,714	96,363,202	66,007,436	22,705,802	76,526,947	383,650,570
Liabilities							
Bank Deposits	150,807	547	6,000	-	-	3,018,451	3,175,805
Other Deposits	134,895,665	17,563,730	11,523,646	48,279	-	64,594,705	228,626,025
Money Market Funds	23,770	28	423,531	-	-	71,022	518,351
Miscellaneous Payables	-	-	-	-	-	12,764,076	12,764,076
Securities Issued (***)	4,722,262	3,048,799	5,202,680	11,047,867	4,442,688	503,979	28,968,275
Other Fundings	13,693,623	10,535,027	8,488,330	3,715,264	8,068,095	16,619	44,516,958
Other Liabilities	23,063	57,931	139,080	534,056	215,312	64,111,638	65,081,080
Total Liabilities	153,509,190	31,206,062	25,783,267	15,345,466	12,726,095	145,080,490	383,650,570
On Balance Sheet Long Position	-	-	70,579,935	50,661,970	9,979,707	-	131,221,612
On Balance Sheet Short Position	(60,143,721)	(2,524,348)	-	-	-	(68,553,543)	(131,221,612)
Off-Balance Sheet Long Position	18,473,921	17,775,688	19,111,396	6,035,425	11,647,619	-	73,044,049
Off-Balance Sheet Short Position	(1,929,253)	(6,911,855)	(17,448,497)	(25,609,452)	(20,864,013)	-	(72,763,070)
Total Position	(43,599,053)	8,339,485	72,242,834	31,087,943	763,313	(68,553,543)	280,979

(*) Interest accruals are also 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.

<i>Prior Period</i>	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	-	-	-	-	20,487,076	41,366,447
Banks	1,064,559	8,000	78,000	-	-	20,283,705	21,434,264
Financial Assets at Fair Value through Profit/Loss	42,180	32,379	4,092,091	108,999	64,933	104,054	4,444,636
Money Market Placements	216	-	-	-	-	-	216
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,839,529	6,214,581	4,889,544	2,797,757	4,428,035	3,298,335	23,467,781
Loans	51,796,837	24,276,436	66,429,245	58,765,874	13,604,077	15,738,995	230,611,464
Financial Assets Measured at Amortised Cost	2,453,716	1,301,732	9,141,677	342,427	6,050,201	6,142,530	25,432,283
Other Assets (**)	-	-	-	177,073	-	12,543,038	12,720,111
Total Assets	78,076,408	31,833,128	84,630,557	62,192,130	24,147,246	78,597,733	359,477,202
Liabilities							
Bank Deposits	897,928	-	2,000	-	-	4,445,646	5,345,574
Other Deposits	114,016,344	31,649,923	15,482,445	73,791	-	51,489,841	212,712,344
Money Market Funds	45,369	9	-	-	-	38	45,416
Miscellaneous Payables	-	-	-	-	-	11,738,083	11,738,083
Securities Issued (***)	524,112	1,301,507	7,392,928	10,293,086	4,072,103	400,640	23,984,376
Other Fundings	21,108,741	12,750,384	9,708,142	136,606	506,682	15,965	44,226,520
Other Liabilities	1,246	3,337	20,372	-	-	61,399,934	61,424,889
Total Liabilities	136,593,740	45,705,160	32,605,887	10,503,483	4,578,785	129,490,147	359,477,202
On Balance Sheet Long Position	-	-	52,024,670	51,688,647	19,568,461	-	123,281,778
On Balance Sheet Short Position	(58,517,332)	(13,872,032)	-	-	-	(50,892,414)	(123,281,778)
Off-Balance Sheet Long Position	17,159,114	14,745,285	19,768,973	4,429,890	9,942,503	-	66,045,765
Off-Balance Sheet Short Position	(1,551,698)	(4,835,220)	(19,039,104)	(21,368,315)	(18,894,434)	-	(65,688,771)
Total Position	(42,909,916)	(3,961,967)	52,754,539	34,750,222	10,616,530	(50,892,414)	356,994

(*) Interest accruals are also 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.

4.4.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	1.84	-	8.13
Banks	0.50	-	-	19.27
Financial Assets Measured at Fair Value through Profit/Loss	2.57	6.47	-	20.64
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	3.16	5.72	-	16.73
Loans	4.56	7.24	-	23.43
Financial Assets Measured at Amortised Cost	0.25	5.26	-	18.23
Liabilities				
Bank Deposits	-	-	-	19.66
Other Deposits	0.39	2.10	0.97	16.79
Money Market Funds	-	4.24	-	1.78
Miscellaneous Payables	-	-	-	-
Securities Issued	3.65	5.70	-	21.55
Other Fundings	1.70	4.66	-	12.44

<i>Prior Period</i>	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	0.50	-	-	20.24
Financial Assets at Fair Value through Profit/Loss	3.52	6.94	-	21.36
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.42	5.70	-	20.37
Loans	4.66	7.43	-	22.78
Financial Assets Measured at Amortised Cost	0.25	5.26	-	22.89
Liabilities				
Bank Deposits	0.05	-	-	22.86
Other Deposits	0.79	3.09	0.93	17.68
Money Market Funds	-	-	-	7.06
Miscellaneous Payables	-	-	-	-
Securities Issued	3.65	5.64	-	17.79
Other Fundings	1.27	4.42	-	10.50

4.5 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

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value ^(*)	Market Value
1	Investment in Shares- Grade A	7,978,755	7,871,286	110,517
	Quoted Securities	71,840	71,840	110,517
2	Investment in Shares- Grade B	91,052	65,495	108,903
	Quoted Securities	65,495	65,495	108,903
3	Investment in Shares- Grade C	662	-	-
	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	-	-	-

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value ^(*)	Market Value
1	Investment in Shares- Grade A	6,978,190	6,886,773	79,284
	Quoted Securities	59,713	59,713	79,284
2	Investment in Shares- Grade B	79,995	54,438	78,126
	Quoted Securities	54,438	54,438	78,126
3	Investment in Shares- Grade C	662	-	-
	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	-	-	-

^(*) The balances are as per the results of equity accounting application.

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

<i>Current Period</i>		Revaluation Surpluses		Unrealised Gains and Losses	
Portfolio	Gains/Losses in Current Period	Total	Amount in Tier I Capital ^(*)	Total	Amount in Tier I Capital ^(*)
		1	Private Equity Investments	-	-
2	Quoted Shares	-	52,082	-	52,082
3	Other Shares	-	4,434,084	-	4,434,084
	Total	-	4,486,166	-	4,486,166

^(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>	Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
		Total	Amount in Tier I Capital ^(*)	Total	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-
2	Quoted Shares	28,899	28,899	28,899	-
3	Other Shares	3,696,926	3,696,926	3,696,926	-
	Total	3,725,825	3,725,825	3,725,825	-

(*) The balances are as per the results of equity accounting application.

4.5.4 Capital requirement as per equity shares

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
	Portfolio			
1	Private Equity Investments	-	-	-
2	Quoted Shares	137,335	137,335	10,987
3	Other Shares	7,934,196	7,934,196	634,736
	Total	8,071,531	8,071,531	645,723

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
	Portfolio			
1	Private Equity Investments	-	-	-
2	Quoted Shares	114,151	114,151	9,132
3	Other Shares	6,945,758	6,945,758	555,661
	Total	7,059,909	7,059,909	564,793

4.6 Liquidity risk management and 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 risk 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. Head of Risk management 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 the Bank's 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 of the Bank.

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 Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. 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 or 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 LCR calculation 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. The Bank's high quality liquid assets are composed of 4.40% cash, 53.89% deposits in central banks and 41.70% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Funding source composition in report date is 72.76% deposits, 14.14% funds borrowed and money market borrowings and 9.09% securities issued.

In LCR calculation, 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 LCR calculations according to Regulation's terms. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

<i>Current Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			89,410,204	53,291,160
1 Total high-quality liquid assets (HQLA)	89,410,204	53,291,160	89,410,204	53,291,160
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	171,258,922	92,674,042	15,770,798	9,267,404
3 Stable deposits	27,101,878	-	1,355,094	-
4 Less stable deposits	144,157,044	92,674,042	14,415,704	9,267,404
5 Unsecured wholesale funding, of which:	69,146,355	38,195,933	38,779,249	21,008,313
6 Operational deposits	-	-	-	-
7 Non-operational deposits	51,689,071	32,799,203	25,530,350	15,678,504
8 Unsecured funding	17,457,284	5,396,730	13,248,899	5,329,809
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	59,617,768	13,416,158	9,234,497	12,612,424
11 Outflows related to derivative exposures and other collateral requirements	5,703,748	12,074,370	5,703,748	12,074,370
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	53,914,020	1,341,788	3,530,749	538,054
14 Other revocable off-balance sheet commitments and contractual obligations	1,640	1,640	82	82
15 Other irrevocable or conditionally revocable off-balance sheet obligations	67,117,223	44,320,996	3,355,861	2,216,050
16 Total Cash Outflows			67,140,487	45,104,273
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	35,799,272	19,599,177	27,823,025	17,657,407
19 Other cash inflows	408,862	16,679,898	408,862	16,679,898
20 Total Cash Inflows	36,208,134	36,279,075	28,231,887	34,337,305
			Upper Limit Applied Values	
21 Total HQLA			89,410,204	53,291,160
22 Total Net Cash Outflows			38,908,600	13,256,813
23 Liquidity Coverage Ratio (%)			230.93	428.35

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

The table below presents highest, lowest and average liquidity coverage ratios of the second quarter of 2019:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	270.82	15.04.2019	194.29	10.06.2019	230.93
FC	595.29	31.05.2019	232.12	30.06.2019	428.35

<i>Prior Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)		
	TL+FC	FC	TL+FC	FC	
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)	81,615,892	45,394,420	81,615,892	45,394,420
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	152,114,076	74,282,591	13,923,882	7,428,259
3	Stable deposits	25,750,504	-	1,287,525	-
4	Less stable deposits	126,363,572	74,282,591	12,636,357	7,428,259
5	Unsecured wholesale funding, of which:	68,446,557	36,895,302	37,610,584	19,360,243
6	Operational deposits	-	-	-	-
7	Non-operational deposits	53,250,916	33,545,594	26,367,039	16,069,757
8	Unsecured funding	15,195,641	3,349,708	11,243,545	3,290,486
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	72,216,417	23,386,847	25,285,751	22,527,664
11	Outflows related to derivative exposures and other collateral requirements	21,939,608	22,008,404	21,939,608	22,008,404
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	50,276,809	1,378,443	3,346,143	519,260
14	Other revocable off-balance sheet commitments and contractual obligations	1,536	1,536	77	77
15	Other irrevocable or conditionally revocable off-balance sheet obligations	72,563,669	49,635,649	3,628,183	2,481,781
16	Total Cash Outflows			80,448,477	51,798,024
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	32,698,390	15,437,956	25,321,505	13,837,635
19	Other cash inflows	1,325,652	6,364,855	1,325,652	6,364,855
20	Total Cash Inflows	34,024,042	21,802,811	26,647,157	20,202,490
Upper Limit Applied Values					
21	Total HQLA			81,615,892	45,394,420
22	Total Net Cash Outflows			53,801,320	31,595,534
23	Liquidity Coverage Ratio (%)			152.39	145.83

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

The table below presents highest, lowest and average liquidity coverage ratios of the last quarter of 2018:

<i>Prior Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	179.31	28.12.2018	131.08	04.11.2018	152.39
FC	220.49	05.10.2018	110.74	06.11.2018	145.83

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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

4.6.3 Maturity analysis of assets and 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 of Turkey	24,472,393	30,708,570	-	-	-	-	539	55,181,502
Banks	18,960,751	1,159,026	7,024	53,563	-	-	-	20,180,364
Financial Assets Measured at Fair Value through Profit/Loss	39,128	490	5,914	4,472,237	181,783	54,949	-	4,754,501
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	315,830	211,476	2	5,581,995	12,206,456	6,048,308	-	24,364,067
Loans	713,856	40,821,708	20,294,898	56,565,470	81,346,798	21,597,609	18,660,362	240,000,701
Financial Assets Measured at Amortised Cost	-	25,166	-	4,475,929	11,703,845	11,596,700	-	27,801,640
Other Assets (*)	2,205,358	2,025,851	125,769	594,512	1,119,572	906,897	4,389,836	11,367,795
Total Assets	46,707,316	74,952,287	20,433,607	71,743,706	106,558,454	40,204,463	23,050,737	383,650,570
Liabilities								
Bank Deposits	3,017,576	151,102	549	6,578	-	-	-	3,175,805
Other Deposits	62,686,046	135,712,261	17,944,981	12,202,567	72,966	7,204	-	228,626,025
Other Fundings	-	3,450,474	3,913,058	15,612,528	9,489,434	12,051,464	-	44,516,958
Money Market Funds	70,849	23,790	28	423,684	-	-	-	518,351
Securities Issued (**)	-	4,847,797	3,059,821	4,815,525	11,774,053	4,471,079	-	28,968,275
Miscellaneous Payables	12,764,074	2	-	-	-	-	-	12,764,076
Other Liabilities (***)	1,555,048	1,233,162	973,998	830,289	1,156,092	2,403,894	56,928,597	65,081,080
Total Liabilities	80,093,593	145,418,588	25,892,435	33,891,171	22,492,545	18,933,641	56,928,597	383,650,570
Liquidity Gap	(33,386,277)	(70,466,301)	(5,458,828)	37,852,535	84,065,909	21,270,822	(33,877,860)	-
Net Off-Balance Sheet Position	-	(149,037)	(499,414)	(535,271)	965,910	108,421	-	(109,391)
Derivative Financial Assets	-	60,519,720	18,336,571	25,956,073	10,246,300	2,221,097	-	117,279,761
Derivative Financial Liabilities	-	60,668,757	18,835,985	26,491,344	9,280,390	2,112,676	-	117,389,152
Non-Cash Loans	-	30,235,161	4,573,644	1,799,740	35,319	-	113,883,136	150,527,000
Prior Period								
Total Assets	44,728,051	63,159,897	21,061,293	61,021,296	107,306,754	41,733,203	20,466,708	359,477,202
Total Liabilities	58,790,967	129,201,474	34,884,739	45,691,375	20,430,157	17,946,032	52,532,458	359,477,202
Liquidity Gap	(14,062,916)	(66,041,577)	(13,823,446)	15,329,921	86,876,597	23,787,171	(32,065,750)	-
Net Off-Balance Sheet Position	-	(751,846)	45,356	208,651	670,632	139,425	-	312,218
Derivative Financial Assets	-	59,444,974	11,261,910	28,262,980	9,621,643	2,225,490	-	110,816,997
Derivative Financial Liabilities	-	60,196,820	11,216,554	28,054,329	8,951,011	2,086,065	-	110,504,779
Non-Cash Loans	-	13,753,549	4,453,864	2,375,197	176,175	-	109,426,845	130,185,630

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

- (**) Includes securities issued having qualification of subordinated loan presented under subordinated debts in balance sheet.
(***) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

4.7 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 leverage ratio calculated by taking average of end of month leverage ratios for first six-month period is 8.80% (31 December 2018: 8.76%). While the capital increased by 6% mainly as a result of increase in net profits, total risk amount increased by 5%. Therefore, the current period leverage ratio increased by 4 basis points compared to prior period.

On-balance sheet assets		<i>Current Period ^(*)</i>	<i>Prior Period ^(*)</i>
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	391,476,796	369,577,864
2	(Assets deducted in determining Tier I capital)	(488,071)	(494,046)
3	Total on-balance sheet risks (sum of lines 1 and 2)	390,988,725	369,083,818
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	4,379,089	4,771,987
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	16,821,163	11,859,527
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	21,200,252	16,631,514
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,533,126	974,260
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,533,126	974,260
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	144,420,521	144,014,237
11	(Adjustments for conversion to credit equivalent amounts)	(1,563,809)	(3,134,011)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	142,856,712	140,880,226
Capital and total risks			
13	Tier I capital	48,952,767	46,105,283
14	Total risks (sum of lines 3, 6, 9 and 12)	556,578,815	527,569,818
Leverage ratio			
15	Leverage ratio	8.80	8.76

(*) 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 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 monitoring 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.

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) ^(*)	272,848,214	253,300,775	21,827,857
2	Of which standardised approach (SA)	272,848,214	253,300,775	21,827,857
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	4,782,364	4,978,642	382,589
5	Of which standardised approach for counterparty credit risk (SA-CCR)	4,782,364	4,978,642	382,589
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	-	-	-
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	9,526,174	7,069,090	762,094
17	Of which standardised approach (SA)	9,526,174	7,069,090	762,094
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	33,070,930	25,574,313	2,645,675
20	Of which basic indicator approach	33,070,930	25,574,313	2,645,675
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)	320,227,682	290,922,820	25,618,215

^(*) 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 Credit risk

4.10.3.1 General information on credit risk

4.10.3.1.1 General qualitative information on credit risk

The Bank's credit risk management policies; under the relevant legislation in line with the Bank's credit strategy approved by the board of directors are created based on the prudence, sustainability and customer credit worthiness principles. Credit risk is managed on a portfolio basis considering the risk/return balance and asset quality of the Bank in the scope of the principles specified in the credit risk policy documents.

Credit risk management is a structured process where credit risks are consistently assessed, quantified and monitored. In order to take the right decision, during the credit process which begins with the application of the customer and includes the phases of determination of the customer's credibility, collateralization, loan configuration, approval and usage, monitoring and closing the exposure, all required financial and non-financial information and documents intended to identify the customer are collected in a centralized database, with this information the customer's financial strength is analyzed, credit risk analysis is done. The customers are graded according to their segment and activity fields and the information is kept updated by inquiring the customers. Thus before a loan is granted, it is ensured that risks are well-understood, sufficient evaluation has been done and after the loan is granted the loan is monitored, controlled and reported.

Diversification to avoid concentrations are performed while determining the Bank's credit risk profile. Credit portfolios are evaluated depending upon the credit type, managed aggregately during their life cycle. Customer selection is made in accordance with the policies and strategies, affordability of the borrower to fulfil on a timely basis all financial obligations with his expected cash flows from foreseeable specific transactions or from its regular operations; without depending upon guarantors, bails or pledged assets is predicated. Necessary risk rating/scoring models are developed, reviewed, and validated for the different portfolios of the Bank. These models are created by ensuring the best separation of the customers in terms of their credibility and grading them using the objective criteria. The outputs of the internal rating and scoring models that developed based on the each portfolio are an important part of the loan approval process.

Loan based assessment, allocation and monitoring are carried out within the framework of related processes by related units in the credit group. Credit proposals, on the basis of the determined amount and in the framework of levels of authority, are concluded after being evaluated by the regional offices, loans units and committees of headoffice, if required by the credit committee and the board of directors. The credit approval authority can be transferred starting from the board of directors by notifying in written form.

Each unit operating in credit risk management is responsible for identifying risks arising from its own process, activities and systems, informing senior management and taking necessary action to reduce risk level.

The general risk policy including the risk appetite and indicators is determined by the board of directors. Risk management is handled, in order to reach the determined targets, by carrying out a continuous monitoring process with a proper classification of risks and customers in scope of the effective management mentality. The limit framework and delegation rules are specified by establishing proper decision systems in order to assess the risks correctly. Optimum limit levels are determined by taking into account the loss and returns during the limit setting process.

Organizational structure related to credit risk management and control functions is detailed below: Units within the scope of Credit Risk Management; Corporate and Specialized Loans, Commercial Loans, Commercial Credits Restructuring, Corporate and Specialized Loans Restructuring, Specialized Collections, Commercial Products Collection, Bank and Country Risk, Retail Loans Risk Strategies, SME Loans Risk Strategies, Retail and SME Loans Evaluation, Retail Products Collection, Risk Planning Monitoring and Reporting, Risk Analytics, Technology and Innovation, Validation Market Risk and Credit Risk Control and Region Coordination.

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Wholesale Credit, Risk Committee, Retail Credit, Risk Committee, Risk Management Committee, Risk Technology and Analytics, Committee, Credit Admission Committee and Board of Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

The Risk Management measures, monitors and reports credit risks by using validated probability of defaults obtained from the Bank's rating models, loss that is caused by defaulted customer and credit conversion factors. The Bank's internal capital is calculated and adequacy is assessed by considering stress tests and scenario analysis. Also, by considering optimum risk return balance, expectations regarding economic outlook the limits are determined for credit portfolios. Risk based analyses are executed, credit concentrations are monitored and the results are presented to senior management.

The Bank carries out on-site and central controls regarding credit risk by the first level control officers in the Bank's business / support units. First-level control officers periodically report the results of the controls they conduct to the management of the related units and the Internal Unit in accordance with the dual reporting obligation. On-site collateral and contract controls at the branches and functioning controls at the regions regarding credit risk are carried out by branch control team of Internal Control Unit located in the second line of defense. In addition, Risk Management Control which reports to the Risk Management Department conducts periodic controls and assessments on credit risk management as a second level control specialist on compliance with the Bank's credit risk policies, rules and procedures.

4.10.3.1.2 Credit quality of assets

	<i>Current Period</i>	<i>Gross carrying value as per TAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	13,387,498	300,109,126	7,795,597	305,701,027
2	Debt securities	-	52,165,707	-	52,165,707
3	Off-balance sheet exposures	1,151,069	84,558,759	287,840	85,421,988
4	Total	14,538,567	436,833,592	8,083,437	443,288,722

	<i>Prior Period</i>	<i>Gross carrying value as per TAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	11,407,073	280,508,545	6,776,848	285,138,770
2	Debt securities	-	48,674,952	-	48,674,952
3	Off-balance sheet exposures	974,609	84,230,351	282,169	84,922,791
4	Total	12,381,682	413,413,848	7,059,017	418,736,513

4.10.3.1.3 Changes in stock of default loans and debt securities

	<i>Current Period</i>	<i>Prior Period</i>
1 Defaulted loans and debt securities at end of the previous reporting period	11,407,073	5,408,114
2 Loans and debt securities defaulted since the last reporting period	3,044,050	9,248,953
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	369,286	2,349,412
5 Other changes	694,339	900,582
6 Defaulted loans and debt securities at end of the reporting period	13,387,498	11,407,073

4.10.3.1.4 Additional disclosure related to the credit quality of assets

Not prepared in compliance with the communique "Risk Management Related Disclosures to be Announced to Public by Banks".

4.10.3.2 Credit risk mitigation

4.10.3.2.1 Qualitative disclosure on credit risk mitigation techniques

The Bank assesses the cash flow of the activity or investment subject to credit as the primary repayment source during the credit assignment process.

Calculating the value of the collateral depends on margins determined according to market and FX risks. Standard margins in use throughout the Bank are specific to type of the collateral and changes according to the currency of the collateral.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Operational transactions are handled by centralized Operation unit (ABACUS). During the credit utilization, compliance of all conditions between credit decision and credit utilization (such as collateral conditions) are controlled systematically.

The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals, that are composed of cash or cash equivalents, real estate mortgages, high quality securities and Credit Guarantee Fund suretyship having Treasury guarantee, have been used in credit risk mitigation.

4.10.3.2.2 Credit risk mitigation techniques

	<i>Current Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	269,630,899	36,070,128	33,871,525	13,048,612	13,048,612	-	-
2	Debt securities	52,165,707	-	-	-	-	-	-
3	Total	321,796,606	36,070,128	33,871,525	13,048,612	13,048,612	-	-
4	Of which defaulted	13,386,786	712	687	-	-	-	-

	<i>Prior Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	250,578,436	34,560,334	30,905,796	10,664,702	10,664,702	-	-
2	Debt securities	48,674,952	-	-	-	-	-	-
3	Total	299,253,388	34,560,334	30,905,796	10,664,702	10,664,702	-	-
4	Of which defaulted	11,407,073	-	-	-	-	-	-

4.10.3.3 Credit risk under standardised approach

4.10.3.3.1 Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The international risk ratings are used for the exposures to central governments and central banks, whereas for central governments and central banks that are not rated by Fitch Ratings, the published country ratings as announced by the Organisation for Economic Cooperation and Development (OECD) are used.

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

In the determination of risk weights; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Rating notes issued by Fitch Ratings are presented in the table below, as per credit quality levels and risk weights per risk classes:

<i>Credit Quality Level</i>	<i>Fitch Ratings long term credit rating</i>	<i>Risk Classes</i>			
		<i>Exposures to Central Governments or Central Banks</i>	<i>Exposures to Banks and Brokerage Houses</i>		<i>Exposures to Corporates</i>
			<i>Exposures with Original Maturities Less Than 3 Months</i>	<i>Exposures with Original Maturities More Than 3 Months</i>	
1	AAA to AA-	0%	20%	20%	20%
2	A+ to A-	20%	20%	50%	50%
3	BBB+ to BBB-	50%	20%	50%	100%
4	BB+ to BB-	100%	50%	100%	100%
5	B+ to B-	100%	50%	100%	150%
6	CCC+ and below	150%	150%	150%	150%

4.10.3.3.2 Credit risk exposure and credit risk mitigation techniques

	<i>Current Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
		<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density</i>
	<i>Risk classes</i>						
1	Exposures to sovereigns and their central banks	106,114,354	1,230,609	119,135,899	634,957	29,371,165	%24.52
2	Exposures to regional and local governments	272,300	18,25	272,300	4	202,528	%74.38
3	Exposures to administrative bodies and non-commercial entities	352,167	54,232	352,165	9,682	361,847	%100.00
4	Exposures to multilateral development banks	1,787,144	-	1,787,144	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	16,468,764	43,305,731	16,424,114	3,261,544	6,728,995	%34.18
7	Exposures to corporates	119,224,404	60,555,704	112,153,637	27,869,855	137,449,439	%98.16
8	Retail exposures	81,706,348	56,586,998	72,173,252	5,649,215	58,362,583	%74.99
9	Exposures secured by residential property	14,401,785	1,125	14,395,779	562	5,038,719	%35.00
10	Exposures secured by commercial property	16,404,076	2,350,111	16,243,931	1,517,293	11,319,050	%63.73
11	Past-due items	5,060,872	666	5,060,861	-	4,240,891	%83.80
12	Exposures in high-risk categories	531,497	862,563	531,498	531,834	1,500,410	%141.10
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	16,095,195	-	16,095,195	-	9,826,019	%61.05
17	Shares	8,446,568	-	8,446,568	-	8,446,568	%100.00
18	Total	386,865,474	164,947,739	383,072,343	39,474,946	272,848,214	%64.57

	<i>Prior Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
		<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density</i>
	<i>Risk classes</i>						
1	Exposures to sovereigns and their central banks	91,286,687	224,003	101,914,084	129,479	20,123,066	%19.72
2	Exposures to regional and local governments	230,641	-	230,641	-	180,194	%78.13
3	Exposures to administrative bodies and non-commercial entities	363,243	58,762	363,242	19,126	382,368	%100.00
4	Exposures to multilateral development banks	1,026,645	-	1,026,645	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	18,454,492	26,449,496	18,323,131	3,283,296	6,711,337	%31.06
7	Exposures to corporates	114,322,430	58,842,938	107,220,365	28,359,628	133,207,418	%98.25
8	Retail exposures	78,422,192	51,344,080	71,804,926	5,008,266	57,608,830	%75.00
9	Exposures secured by residential property	16,197,026	628	16,190,602	314	5,666,821	%35.00
10	Exposures secured by commercial property	14,820,162	2,353,873	14,652,950	1,560,078	10,252,377	%63.24
11	Past-due items	4,141,318	354	4,141,318	-	3,513,840	%84.85
12	Exposures in high-risk categories	488,948	691,571	488,948	401,265	1,292,836	%145.23
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	40,542	-	40,542	-	-	-
16	Other exposures	12,415,414	-	12,415,414	-	7,088,219	%57.09
17	Shares	7,273,469	-	7,273,469	-	7,273,469	%100.00
18	Total	359,483,209	139,965,705	356,086,277	38,761,452	253,300,775	%64.15

4.10.3.3 Exposures by asset classes and risk weights

	<i>Regulatory portfolio</i>	0%	10%	20%	35% secured by property mortgage	50%	75%	100%	150%	200%	Others	Total risk amount (post- CCF and CRM)
1	Exposures to sovereigns and their central banks	90,399,647	-	8	-	76	-	29,371,125	-	-	-	119,770,856
2	Exposures to regional and local government	-	-	-	-	139,553	-	132,751	-	-	-	272,304
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	361,847	-	-	-	361,847
4	Exposures to multilateral development banks	1,787,144	-	-	-	-	-	-	-	-	-	1,787,144
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	-	14,319,268	-	3,002,498	-	2,363,892	-	-	-	19,685,658
7	Exposures to corporates	10	-	1,047,859	-	3,471,486	-	135,504,137	-	-	-	140,023,492
8	Retail exposures	-	-	6,137	-	3,611	77,812,719	-	-	-	-	77,822,467
9	Exposures secured by residential property	-	-	-	14,396,341	-	-	-	-	-	-	14,396,341
10	Exposures secured by commercial property	-	-	-	-	12,884,348	-	4,876,876	-	-	-	17,761,224
11	Past-due items	-	-	-	-	1,639,943	-	3,420,918	-	-	-	5,060,861
12	Exposures in high-risk categories	-	-	-	-	3,098	-	182,978	877,256	-	-	1,063,332
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Shares	-	-	-	-	-	-	8,446,568	-	-	-	8,446,568
17	Other exposures	6,268,632	-	681	-	-	-	9,825,882	-	-	-	16,095,195
18	Total	98,455,433	-	15,373,953	14,396,341	21,144,613	77,812,719	194,486,974	877,256	-	-	422,547,289

	<i>Regulatory portfolio</i>	0%	10%	20%	35% secured by property mortgage	50%	75%	100%	150%	200%	Others	<i>Total risk amount (post-CCF and CRM)</i>
1	Exposures to sovereigns and their central banks	81,920,469	-	9	-	42	-	20,123,043	-	-	-	102,043,563
2	Exposures to regional and local government	-	-	-	-	100,894	-	129,747	-	-	-	230,641
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	382,368	-	-	-	382,368
4	Exposures to multilateral development banks	1,026,645	-	-	-	-	-	-	-	-	-	1,026,645
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	-	16,830,494	-	2,861,391	-	1,914,542	-	-	-	21,606,427
7	Exposures to corporates	7,586	-	504,369	-	3,922,983	-	131,145,055	-	-	-	135,579,993
8	Retail exposures	-	-	2	-	4,252	76,808,938	-	-	-	-	76,813,192
9	Exposures secured by residential property	-	-	-	16,190,916	-	-	-	-	-	-	16,190,916
10	Exposures secured by commercial property	-	-	-	-	11,921,301	-	4,291,727	-	-	-	16,213,028
11	Past-due items	-	-	-	-	1,254,959	-	2,886,359	-	-	-	4,141,318
12	Exposures in high-risk categories	-	-	-	-	7,545	-	69,879	812,789	-	-	890,213
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	40,542	-	-	-	-	-	-	-	-	-	40,542
16	Shares	-	-	-	-	-	-	7,273,469	-	-	-	7,273,469
17	Other exposures	5,326,831	-	455	-	-	-	7,088,128	-	-	-	12,415,414
18	Total	88,322,073	-	17,335,329	16,190,916	20,073,367	76,808,938	175,304,317	812,789	-	-	394,847,729

4.10.4 Counterparty credit risk

4.10.4.1 Qualitative disclosure on counterparty credit risk

Counterparty credit risk management policies include evaluating and monitoring risk developments, taking necessary measures, setting risk limits, ensuring that the risks remain within the limits, and establishing required reporting, control and audit mechanisms by using the methods aligned with both international standards and local regulations. The policies regarding counterparty credit risk measurement, monitoring, and limit settings are defined by the board of directors.

Counterparty credit risk arising from derivative transactions is periodically being monitored and reported by the Market Risk and Credit Risk Control units on product, country, counterparty and counterparty type basis.

International framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms in order to mitigate the counterparty credit risk.

4.10.4.2 Counterparty credit risk (CCR) approach analysis

	<i>Current Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	3,041,808	1,896,773		1.4	4,921,769	2,999,470
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					1,362,457	187,170
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						3,186,640

	<i>Prior Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	3,938,534	1,725,888		1.4	5,654,125	3,065,139
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					962,366	547
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						3,065,686

4.10.4.3 Capital requirement for credit valuation adjustment (CVA)

	<i>Current Period</i>		<i>Prior Period</i>	
	<i>EAD post-CRM</i>	<i>RWA</i>	<i>EAD post-CRM</i>	<i>RWA</i>
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)		-		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-		-
3 All portfolios subject to the Standardised CVA capital obligation	4,921,769	1,595,724	5,654,125	1,912,956
4 Total subject to the CVA capital obligation	4,921,769	1,595,724	5,654,125	1,912,956

4.10.4.4 CCR exposures by risk class and risk weights

<i>Current Period</i>	<i>Risk weight</i>								<i>Total credit exposure</i>
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>Other</i>	
Exposures to sovereigns and their central banks	-	-	-	-	-	57,500	-	-	57,500
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	11,346	-	-	11,346
Exposures to multilateral development banks	864,659	-	-	-	-	-	-	-	864,659
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	1,128,599	2,479,063	-	26,162	-	-	3,633,824
Exposures to corporates	-	-	-	177,293	-	1,532,127	-	-	1,709,420
Retail exposures	-	-	-	-	7,477	-	-	-	7,477
Exposures secured by mortgage property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	864,659	-	1,128,599	2,656,356	7,477	1,627,135	-	-	6,284,226

<i>Prior Period</i>	<i>Risk weight</i>								<i>Total credit exposure</i>
	<i>0%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>Other</i>	
Exposures to sovereigns and their central banks	-	-	-	-	-	3,024	-	-	3,024
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	6,266	-	-	6,266
Exposures to multilateral development banks	961,643	-	-	-	-	-	-	-	961,643
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	946,688	3,396,225	-	29,262	-	-	4,372,175
Exposures to corporates	-	-	1,995	256,929	-	999,905	-	-	1,258,829
Retail exposures	-	-	-	-	14,554	-	-	-	14,554
Exposures secured by mortgage property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	961,643	-	948,683	3,653,154	14,554	1,038,457	-	-	6,616,491

4.10.4.5 Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	4,469	-	-	-	23,798	-
Cash-foreign currency	12,343	-	-	-	2,301,090	-
Domestic sovereign debts	-	-	-	-	-	3,056,667
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	279,165
Total	16,812	-	-	-	2,324,888	3,335,832

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	3,873	-	-	-	550,722	-
Cash-foreign currency	6,423	-	-	-	1,252,241	-
Domestic sovereign debts	-	-	-	-	-	2,503,891
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	10,296	-	-	-	1,802,963	2,503,891

4.10.4.6 Credit derivatives

	Current Period		Prior Period	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	14,708,363	-	13,092,251
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	-	14,708,363	-	13,092,251
Fair Values		(1,232,260)		(868,451)
Positive fair values (asset)	-	1,835	-	10,527
Negative fair values (liability)	-	(1,234,095)	-	(878,978)

4.10.5 Securitisations

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

4.10.6 Market risk

4.10.6.1 Qualitative disclosure on market risk

Market risk is managed in accordance with the strategies and policies defined by the Bank. The Bank takes economic climate, market and liquidity conditions and their effects on market risk, the structure of portfolio subject to market risk, the sufficiency of the Bank’s definition, measurement, evaluation, monitoring, reporting, control and mitigation of market risk and the availability of the related processes into account while defining the market risk management. Market risk strategies and policies are reviewed by the board of directors and related top management by considering financial performance, capital required for market risk, and the existing market developments. Market risk for internal use, implementation fundamentals and procedures are being developed on bank-only and consolidated level in consideration of the size and complexity of the operations.

Market risk is managed through measuring the risks in parallel with the international standards, setting the limits, capital reserving and additionally through mitigating via hedging transactions.

Market Risk Function under Market Risk and Credit Risk Control Department monitors the activities of Treasury Department via risk reports and the limits approved by the Board of Directors.

Market Risk, which is defined as the risk arising from the price fluctuations in balance sheet and off-balance sheet trading positions, is being calculated and reported daily via Value at Risk (VaR) Model.

4.10.6.2 Market risk under standardised approach

		<i>RWA</i>	
		<i>Current Period</i>	<i>Prior Period</i>
	Outright products	9,270,000	6,829,590
1	Interest rate risk (general and specific)	2,034,313	1,538,562
2	Equity risk (general and specific)	51,424	51,340
3	Foreign exchange risk	6,955,263	5,128,838
4	Commodity risk	229,000	110,850
	Options	256,174	239,500
5	Simplified approach	-	-
6	Delta-plus method	256,174	239,500
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	9,526,174	7,069,090

4.10.7 Operational risk

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

4.10.8 Banking book interest rate risk

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

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and cash equivalents

5.1.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1,358,815	2,398,983	1,562,382	2,255,815
Central Bank of Turkey	3,073,728	45,838,461	1,253,438	34,549,115
Others	-	2,511,515	-	1,745,697
Total	4,432,543	50,748,959	2,815,820	38,550,627

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	3,073,728	15,129,891	1,253,438	13,261,434
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	30,708,570	-	21,287,681
Total	3,073,728	45,838,461	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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	79,989	10,897	96,474	3,412
Foreign banks	462,796	19,626,682	302,759	21,031,619
Foreign headoffices and branches	-	-	-	-
Total	542,785	19,637,579	399,233	21,035,031

The placements at foreign banks include blocked accounts amounting TL 12,275,884 (31 December 2018: TL 10,746,491) of which TL 3,926,283 (31 December 2018: TL 5,419,705) and TL 164,839 (31 December 2018: TL 146,033) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits and TL 8,184,762 (31 December 2018: TL 5,180,753) as collateral against funds borrowed at various banks.

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

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Current Period				
Balances at End of Prior Period	68,175	-	-	68,175
Additions during the Period (+)	172,048	4	-	172,052
Disposals (-)	(147,760)	(34)	-	(147,794)
Transfer to 12 month ECL (Stage1)	3	(3)	-	-
Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2)	(33)	33	-	-
Transfer to lifetime ECL Impaired Credits (Stage 3)	-	-	-	-
Foreign Currency Differences	6,419	-	-	6,419
Balances at End of Period	98,852	-	-	98,852

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Prior Period				
Balances at Beginning of Period (1January 2018)	7,112	-	-	7,112
Additions during the Period (+)	155,205	5	-	155,210
Disposals (-)	(96,495)	(43)	-	(96,538)
Transfer to 12 month ECL (Stage1)	7	(7)	-	-
Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2)	(45)	45	-	-
Transfer to lifetime ECL Impaired Credits (Stage 3)	-	-	-	-
Foreign Currency Differences	2,391	-	-	2,391
Balances at End of Period	68,175	-	-	68,175

5.1.2 Information on financial assets measured 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

None.

5.1.2.2 Financial assets measured at fair value through profit or loss

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Government Securities	286,939	140,430	151,143	83,426
Equity Securities	25,712	21,646	25,670	85,842
Other Financial Assets (*)	954	4.278.820	6,442	4,092,113
Total	313.605	4.440.896	183,255	4,261,381

(*) Financial assets measured at fair value through profit or loss include loan amounting to TL 4,266,653 (31 December 2018:TL 4,081,161) provided to a special purpose entity as detailed in Note 5.1.8.2. 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.

Valuation techniques considered in the valuation work and any possible changes in the basic assumptions may affect the carrying value of the related asset. For discounted cash flows method, significant unobservable inputs are EBITDA, growth rate and weighted average cost of capital. The estimated fair value of the asset would increase if growth rate and EBITDA are higher and decrease if the weighted average cost of capital is higher. Trading multiples and transaction multiples for the companies operating in the same sector are the other valuation techniques for pricing the assets. Transaction multiples for the companies operating in the same sector are based on similar transactions based on geographical features, industry, size, target market and other factors. Transaction multiples are derived by dividing the enterprise values of the companies to EBITDAs. The estimated fair value of the asset would increase if the multiples were higher and decrease if multiples were lower.

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	3,901,384	1,867,027	4,499,538	862,058
Assets subject to Repurchase Agreements	-	279,165	-	-
Total	3,901,384	2,146,192	4,499,538	862,058

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

	Current Period	Prior Period
Debt Securities	21,043,964	20,754,024
Quoted at Stock Exchange	21,040,548	20,744,633
Unquoted at Stock Exchange	3,416	9,391
Common Shares/Investment Fund	129,297	118,885
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	124,806	114,394
Value Increase/Impairment Losses (-)	3,190,806	2,594,872
Total	24,364,067	23,467,781

Expected losses of TL 51,475 (31 December 2018: TL 43,405). is accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	258,517	12,697	448,993	6,778
Swap Transactions	626,179	1,000,425	1,279,129	602,500
Futures	-	4,349	-	2,235
Options	99,671	273,122	365,236	290,580
Others	-	-	-	-
Total	984,367	1,290,593	2,093,358	902,093

5.1.4.2 Derivative financial assets held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	197,342	3,400	210,821	42,923
Cash Flow Hedges	560,003	24,028	521,497	181,242
Net Foreign Investment Hedges	-	-	-	-
Total	757,345	27,428	732,318	224,165

As of 30 June 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:

	<i>Current Period</i>			<i>Prior Period</i>		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	59,731,297	285,925	484,224	55,753,036	454,310	212,310
-TL	16,545,787	258,497	92,744	10,771,181	230,145	112,222
-FC	43,185,510	27,428	391,480	44,981,855	224,165	100,088
Cross Currency Swaps	2,894,431	498,848	28,940	2,223,564	502,173	98,516
-TL	393,629	498,848	-	859,272	502,173	-
-FC	2,500,802	-	28,940	1,364,292	-	98,516
Currency Forwards	262,143	-	29,419	496,737	-	50,967
-TL	148,197	-	29,419	287,873	-	50,967
-FC	113,946	-	-	208,864	-	-
Total	62,887,871	784,773	542,583	58,473,337	956,483	361,793

5.1.4.3 Fair value hedge accounting

<i>Current Period</i>	Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
					Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	95,759	48,934	(140,276)	4,417	
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	(28,599)	35,910	-	7,311	
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	74,174	115,898	(202,730)	(12,658)	
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	9,491	-	(28,940)	(19,449)	

<i>Prior Period</i>	Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Statement of profit or loss 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	(86,498)	132,662	(58,073)	(11,909)	
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	15,263	-	(98,516)	(83,253)	

5.1.4.4 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Statement of Profit/Loss in the Period	Ineffective Portion (net) Accounted under Statement of Profit/Loss
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	19,960	(480)	(89,717)	26,439	1,046
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	65,223	(140,738)	(95,615)	129,547	(8,205)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	498,848	-	(9,848)	(10,703)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	(29,419)	21,549	-	-
Spot Position (*)	Operational Expenses	Cash flow risk resulted from foreign currency exchange rates	404,976	-	19,352	-	-

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

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

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 Statement of Profit/Loss in the Period	Ineffective Portion (net) Accounted under Statement of Profit/Loss
			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	110,294	(548)	45,842	32,396	1,439
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	90,272	(74,442)	(55,708)	9,665	(5,115)
Cross Currency Swaps	Floating-rate securities issued	Commitments	-	-	(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)	-
Spot Position	Operational Expenses	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	1	501,705	105	542,442
Corporates	1	501,705	105	542,442
Individuals	-	-	-	-
Indirect Lendings to Shareholders	826	37,733	83,167	33,234
Loans to Employees	288,673	-	272,072	6
Total	289,500	539,438	355,344	575,682

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

Current Period Cash Loans (*)	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	187,668,841	28,731,505	5,778,622	4,434,235
Working Capital Loans	34,133,119	4,594,767	203,174	1,672,422
Export Loans	15,349,334	939,545	37,019	119,723
Import Loans	-	-	-	-
Loans to Financial Sector	4,061,214	723,683	-	-
Consumer Loans	38,017,041	6,290,509	977,075	13,474
Credit Cards	22,313,210	3,296,037	593,466	-
Others	73,794,923	12,886,964	3,967,888	2,628,616
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	187,668,841	28,731,505	5,778,622	4,434,235

(*) Non-performing loans are not included.

Prior Period Cash Loans (*)	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	183,085,227	27,972,349	5,125,206	3,021,609
Working Capital Loans	30,893,745	3,957,408	159,842	1,248,084
Export Loans	13,126,152	974,531	34,143	53,584
Import Loans	-	-	-	-
Loans to Financial Sector	3,135,539	1,243,584	-	-
Consumer Loans	40,294,922	6,860,148	463,050	12,386
Credit Cards	21,325,626	3,295,069	524,453	-
Others	74,309,243	11,641,609	3,943,718	1,707,555
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	183,085,227	27,972,349	5,125,206	3,021,609

(*) Non-performing loans are not included.

<i>Current Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	68,761,105	62,826,519	55,878,854	202,363	124,639,959	63,028,882
Loans under Follow-up (Stage 2)	11,069,504	17,408,143	10,457,746	8,969	21,527,250	17,417,112
Total Stage 1 and 2 Loans	79,830,609	80,234,662	66,336,600	211,332	146,167,209	80,445,994
Expected Credit losses-Stage 1-2 (-)	1,424,045	3,014,345	1,159,617	396	2,583,662	3,014,741
Total Non-performing Loans	5,199,700	4,774,079	3,413,719	-	8,613,419	4,774,079
Expected Credit losses-Stage 3 (-)	3,459,759	2,028,312	2,307,526	-	5,767,285	2,028,312

<i>Current Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	68,376,381	57,117,511	57,413,759	177,576	125,790,140	57,295,087
Loans under Follow-up (Stage 2)	8,667,632	16,913,512	10,529,284	8,736	19,196,916	16,922,248
Total Stage 1 and 2 Loans	77,044,013	74,031,023	67,943,043	186,312	144,987,056	74,217,335
Expected Credit losses-Stage 1-2 (-)	1,235,582	2,291,110	1,100,853	310	2,336,435	2,291,420
Total Non-performing Loans	4,341,392	4,135,304	2,930,377	-	7,271,769	4,135,304
Expected Credit losses-Stage 3 (-)	3,029,863	1,685,763	2,061,222	-	5,091,085	1,685,763

	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	915,081	-	769,085	-
Significant Increase in Credit Risk (Stage 2)	-	4,683,322	-	3,858,770

As of 30 June 2019, loans amounting to TL 10,121,606 are benefited as collateral under funding transactions(31 December 2018: TL 9,470,147).

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	347,817	30,733	-	378,550
Loans Collateralized by Mortgages/Shares	13,500,123	3,600,108	-	17,100,231
Loans Collateralized by Pledged Assets	2,057,720	289,397	-	2,347,117
Loans Collateralized by Cheques and Notes	102,980	5,391	-	108,371
Loans Collateralized by Other Collaterals	8,878,958	2,753,204	-	11,632,162
Unsecured Loans	2,886,203	602,225	3,889,503	7,377,931
Total	27,773,801	7,281,058	3,889,503	38,944,362

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	436,212	30,031	-	466,243
Loans Collateralized by Mortgages/Shares	12,270,993	3,679,201	-	15,950,194
Loans Collateralized by Pledged Assets	1,323,769	280,990	-	1,604,759
Loans Collateralized by Cheques and Notes	160,108	5,465	-	165,573
Loans Collateralized by Other Collaterals	7,429,708	2,745,858	-	10,175,566
Unsecured Loans	3,343,268	594,039	3,819,522	7,756,829
Total	24,964,058	7,335,584	3,819,522	36,119,164

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	915,292	1,197,276	229,826	2,342,394
61-90 days	630,921	431,719	90,459	1,153,099
Others	26,227,588	5,652,063	3,569,218	35,448,869
Total	27,773,801	7,281,058	3,889,503	38,944,362

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	2,635,779	1,151,680	247,891	4,035,350
61-90 days	436,718	358,987	82,845	878,550
Others	21,891,561	5,824,917	3,488,786	31,205,264
Total	24,964,058	7,335,584	3,819,522	36,119,164

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	1,426,966	41,459,087	42,886,053
Housing Loans	14,994	19,722,310	19,737,304
Automobile Loans	204,624	1,594,704	1,799,328
General Purpose Loans	1,207,348	20,142,073	21,349,421
Other	-	-	-
Consumer Loans – FC-indexed	-	173,723	173,723
Housing Loans	-	173,723	173,723
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	98	82,824	82,922
Housing Loans	-	51,024	51,024
Automobile Loans	-	21,876	21,876
General Purpose Loans	98	9,924	10,022
Other	-	-	-
Retail Credit Cards – TL	20,550,854	443,413	20,994,267
With Installment	9,186,841	443,413	9,630,254
Without Installment	11,364,013	-	11,364,013
Retail Credit Cards – FC	126,282	-	126,282
With Installment	-	-	-
Without Installment	126,282	-	126,282
Personnel Loans – TL	21,360	124,219	145,579
Housing Loan	-	935	935
Automobile Loans	-	29	29
General Purpose Loans	21,360	123,255	144,615
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	70	157	227
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	70	157	227
Other	-	-	-
Personnel Credit Cards – TL	126,720	663	127,383
With Installment	46,846	663	47,509
Without Installment	79,874	-	79,874
Personnel Credit Cards – FC	1,901	-	1,901
With Installment	-	-	-
Without Installment	1,901	-	1,901
Deposit Accounts– TL (Real persons)	1,996,012	-	1,996,012
Deposit Accounts– TL (Personnel)	13,583	-	13,583
Deposit Accounts– FC (Real persons)	-	-	-
Total	24,263,846	42,284,086	66,547,932

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	1,294,741	44,106,240	45,400,981
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
Other	-	-	-
Consumer Loans – FC-indexed	-	187,534	187,534
Housing Loans	-	187,529	187,529
Automobile Loans	-	-	-
General Purpose Loans	-	5	5
Other	-	-	-
Consumer Loans – FC	344	78,081	78,425
Housing Loans	-	47,969	47,969
Automobile Loans	69	20,371	20,440
General Purpose Loans	275	9,741	10,016
Other	-	-	-
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	106,574	-	106,574
With Installment	-	-	-
Without Installment	106,574	-	106,574
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
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	16	145	161
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	16	145	161
Other	-	-	-
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	1,152	-	1,152
With Installment	-	-	-
Without Installment	1,152	-	1,152
Deposit Accounts– TL (Real persons)	1,809,753	-	1,809,753
Deposit Accounts– TL (Personnel)	14,590	-	14,590
Deposit Accounts– FC (Real persons)	-	-	-
Total	23,219,818	44,909,537	68,129,355

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	858,054	12,835,694	13,693,748
Real Estate Loans	4,118	577,513	581,631
Automobile Loans	85,735	1,667,267	1,753,002
General Purpose Loans	768,201	10,590,914	11,359,115
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	-	1,225,562	1,225,562
Real Estate Loans	-	59,538	59,538
Automobile Loans	-	278,901	278,901
General Purpose Loans	-	887,123	887,123
Other	-	-	-
Installment-based Commercial Loans – FC	553	145,216	145,769
Real Estate Loans	-	-	-
Automobile Loans	-	32,836	32,836
General Purpose Loans	553	112,380	112,933
Other	-	-	-
Corporate Credit Cards – TL	4,860,592	61,080	4,921,672
With Installment	1,815,106	61,080	1,876,186
Without Installment	3,045,486	-	3,045,486
Corporate Credit Cards – FC	31,208	-	31,208
With Installment	-	-	-
Without Installment	31,208	-	31,208
Deposit Accounts– TL (Corporates)	1,545,888	-	1,545,888
Deposit Accounts– FC (Corporates)	-	-	-
Total	7,296,295	14,267,552	21,563,847

<i>Prior Period</i>	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
Other	-	-	-
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
Other	-	-	-
Installment-based Commercial Loans – FC	81	103,417	103,498
Real Estate Loans	-	-	-
Automobile Loans	-	18,993	18,993
General Purpose Loans	81	84,424	84,505
Other	-	-	-
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	7,564,100	15,471,199	23,035,299

5.1.5.6 Allocation of loans by customers

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

5.1.5.7 Allocation of domestic and foreign loans (*)

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	223,633,108	216,188,678
Foreign Loans	2,980,095	3,015,713
Total	226,613,203	219,204,391

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	1,274,745	1,601,778
Indirect Lending	-	-
Total	1,274,745	1,601,778

5.1.5.9 Specific provisions for loans

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans - Limited Collectibility	535,025	916,932
Doubtful Loans	1,788,171	2,145,545
Uncollectible Loans	5,472,401	3,714,371
Total	7,795,597	6,776,848

5.1.5.10 Non-performing (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 Specific Provisions)	198,831	655,777	3,665,977
Restructured Loans	198,831	655,777	3,665,977
Prior Period			
(Gross Amounts before Specific Provisions)	384,401	2,502,782	1,299,731
Restructured Loans	384,401	2,502,782	1,299,731

Movements in non-performing loans groups

<i>Current Period</i>	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
Balances at End of Prior Period	2,418,783	4,563,212	4,425,078
Additions (+)	2,934,821	40,057	69,172
Transfer from Other NPL Categories (+)	-	3,785,239	4,448,701
Transfer to Other NPL Categories (-)	3,785,239	4,448,701	-
Collections during the Period (-)	287,324	424,106	396,844
Write-offs (-) (*)	-	-	2
Debt Sale (-) (**)	-	1,646	367,638
Corporate and Commercial Loans	-	1,465	125,267
Retail Loans	-	87	129,744
Credit Cards	-	94	112,627
Other	-	-	-
Foreign Currency Differences	15,838	271,839	126,258
Balances at End of Period	1,296,879	3,785,894	8,304,725
Specific Provisions (-)	535,025	1,788,171	5,472,401
Net Balance on Balance Sheet	761,854	1,997,723	2,832,324

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

(**) Consists of sale of non-performing loans.

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
Balances at Beginning of Period (1 January 2018)	714,373	998,854	3,694,887
Additions (+)	10,115,122	143,034	384,125
Transfer from Other NPL Categories (+)	-	6,008,207	1,739,919
Transfer to Other NPL Categories (-)	6,008,207	1,739,919	-
Collections during the Period (-)	488,051	660,288	1,075,108
Write-offs (-) (*)	2,028,222	31	4,251
Debt Sale (-) (**)	-	5,251	311,657
Corporate and Commercial Loans	-	330	16,142
Retail Loans	-	3,181	152,781
Credit Cards	-	1,740	142,734
Other	-	-	-
Foreign Currency Differences	113,768	(181,394)	(2,837)
Balances at End of Period	2,418,783	4,563,212	4,425,078
Specific Provisions (-)	916,932	2,145,545	3,714,371
Net Balance on Balance Sheet	1,501,851	2,417,667	710,707

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

(**) Includes TL 316,908 from the sale of non-performing receivables.

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	181,288	1,365,032	4,139,702
Provisions (-)	90,102	538,209	2,118,224
Net Balance at Balance Sheet	91,186	826,823	2,021,478
<i>Prior Period</i>			
Balance at End of Period	1,000,977	3,280,698	764,303
Provisions (-)	340,176	1,453,827	627,233
Net Balance at Balance Sheet	660,801	1,826,871	137,070

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)	761,854	1,997,723	2,832,324
Loans to Individuals and Corporates (Gross)	1,296,879	3,785,894	8,304,725
Provision (-)	535,025	1,788,171	5,472,401
Loans to Individuals and Corporates (Net)	761,854	1,997,723	2,832,324
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
<i>Prior Period (Net)</i>			
Loans to Individuals and Corporates (Gross)	2,418,783	4,563,212	4,425,078
Provision (-)	916,932	2,145,545	3,714,371
Loans to Individuals and Corporates (Net)	1,501,851	2,417,667	710,707
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-

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

	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
Current Period (Net)	8,170	37,872	132,704
Interest accruals and valuation differences	15,452	72,258	283,345
Provision (-)	7,282	34,386	150,641
Prior Period (Net)	41,088	123,666	14,344
Interest accruals and valuation differences	68,489	231,716	40,635
Provision (-)	27,401	108,050	26,291

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	18,048	475	-	18,523
Loans Collateralized by Mortgages	6,325,642	322,842	-	6,648,484
Loans Collateralized by Pledged Assets	1,207,353	66,977	-	1,274,330
Loans Collateralized by Cheques and Notes	156,609	6,113	-	162,722
Loans Collateralized by Other Collaterals	1,909,980	1,691,904	-	3,601,884
Unsecured Loans	93,499	302,203	1,285,853	1,681,555
Total	9,711,131	2,390,514	1,285,853	13,387,498

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	6,301	354	-	6,655
Loans Collateralized by Mortgages	5,286,612	240,027	-	5,526,639
Loans Collateralized by Pledged Assets	984,241	59,774	-	1,044,015
Loans Collateralized by Cheques and Notes	162,318	6,875	-	169,193
Loans Collateralized by Other Collaterals	1,760,475	1,397,686	-	3,158,161
Unsecured Loans	87,709	290,276	1,124,425	1,502,410
Total	8,287,656	1,994,992	1,124,425	11,407,073

5.1.5.11 Expected credit loss for loans

<i>Current Period</i>	Stage 1	Stage 2	Stage 3	Total
Balances at End of Prior Period	769,085	3,858,770	6,776,848	11,404,703
Additions during the Period (+)	811,096	2,981,369	1,113,108	4,905,573
Disposals (-)	(1,007,741)	(1,456,650)	(478,320)	(2,942,711)
Debt Sales (-)	-	-	(369,284)	(369,284)
Write-offs (-)	-	-	(2)	(2)
Transfer to Stage1	604,063	(602,788)	(1,275)	-
Transfer to Stage 2	(272,867)	274,889	(2,022)	-
Transfer to Stage 3	(3,625)	(581,287)	584,912	-
Foreign Currency Differences	15,070	209,019	171,632	395,721
Balances at End of Period	915,081	4,683,322	7,795,597	13,394,000

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at Beginning of Period (1 January 2018)	766,696	3,254,252	3,669,512	7,690,460
Additions during the Period (+)	1,453,510	4,780,840	2,640,959	8,875,309
Disposals (-)	(2,090,497)	(960,638)	(809,598)	(3,860,733)
Debt Sales (-)	(649)	-	(316,908)	(317,557)
Write-offs (-)	-	-	(2,032,504)	(2,032,504)
Transfer to Stage1	1,120,160	(1,119,170)	(990)	-
Transfer to Stage 2	(514,569)	520,622	(6,053)	-
Transfer to Stage 3	(4,895)	(3,693,826)	3,698,721	-
Foreign Currency Differences	39,329	1,076,690	(66,291)	1,049,728
Balances at End of Period	769,085	3,858,770	6,776,848	11,404,703

5.1.5.12 Liquidation policy for uncollectible loans and 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”.

5.1.5.13 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

None.

5.1.7 Financial assets measured at amortised cost

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	4,045,040	5,516,020	3,176,487	4,185,992
Investments subject to Repurchase Agreements	24,231	401,021	46,120	-
Total	4,069,271	5,917,041	3,222,607	4,185,992

5.1.7.2 Government securities measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	26,667,955	24,585,789
Treasury Bills	-	-
Other Government Securities	-	-
Total	26,667,955	24,585,789

5.1.7.3 Financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	20,971,103	19,482,131
Quoted at Stock Exchange	20,038,558	18,653,123
Unquoted at Stock Exchange	932,545	829,008
Valuation Increase/(Decrease)	6,830,537	5,950,152
Total	27,801,640	25,432,283

5.1.7.4 Movement of financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	25,432,283	22,068,140
Foreign Currency Differences On Monetary Assets	640,936	1,994,487
Purchases during the Period	932,340	673,395
Disposals through Sales/Redemptions	(84,304)	(2,148,127)
Valuation Effect	880,385	2,844,388
Balances at End of Period	27,801,640	25,432,283

5.1.7.5 Expected credit loss for financial assets measured at amortised cost

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	56,141	-	-	56,141
Additions during the Period (+)	28,529	-	-	28,529
Disposal (-)	(16,624)	-	-	(16,624)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	1,774	-	-	1,774
Balances at End of Period	69,820	-	-	69,820

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at Beginning of Period (1 January 2018)	16,907	-	-	16,907
Additions during the Period (+)	53,081	-	-	53,081
Disposal (-)	(15,193)	-	-	(15,193)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	1,346	-	-	1,346
Balances at End of Period	56,141	-	-	56,141

5.1.8 Assets held for sale and assets of discontinued operations

5.1.8.1 Movement of assets held for sale and assets of discontinued operations

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	799,989	790,182
Accumulated Depreciation (-)	(13,291)	(14,754)
Net Book Value	786,698	775,428
End of Current Period		
Additions	213,873	238,913
Disposals (Cost)	(87,266)	(170,214)
Disposals (Accumulated Depreciation)	774	1,463
Impairment Losses	2,390	(58,892)
Depreciation Expense for Current Period (-)	-	-
Cost	928,986	799,989
Accumulated Depreciation (-)	(12,517)	(13,291)
Net Book Value	916,469	786,698

5.1.8.2 Investments in subsidiaries and associates to be disposed

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	11	-
Additions (*)	-	11
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses	-	-
Depreciation Expense for Current Period (-)	-	-
Cost		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".

5.1.9 Investments in associates

5.1.9.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	10.15	10.15
2	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
3	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	4.95	4.97
4	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.34
5	KKB Kredi Kayıt Bürosu AŞ ⁽¹⁾	İstanbul/Turkey	9.09	9.09
6	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara /Turkey	2.48	2.48
7	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	120,754	73,908	43,414	1,049	-	8,943	4,564	-
2	1,064,789	101,680	2,220	2,047	595	4,915	1,825	-
3	17,907,002	1,869,251	117,382	677,361	383	124,810	90,884	-
4	13,285,548	2,665,517	618,258	117,327	265,253	1,173,543	228,053	-
5	338,309	209,618	212,921	2,610	53	12,147	12,874	-
6	721,499,799	85,155,002	541,979	30,135,305	5,070,791	56,279,555	18,383,903	-
7	688,197	563,911	20,293	11,382	-	32,826	37,381	-

(1) Financial information is as of 31 March 2019.

(2) Financial information is as of 31 December 2018.

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

5.1.9.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	35,158	35,158
Movements during the Period	-	-
Acquisitions	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	-	-
Balance at End of Period	35,158	35,158
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.9.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	25,557	25,557
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	5,935	5,935
Other Associates	3,666	3,666

5.1.9.4 Quoted associates

None.

5.1.9.5 Valuation methods of investments in associates

Investments in Associates	Current Period	Prior Period
Valued at Cost	35,158	35,158
Valued at Fair Value	-	-

5.1.9.6 Investments in associates sold during the current period

None.

5.1.9.7 Investments in associates acquired during the current period

None.

5.1.10 Investments in subsidiaries

5.1.10.1 Information on capital adequacy of major subsidiaries

The Bank does not have any capital needs for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major subsidiaries is presented below.

<i>Current Period</i>	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			
Share Premium	-	-	
Share Cancellation Profits	-	-	-
Legal Reserves			
Other Comprehensive Income according to TAS		-	
Current and Prior Periods' Profits			
Common Equity Tier I Capital Before Deductions			
Deductions From Common Equity Tier I Capital			
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)			
Leasehold Improvements on Operational Leases (-)	-	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)			
Net Deferred Tax Asset/Liability (-)	-	-	
Total Deductions from Common Equity Tier I Capital			
Total Common Equity Tier I Capital			
Total Deductions From Tier I Capital	-	-	-
Total Tier I Capital			
TIER II CAPITAL		-	
TOTAL CAPITAL			

<i>Prior Period</i>	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

5.1.10.2 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group 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	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	100.00
12	Garanti Holding BV	Amsterdam/the Netherlands	100.00	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
1	120,319	97,732	58	9,353	-	16,121	7,603	-
2	38,548	19,502	521	1,927	-	399	3,173	-
3	4,714	4,261	-	453	-	446	235	-
4	3,130	1,946	1,129	-	-	43	15	-
5	5,313	4,182	20	416	-	413	640	-
6	5,449,531	952,601	19,642	235,342	-	57,737	57,966	-
7	1,732,732	167,827	14,929	214,647	-	28,312	9,693	-
8	403,794	241,475	36,780	11,714	4,528	63,382	44,380	-
9	121,499	111,257	1,776	7,647	1,856	13,162	14,181	-
10	1,840,536	1,121,833	54,067	148,129	1,813	220,557	205,858	-
11	24,958,801	3,866,398	228,040	463,115	16,964	51,940	71,666	-
12	2,228,572	2,228,236	-	-	-	(315)	(201)	-

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

5.1.10.3 Movement of investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	7,024,751	6,185,817
Movements during the Period	1,011,622	838,934
Acquisitions	-	-
Bonus Shares Received	-	-
Earnings from Current Year Profit	510,817	751,691
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values ^(*)	78,573	(1,058,750)
Currency Differences on Foreign Subsidiaries	422,232	1,145,993
Impairment Reversals/(Losses)	-	-
Balance at End of Period	8,036,373	7,024,751
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

^(*) TL 1,018,959 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.

5.1.10.4 Sectoral distribution of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Banks	3,856,465	3,499,491
Insurance Companies	952,568	764,722
Factoring Companies	137,335	114,151
Leasing Companies	952,596	902,555
Finance Companies	2,037,817	1,660,292
Other Subsidiaries	99,592	83,540

5.1.10.5 Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchange	137,335	114,151
Quoted at Foreign Stock Exchange	-	-

5.1.10.6 Valuation methods of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	99,592	83,540
Valued at Fair Value ^(*)	7,936,781	6,941,211

^(*) The balances are as per the results of equity accounting application.

5.1.10.7 Investments in subsidiaries disposed during the current period

None.

5.1.10.8 Investments in subsidiaries acquired during the current period

None.

5.1.11 Investments in Joint-Ventures

None.

5.1.12 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".

5.1.13 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”.

5.1.14 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	690,700	690,588
Additions	92	6,576
Disposals	-	(8,850)
Transfers to Tangible Assets	-	8,000
Fair Value Change	-	(5,614)
Net Book Value at End of Current Period	690,792	690,700

The investment property is held for operational leasing purposes. The Bank account its 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.

5.1.15 Deferred tax asset

As of 30 June 2019, the Bank has a deferred tax asset of TL 1,686,240 (31 December 2018: TL 1,305,446) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

The Bank does not have any deferred tax assets on tax losses carried forward or tax deductions and exemptions as of 30 June 2019. However, there is a deferred tax asset of TL 2,301,696 (31 December 2018: TL 1,839,523) and deferred tax liability of TL 615,456 (31 December 2018: TL 534,077) presented as net in the accompanying 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 such differences are related with certain items on the shareholders’ equity accounts, the deferred taxes are charged or credited directly to these accounts.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	1,992,477	412,484	1,593,734	324,948
Stages 1&2 Credit Losses	6,272,968	1,380,053	5,119,175	1,126,130
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	390,824	82,176	(321,291)	(79,883)
Revaluation Differences on Real Estates	(1,857,926)	(185,793)	(1,857,926)	(185,793)
Other	(13,232)	(2,680)	544,631	120,044
Deferred Tax Asset	6,785,111	1,686,240	5,078,323	1,305,446

(*) 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’ financial assets.

As of 30 June 2019, TL 235,845 (31 December 2018: TL 302,700) and TL 144,949 (31 December 2018: TL 352,151) of deferred tax income and income are recognised in the statement of profit or loss and the shareholders’ equity, respectively.

5.1.16 Other Assets

5.1.16.1 Receivables from term sale of assets

	<i>Current Period</i>	<i>Prior Period</i>
Sale of Real Estates	108,151	148,819
Sale of Financial Assets Measured at Fair Value through Other Comprehensive Income	-	27,116
Sale of Other Assets	1,137	1,137
Total	109,288	177,072

5.1.16.2 Prepaid expenses, taxes and similar items

	<i>Current Period</i>	<i>Prior Period</i>
Prepaid Expenses	1,249,430	1,049,615
Prepaid Taxes	-	60,043

5.2 Liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	12,222,001	-	3,172,922	47,670,143	1,305,122	800,556	3,152,491	2,584	68,325,819
Foreign Currency Deposits	36,258,016	-	11,846,235	64,166,061	2,660,392	2,605,293	4,867,570	41,599	122,445,166
Residents in Turkey	34,887,430	-	11,677,367	61,471,607	1,816,851	2,122,090	1,107,867	40,386	113,123,598
Residents in Abroad	1,370,586	-	168,868	2,694,454	843,541	483,203	3,759,703	1,213	9,321,568
Public Sector Deposits	979,959	-	10,220	36,119	3,671	11	53	-	1,030,033
Commercial Deposits	9,387,766	-	8,773,679	7,763,432	332,896	509,179	794,688	-	27,561,640
Other	442,171	-	224,689	664,207	26,386	428,334	3,313,904	-	5,099,691
Precious Metal Deposits	3,396,133	-	-	131,034	130,564	25,413	480,532	-	4,163,676
Bank Deposits	3,017,576	-	142,578	4,110	903	6,578	4,060	-	3,175,805
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	8,017	-	-	-	-	6,578	-	-	14,595
Foreign Banks	923,087	-	142,578	4,110	903	-	4,060	-	1,074,738
Special Financial Institutions	2,086,472	-	-	-	-	-	-	-	2,086,472
Other	-	-	-	-	-	-	-	-	-
Total	65,703,622	-	24,170,323	120,435,106	4,459,934	4,375,364	12,613,298	44,183	231,801,830

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	10,375,184	-	2,787,058	44,005,789	7,253,698	2,220,791	2,750,586	2,925	69,396,031
Foreign Currency Deposits	27,718,131	-	9,979,134	53,296,982	2,240,204	4,863,532	7,861,697	44,780	106,004,460
Residents in Turkey	26,540,786	-	9,771,313	51,007,544	2,037,249	2,989,830	904,452	43,262	93,294,436
Residents in Abroad	1,177,345	-	207,821	2,289,438	202,955	1,873,702	6,957,245	1,518	12,710,024
Public Sector Deposits	1,148,423	-	1,252	26,429	4,968	1,024	-	-	1,182,096
Commercial Deposits	7,501,167	-	8,378,944	9,444,337	828,154	462,155	727,120	-	27,341,877
Other	246,290	-	160,384	816,004	135,756	387,369	3,761,840	-	5,507,643
Precious Metal Deposits	2,794,512	-	-	76,254	13,884	9,758	385,829	-	3,280,237
Bank Deposits	4,444,767	-	852,805	26,584	13,449	2,076	5,893	-	5,345,574
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2,770	-	650,427	-	-	2,076	-	-	655,273
Foreign Banks	1,207,250	-	202,378	26,584	13,449	-	5,893	-	1,455,554
Special Financial Institutions	3,234,747	-	-	-	-	-	-	-	3,234,747
Other	-	-	-	-	-	-	-	-	-
Total	54,228,474	-	22,159,577	107,692,379	10,490,113	7,946,705	15,492,965	47,705	218,057,918

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	30,318,089	28,784,393	37,452,120	40,053,588
Foreign Currency Saving Deposits	16,599,287	12,646,522	59,894,654	48,242,453
Other Saving Deposits	1,956,634	1,639,365	1,975,707	1,499,769
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,228,819	1,131,547	60	7
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

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	69,259	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	161,972	148,387
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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	824,431	-	502,342
Domestic Banks and Institutions	407,437	1,071,884	409,136	1,236,004
Foreign Banks, Institutions and Funds	504,883	28,142,422	505,307	29,287,893
Total	912,320	30,038,737	914,443	31,026,239

5.2.2.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	407,437	1,851,077	409,136	1,831,341
Medium and Long-Term	504,883	28,187,660	505,307	29,194,898
Total	912,320	30,038,737	914,443	31,026,239

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".

5.2.3 Money market funds

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	94,645	-	45,360	-
Financial Institutions and Organizations	70,973	-	23,252	-
Other Institutions and Organizations	9,943	-	10,007	-
Individuals	13,729	-	12,101	-
Foreign Transactions	22	423,684	56	-
Financial Institutions and Organizations	-	423,684	-	-
Other Institutions and Organizations	-	-	-	-
Individuals	22	-	56	-
Total	94,667	423,684	45,416	-

5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	5,015,101	2,032,018	-	18,375,237
Cost	4,877,476	2,030,144	-	18,280,119
Carrying Value (*)	4,986,576	2,093,269	-	17,549,097

(*) The Bank repurchased its own foreign currency securities with a total face value of TL 52 and USD 206,890,000 and netted off such securities in the accompanying financial statements.

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,137,906	2,032,018	26,970	17,563,365
Cost	1,106,078	2,030,144	26,970	17,476,120
Carrying Value (*)	1,128,901	2,071,940	27,087	16,779,430

(*) The Bank repurchased its own foreign currency securities with a total face value of USD 206,730,000 and netted off such securities in the accompanying financial statements.

5.2.5 Financial liabilities measured at fair value through profit/loss

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC		
Funds Borrowed	-	13,565,901	-	12,285,838
Total	-	13,565,901	-	12,285,838

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,557,976,191 as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 June 2019, the accumulated fair value change of the related financial liability amounted to TL 1,305,292 (31 December 2018: TL 930,827) and the corresponding gain recognised in the statement of profit or loss amounted to TL 374,465 (31 December 2018: TL 886,879). The carrying value of the related financial liability amounted to TL 13,565,901 (31 December 2018: TL 12,285,838).

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

	<i>Current Period</i>		<i>Prior Period</i>	
	TP	YP	TP	YP
Forward Transactions	179,205	63,081	385,023	16,236
Swap Transactions	1,363,003	2,188,905	1,523,517	1,350,203
Futures	-	1,306	-	164
Options	209,132	120,507	330,558	236,558
Others	-	-	-	-
Total	1,751,340	2,373,799	2,239,098	1,603,161

5.2.6.2 Derivative financial liabilities held for hedging purpose

Derivative Financial Liabilities held for Hedging Purpose	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	20,773	351,173	49,606	186,229
Cash Flow Hedges	101,391	69,246	113,583	12,375
Net Foreign Investment Hedges	-	-	-	-
Total	122,164	420,419	163,189	198,604

5.2.7 Lease payables (Net)

5.2.7.1 Financial lease payables

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	6,609	6,292	19,252	16,464
1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	6,609	6,292	19,252	16,464

5.2.7.2 Operational lease agreements

	<i>Current Period</i>	
	Gross	Net
Up to 1 Year	345,117	205,999
1-4 Years	726,432	433,605
More than 4 Years	529,168	315,859
Total	1,600,717	955,463

5.2.8 Provisions

5.2.8.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	471,126	407,655
Provision for the Period	58,734	95,140
Actuarial Gain/Loss	-	15,491
Payments During the Period	(20,334)	(47,160)
Balances at End of Period	509,526	471,126

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

None.

5.2.8.3 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”.

5.2.8.4 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	1,115,979	1,051,233
Provision for Promotion Expenses of Credit Cards	148,691	124,388
Provision for Lawsuits	363,595	339,012
Provision for Non-Cash Loans	794,965	648,332
Other Provisions (*)	2,446,185	2,657,428
Total	4,869,415	4,820,393

(*) Includes total general reserve of TL 2,350,000 (31 December 2018: 2,250,000) consisting of TL 100,000 and TL 2,250,000 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 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 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 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.

	<i>31 December 2018</i>
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

	<i>31 December 2018</i>
Balance at Beginning of Period	-
Actual contributions paid during the period	(77,036)
Total expense recognized in the statement of profit or loss	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:

	<i>31 December 2018</i>
	%
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 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 rate +1%	-	23.00	12.70
Medical inflation rate -1%	-	(17.40)	(9.60)

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)

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 June 2019, the Bank had a current tax liability of TL 879,057 (31 December 2018: TL 95,966) after offsetting with prepaid taxes.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	879,057	95,966
Taxation on Securities Income	245,751	162,703
Taxation on Real Estates Income	5,049	4,846
Banking Insurance Transaction Tax	204,163	220,228
Foreign Exchange Transaction Tax	9,598	100
Value Added Tax Payable	20,477	14,758
Others	81,846	63,011
Total	1,445,941	561,612

5.2.9.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	94	76
Social Security Premiums-Employer	115	93
Bank Pension Fund Premium-Employees	267	30
Bank Pension Fund Premium-Employer	411	30
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	1,665	1,357
Unemployment Insurance-Employer	3,360	2,739
Others	49	30
Total	5,961	4,355

5.2.9.2 Deferred tax liability

None.

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

None.

5.2.11 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”.

5.2.12 Other liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	11,709,518	155,548	10,869,208	80,773
Payables from clearing transactions	1,425,202	62,662	3,780,969	59,285
Dividend payables to shareholders	712	-	725	-
Other	1,110,641	1,109,107	1,054,084	1,023,199
Total	14,246,073	1,327,317	15,704,986	1,163,257

5.2.13 Shareholders' equity

5.2.13.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

5.2.13.2 Registered share capital system

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

5.2.13.3 Capital increases in current period

None.

5.2.13.4 Capital increases from capital reserves in current period

None.

5.2.13.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.13.7 Information on privileges given to stocks representing the capital

None.

5.2.13.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC		
Investments in Associates, Subsidiaries and Joint-Ventures	3,314,769	189,348	2,899,703	119,711
Valuation difference	3,314,769	189,348	2,899,703	119,711
Exchange rate difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	(1,014,519)	(243,286)	(800,087)	(229,053)
Valuation difference	(1,014,519)	(243,286)	(800,087)	(229,053)
Exchange rate difference	-	-	-	-
Total	2,300,250	(53,938)	2,099,616	(109,342)

5.2.13.9 Revaluation surplus

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	9,311	166,150	8,454	90,909
Real Estates	1,423,893	-	1,423,893	-
Gain on Sale of Investments in Associates and Subsidiaries and Real Estates allocated for Capital Increases	-	-	-	-
Other	(158,829)	-	(158,829)	-
Total	1,274,375	166,150	1,273,518	90,909

5.2.13.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
Garanti Yatırım Menkul Değerler AŞ	942	942
Kredi Kartları Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Tat Konserve AŞ	-	-
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Total	1,855	1,855

5.2.13.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	961,534	961,534
II. Legal Reserve	503,840	503,840
Special Reserves	-	-
Total	1,465,374	1,465,374

5.2.13.12 Extraordinary reserves and other profit reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	37,701,642	30,643,540
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital	-	-
Total	37,701,642	30,643,540

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 31,461,577 (31 December 2018: TL 11,811,997), commitments for cheque payments of TL 3,466,550 (31 December 2018: TL 2,719,279) and commitments for credit card limits of TL 34,441,754 (31 December 2018: TL 31,989,908).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	27,006,862	26,424,630
Letters of Guarantee in TL	22,942,741	22,742,832
Letters of Credit	10,160,957	13,783,428
Bills of Exchange and Acceptances	2,867,178	2,788,829
Prefinancings	-	-
Other Guarantees	69,597	63,270
Total	63,047,335	65,802,989

Expected losses for non-cash loans and irrevocable commitments

	Stage 1	Stage 2	Stage 3	Total
Current Period				
Balances at Beginning of Period	121,505	244,658	282,169	648,332
Additions during the Period (+)	112,815	230,019	45,776	388,610
Disposals (-)	(117,421)	(77,469)	(72,799)	(267,689)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	38,651	(38,293)	(358)	-
Transfer to Stage 2	(14,740)	15,958	(1,218)	-
Transfer to Stage 3	(199)	(19,909)	20,108	-
Foreign Currency Differences	3,842	7,708	14,162	25,712
Provisions at End of Period	144,453	362,672	287,840	794,965

	Stage 1	Stage 2	Stage 3	Total
Prior Period				
Balances at Beginning of Period	109,432	200,441	117,557	427,430
Additions during the Period (+)	210,538	367,016	153,481	731,035
Disposals (-)	(311,861)	(195,376)	(59,320)	(566,557)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	147,637	(133,463)	(14,174)	-
Transfer to Stage 2	(38,892)	46,992	(8,100)	-
Transfer to Stage 3	(749)	(80,862)	81,611	-
Foreign Currency Differences	5,400	39,910	11,114	56,424
Provisions at End of Period	121,505	244,658	282,169	648,332

A specific provision of TL 287,840 (31 December 2018: TL 282,169) is made for unliquidated non-cash loans of TL 1,151,069 (31 December 2018: TL 837,427) 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”.

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	12,308,070	12,434,212
With Original Maturity of 1 Year or Less	1,901,824	2,339,515
With Original Maturity of More Than 1 Year	10,406,246	10,094,697
Other Non-Cash Loans	50,739,265	53,368,777
Total	63,047,335	65,802,989

5.3.1.4 Sectoral risk concentration of non-cash loans

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

5.3.1.5 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”.

5.4 Statement of Profit or Loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest income received from loans				
Short-term loans	5,526,146	291,038	3,431,840	142,691
Medium and long-term loans	7,976,874	2,559,648	7,001,476	2,134,367
Loans under follow-up	276,793	42,967	219,583	532
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	13,779,813	2,893,653	10,652,899	2,277,590

(*) Includes also the fee and commission income on cash loans

5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	3,882	128,089	33,259	30,771
Domestic Banks	117,438	3,066	38,471	559
Foreign Banks	3,790	177,698	2,522	55,783
Foreign Head Offices and Branches	-	-	-	-
Total	125,110	308,853	74,252	87,113

5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	23,110	3,429	22,600	1,680
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,354,024	217,558	929,928	221,998
Financial Assets Measured at Amortised Cost	1,473,079	155,295	885,697	103,579
Total	2,850,213	376,282	1,838,225	327,257

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. 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 and was updated 11% as of 11 June 2019. If the valuation of such securities was performed according to the reference index valid as of 30 June 2019, the Bank's securities value increase fund under the equity would increase by TL 359,033 (net), whereas the interest income on securities portfolio would decrease by TL 1,053,544.

5.4.1.4 Interest income received from associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	106,495	67,534

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	47,722	472,672	33,091	395,329
Central Bank of Turkey	-	4,047	-	1,495
Domestic Banks	25,303	20,291	10,486	9,609
Foreign Banks	22,419	448,334	22,605	384,225
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	527,545	-	334,635
Total	47,722	1,000,217	33,091	729,964

(*) Includes also the fee and commission 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	235,407	121,833

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

Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	1,146	44,555	-	-	-	-	-	45,701
Saving Deposits	42	268,357	4,508,402	345,046	210,805	307,390	-	5,640,042
Public Sector Deposits	-	268	3,312	435	105	3	-	4,123
Commercial Deposits	210	905,419	970,726	53,997	42,048	83,017	-	2,055,417
Other	2	24,116	87,517	5,962	47,037	362,542	-	527,176
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	1,400	1,242,715	5,569,957	405,440	299,995	752,952	-	8,272,459
Foreign Currency								
Foreign Currency Deposits	9	92,218	769,210	33,533	70,632	122,892	263	1,088,757
Bank Deposits	-	1,709	-	-	-	-	-	1,709
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	43	138	108	3,359	-	3,648
Total FC	9	93,927	769,253	33,671	70,740	126,251	263	1,094,114
Grand Total	1,409	1,336,642	6,339,210	439,111	370,735	879,203	263	9,366,573

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	286	45,324	-	-	-	-	-	45,610
Saving Deposits	24	125,462	2,691,303	143,296	38,032	64,659	-	3,062,776
Public Sector Deposits	-	799	1,473	347	11	-	-	2,630
Commercial Deposits	15	338,560	531,900	31,987	24,489	84,651	-	1,011,602
Other	8	12,683	47,900	6,398	29,438	170,658	-	267,085
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	333	522,828	3,272,576	182,028	91,970	319,968	-	4,389,703
Foreign Currency								
Foreign Currency Deposits	-	50,752	555,036	35,156	58,156	220,510	376	919,986
Bank Deposits	-	10,147	-	-	-	-	-	10,147
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	32	13	33	2,111	-	2,189
Total FC	-	60,899	555,068	35,169	58,189	222,621	376	932,322
Grand Total	333	583,727	3,827,644	217,197	150,159	542,589	376	5,322,025

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

	Current Period	Prior Period
Income	61,309,389	50,241,722
Trading Account Income	713,756	1,091,079
Gains from Derivative Financial Instruments	6,474,867	10,059,268
Foreign Exchange Gains	54,120,766	39,091,375
Losses (-)	62,409,554	50,657,951
Trading Account Losses	378,613	356,703
Losses from Derivative Financial Instruments	8,864,510	9,831,487
Foreign Exchange Losses	53,166,431	40,469,761
Total	(1,100,165)	(416,229)

TL 2,293,100 (30 June 2018: TL 3,856,462) of foreign exchange gains and TL 1,790,560 (30 June 2018: TL 5,037,340) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

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

The Bank also enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for funds borrowed amounting to USD 39,913,514 and EUR 26,315,789 and securitization borrowings amounting to EUR 56,447,362 by designating cross currency swaps with the same face values and terms and borrowing amounting to USD 500,000,000, securitizations amounting to USD 628,821,140 and EUR 75,000,000 and deposits amounting to TL 5,585,000, 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 19,816,668 by designating forwards with the same face values and terms. Accordingly, in the current period, gain of TL 55,126 (30 June 2018: TL 73,792) and losses of TL 110,494 (30 June 2018: TL 251,680) and TL 29,419 (30 June 2018: TL -) resulting from cross currency, interest rate swap and forward agreements were recognised under shareholders' equity, respectively.

The Bank also applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 1,892,728, USD 475,210,563 and EUR 259,591,490, for its fixed rate coupons with a total face value of TL 795,000 and USD 487,500,000 and fixed-rate coupons with a total face value of EUR 138,800,000 by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, in the current period, gains of TL 67,160 (30 June 2018: loss of TL 181,145) and TL 83,665 (30 June 2018: loss of TL 134,138) resulted from the related fair value calculations for the hedged loans and bonds were accounted for under net trading income/losses in the statement of profit or loss, respectively.

5.4.5 Other operating income

The items under "other operating income" generally consists of collection or reversals of prior years' 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 amounting to TL 369,284 was sold for a consideration of TL 19,512. Considering the related provision of TL 369,284 made in the financial statements, a gain of TL 19,512 is recognized under "Other Operating Income".

	<i>Current Period</i>	<i>Prior Period</i>
Reversal of Prior Years' Provisions	2,440,810	1,248,460
Stage 1 Provisions	700,213	534,267
Stage 2 Provisions	1,057,873	335,674
Stage 3 Provisions	547,103	339,627
Others	135,621	38,892
Revenues from Term Sale of Assets	34,505	129,674
Others	99,092	52,283
Total	2,574,407	1,430,417

5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Expected Credit Losses	5,122,634	3,275,340
<i>12-Month ECL (Stage 1)</i>	808,385	612,397
<i>Lifetime ECL Significant Increase in Credit Risk (Stage 2)</i>	2,458,787	1,563,104
<i>Lifetime ECL Impaired Credits (Stage 3)</i>	1,855,462	1,099,839
Other Provisions	200,003	26,610
Impairment Losses on Securities	1,749	9,820
<i>Financial Assets Measured at Fair Value through Profit/Loss</i>	-	9,820
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	1,749	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint-ventures</i>	-	-
Others	198,254	16,790
Total	5,322,637	3,301,950

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	58,734	42,952
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	180,873	135,859
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	38,527	35,745
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	2,379	-
Depreciation Expenses of Right-of-use Assets	133,518	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,605,348	1,528,840
<i>Operational Lease related Expenses (*)</i>	79,141	229,067
<i>Repair and Maintenance Expenses</i>	31,700	28,548
<i>Advertisement Expenses</i>	72,866	93,213
<i>Other Expenses</i>	1,421,641	1,178,012
Loss on Sale of Assets	2,540	1,530
Others	411,906	319,732
Total	2,433,825	2,064,658

(*) Includes lease related expenses out of the scope of TFRS 16.

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 from continued and discontinued operations

As of 30 June 2019, the Bank recorded a tax charge of TL 1,082,680 (30 June 2018: TL 893,687) and a deferred tax income of TL 235,845 (30 June 2018: deferred tax charge of TL 70,796).

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 (+)	(519,799)	(291,522)
Decrease in tax deductible timing differences (-)	94,992	227,153
Increase in taxable timing differences (-)	202,445	164,379
Decrease in taxable timing differences (+)	(13,483)	(29,214)
Total	(235,845)	70,796

Deferred tax benefit/charge in the statement of profit/loss 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)	(424,807)	(64,369)
Increase/(decrease) in taxable timing differences (net)	188,962	135,165
Increase/(decrease) in tax losses (net)	-	-
Increase/(decrease) in tax deductions and exemptions (net)	-	-
Total	(235,845)	70,796

5.4.10 Information on net profit/loss from continued and discontinued operations

Not prepared in compliance with the Article 25 of the communiqué “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 the 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.

5.4.12 Components of other items in statement of profit/loss

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

5.5 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 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”.

5.7 Related Party Risks

5.7.1 Transactions with the 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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	5,638,055	1,498,526	108,221	942,442	83,353	36,351
Balance at end of period	5,456,453	1,584,155	367,596	901,704	1,012	40,571
Interest and Commission Income	106,770	7,603	1,570	-	6,764	4

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	4,311,245	1,054,546	1,369,380	1,542,733	2,406,222	896,962
Balance at end of period	5,638,055	1,498,526	108,221	942,442	83,353	36,351
Interest and Commission Income (*)	77,692	6,023	5,874	73	83,197	3,026

(*) Doğu 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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	1,074,063	1,414,155	108,961	375,167	89,808	378,773
Balance at end of period	1,345,319	1,074,063	122,939	108,961	86,177	89,808
Interest Expense (*)	114,265	101,088	200	2,387	4,639	8,897

(*) Doğu 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.

5.7.1.3 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	1,171,385	942,776	32,240,075	35,056,631	-	792,918
Balance at end of period	2,531,546	1,171,385	39,319,428	32,240,075	21,634	-
Total Profit/(Loss)	46,082	28,080	(178,432)	(282,293)	-	(4,488)
Transactions for Hedging:						
Balance at beginning of period	-	-	1,004,943	1,037,356	-	-
Balance at end of period	-	-	971,531	1,004,943	-	-
Total Profit/(Loss)	-	-	1,797	(954)	-	-

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 The 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 1,224,140 (31 December 2018: TL 1,640,125) compose 0.51% (31 December 2018: 0.71%) of the Bank's total cash loans and 0.32% (31 December 2018: 0.46%) of the Bank's total assets. The total loans and similar receivables amounting TL 5,825,061 (31 December 2018: TL 5,729,629) compose 1.52% (31 December 2018: 1.59%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 2,526,430 (31 December 2018: TL 2,477,319) compose 4.01% (31 December 2018: 3.76%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 1,554,435 (31 December 2018: TL 1,272,832) compose 0.67% (31 December 2018: 0.58%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 19,746,417 (31 December 2018: TL 18,689,922) compose 63.80% (31 December 2018: 58.51%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arms-length basis.

The credit card (POS) payables to the related parties, amounted to TL 156,587 (31 December 2018: TL 146,110).

A total rent income of TL 6,923 (30 June 2018: TL 6,574) was recognized for the real estates rented to the related parties.

Operating expenses for TL 17,714 (30 June 2018: TL 13,000) were incurred for the IT services rendered by the related parties. Banking services fees of TL 14,003 (30 June 2018: TL 23,894) were recognized from the related parties.

Insurance brokerage fee of TL 91,677 (30 June 2018: TL 85,050), shares brokerage fee of TL 21,323 (30 June 2018: TL 22,131), and fixed-rate securities brokerage fee of TL 2,097 (30 June 2018: TL 1,807).

There is no advertisement and broadcasting services from the risk group (30 June 2018: TL 52). The operational leasing services amounting to TL 40,980 (30 June 2018: TL 28,875) and travelling services amounting to TL 8,638 (30 June 2018: TL 9,695) were rendered by the related parties and recognized as operational expenses.

The net payment provided or to be provided to the key management of the Bank amounts to TL 57,177 as of 30 June 2019 (30 June 2018: TL 46,766).

5.7.2.3 Other matters not required to be disclosed

None.

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.9 investments in subsidiaries.

5.7.2.5 All kind of agreements signed like asset purchases/sales, service rendering, agencies, leasing, research and development, licences, 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 the Bank's internal use are partly arranged through financial leasing.

5.8 Domestic, Foreign and Off-Shore Branches or Equity Investments, and Foreign Representative Offices

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

5.9 Matters Arising Subsequent to Balance Sheet Date

None.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S (June 2019)

Outlook	Negative
Long Term FC Deposit	B3(Negative)
Long Term TL Deposit	B2(Negative)
Short Term FC Deposit	Not Prime
Short Term TL Deposit	Not Prime
Basic Loan Assessment	b3
Adjusted Loan Assessment	b3
Long Term National Scale Rating (NSR)	A1.tr
Short Term NSR	TR-1

^(*) Under watch for possible downgrade

STANDARD AND POORS (June 2019)

Long Term FC Obligations	B+
Long Term TL Deposit	B+
Outlook	Stable
Credit Profile (independent from the bank's shareholders and the rating of its resident country)	b+

FITCH RATINGS (July 2019)

Long Term FC	B+ / Negative Outlook
Short Term FC	B
Long Term TL	BB- / Negative Outlook
Short Term TL	B
Financial Capacity	b+
Support	4
NSR	AA(tur)
Long Term National Scale Rating (NSR)	Stable
Senior Unsecured Long Term Notes	B+
Senior Unsecured Short Term Notes	B
Subordinated Notes	B

JCR EURASIA RATINGS (June 2019)

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

5.10.2 Dividends

In the ordinary General Assembly meeting, it was decided to distribute the net profit of the year 2018 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)	-

5.10.3 Other disclosures

None.

6 Disclosures on Limited Review Report

6.1 Disclosure on limited review report

The unconsolidated financial statements of the Bank as of 30 June 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 30 July 2019, is presented before the accompanying 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 June 30, 2019. Based on the unconsolidated financials, the Bank's **net income** in the first half of the year recorded as TL 3 billion 632 million 920 thousand. **Asset size** realized at TL 383 billion 650 million 570 thousand with 10% growth recorded compared the same period of last year and the Bank's contribution to the economy through cash and non-cash **loans** was TL 289 billion 660 million 538 thousand. Actively managing the funding base, deposits continued to be the main funding source with 60% share in the total funding base. Deposit base reached to TL 231 billion 801 million 830 thousand with 6% growth in the first half of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 18%. The Bank delivered an **ROAE** (Return on Average Equity) of 15.2% and an **ROAA** (Return on Average Assets) of 2.0%.

Commenting on the successful financial performance announced by Garanti BBVA, **Chairman Süleyman Sözen** stated that: "In the first half of 2019 Garanti continued its uninterrupted support to the economy on the back of its solid capital structure and sound balance sheet management and preserved its strong presence in the market."

Commenting on the important developments of the period, **Sözen** said that: "BBVA Group, that we are a part of, is becoming a global brand in all the countries where the bank has a presence, with its renewed logo to be a better fit for the dynamic and digital world, in line with its digital transformation strategy. As part of this transformation project, we have reflected the synergy created with our largest shareholder BBVA for more than 9 years to our brand and changed our logo." Elaborating on the strategic priorities of Garanti BBVA, **Sözen** stated that: "We continue to pioneer the digital transformation in the sector while placing our customers at the center of all our activities, as has always been the case. While focusing on disciplined and sustainable growth, we aim to maximize our value creation and to maintain our strict adherence to solid asset quality by using our capital effectively. While implementing our advanced corporate governance model that promotes our core values, we act with the principles of trust, integrity, accountability and transparency against all stakeholders."

Chairman **Sözen** closed his remarks by saying that: "In order to bring the age of opportunity to everyone, 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 BBVA CEO Fuat Erbil** stated that: "During the second quarter of 2019, a period of elections and continued elevated risk perception, we managed our balance sheet successfully while maintaining the sound asset quality, safe liquidity level and strong capital structure. Behind these successful results and profitability despite the challenging market conditions, there is a flawless functioning system where processes are designed and managed precisely and in which all our employees at every level contribute with high commitment and take responsibility. The increase in our number of customers is a concrete evidence of this. While our deposit base expanded by 6% compared to year-end, the number of customers who prefer Garanti BBVA reached 17 million. With the innovative steps we have taken, the number of digital customers reached nearly 8 million.

Owing it to our longstanding corporate structure, today, we are recognized by the leading global investment institutions as one of the few Turkish banks recommended as investable given our financial results and profitability. In this period, thanks to the success of our foreign borrowing program and our pioneering role in international banking, due to the foreign banks' high interest in the syndicated loan, we received a much higher demand than our target of 600 million USD. For over 9 years we contributed to the Turkish economy with the BBVA Group. Now, as Garanti BBVA, with our human-oriented and digitalization-based vision, we will continue to support the economy, society and bring the age of opportunities to everyone."

Emphasizing Garanti BBVA's contribution to Turkey's sustainable growth, **Erbil** said: " We play a pioneer and leading role in financing projects that are add value to our economy. In the same period, Garanti BBVA named as the **Best Project Finance House, Best Structured Finance House** and **Best Syndicated Loan House** in CEE Region (Central and Eastern Europe) **by EMEA Finance** for the fourth consecutive year. In times of high volatility, we maintain our firm stance and place importance in meeting all needs of our customers. In such periods where access to finance is crucial, we continue to support our female entrepreneurs to grow their businesses in a sustainable manner. Within the framework of the protocol we signed with IFC, we offered TL 390 million of financing to the use of women entrepreneurs. We will continue to work to add long-term sustainable value to all our stakeholders."

7.1.1 Selected Figures of Unconsolidated Financial Statements

Selected Balance Sheet Items	Current Period 30.Jun.2019	Prior Period 31.Dec.2018	Change Δ %
Total Assets	383,650,570	359,477,202	6.7%
Loans*	240,000,701	230,611,464	4.1%
- Performing Loans	226,613,203	219,204,391	3.4%
- Non-Performing Loans	13,387,498	11,407,073	17.4%
Deposits	231,801,830	218,057,918	6.3%
Shareholders' Equity	50,320,972	46,687,853	7.8%

Selected P&L Items	Current Period 30.Jun.2019	Prior Period 30.Jun.2018	Change Δ %
Net Interest Income	9,138,681	7,906,202	15.6%
Operating Expenses	4,199,233	3,513,795	19.5%
- HR Cost	1,765,408	1,449,137	21.8%
- Other Operating Expenses	2,433,825	2,064,658	17.9%
Net Fees&Commissions	2,869,922	2,302,931	24.6%
Net Income	3,632,920	3,903,566	-6.9%

Selected Financial Ratios	Current Period 30.Jun.2019	Prior Period 31.Dec.2018	Change Δ bps
Performing Loans/Assets	59.1%	61.0%	-191
Deposits/Assets	60.4%	60.7%	-24
Return on Average Equity	15.2%	15.0%	22
Return on Average Assets	2.0%	1.9%	8
Cumulative Net Interest Margin (incl. swap costs)	5.2%	5.4%	-21
Non-Performing Loans Ratio*	5.6%	4.9%	63
Capital Adequacy Ratio	18.0%	18.3%	-29

Market Shares*	Current Period 30.Jun.2019	Prior Period 31.Dec.2018	Change Δ bps
Performing Loans	10.2%	10.6%	-44
TL Performing Loans	10.5%	11.0%	-46
FC Performing Loans	9.6%	10.0%	-36
Deposits	9.1%	10.8%	-165
TL Deposits	10.1%	10.1%	-8
FC Deposits	8.5%	11.4%	-290

Garanti with Numbers	Current Period 30.Jun.2019	Prior Period 31.Dec.2018	Change Δ %
Branch Network	926	936	-1.1%
Number of Employees	18,428	18,338	0.5%
ATM	5,197	5,258	-1.2%
POS*	707,121	669,435	5.6%
Number of Customers	16,976,457	16,378,164	3.7%
Number of Digital Customers**	7,722,271	7,256,168	6.4%
Number of Credit Card Customers	7,007,508	6,975,591	0.5%

*Includes shared and virtual POS.

** Active customers only -- min. 1 login or call per quarter

You may access Garanti BBVA earnings presentation regarding the BRSA unconsolidated financial results as of and for the period ending June 30, 2019 from Garanti BBVA Investor Relations website at www.garantiinvestorrelations.com

7.2 The amendments in the articles of association during period of 01.04.2019-30.06.2019

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.04.2019-30.06.2019

Garanti BBVA's Annual Report, documents regarding ordinary general meeting of shareholders, information on board of directors and senior management, ratings and disclosures regarding important developments and other disclosures were announced and the disclosures were uploaded to the Public Disclosure Platform. Disclosures and all of the announcements are available at www.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 30 June 2019. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at www.garantiinvestorrelations.com.

You may find financial information on Garanti BBVA 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 BBVA 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 BBVA Investor Relations website at www.garantiinvestorrelations.com under the [Committees](#) section.

You may access the Corporate Governance Principles Compliance Report from Garanti BBVA 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 it's 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 BBVA Investor Relations' website at www.garantiinvestorrelations.com in [Operating Plan Guidance Presentations](#) section. As of June 30, 2019, there are no revisions to the forward looking statements regarding the expectations for the year 2018.