Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at June 30, 2020 together with auditor's review report

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of Yapı ve Kredi Bankası A.Ş.;

Introduction

We have reviewed the consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these 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 the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly in all material respects the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at 30 June 2020 and of the results of its operations and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Halûk Yalçın, SMMM
Partner

Istanbul, 29 July 2020

Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three

THE CONSOLIDATED INTERIM FINANCIAL REPORT OF YAPI VE KREDI BANKASI A.Ş. AS OF JUNE 30, 2020

Address	: Yapı Kredi Plaza D-Blok Levent, 34330, İstanbul
Telephone number	: 0212 339 70 00
Fax number	: 0212 339 60 00
Web Site	: www.yapikredi.com.tr
E-Mail	: financialreports@yapikredi.com.tr

The consolidated financial report for the six months which is prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as regulated by the Banking Regulation and Supervision Agency includes the following sections.

- **GENERAL INFORMATION ABOUT THE PARENT BANK**
- **CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK**
- **EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD**
- **INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**
- **EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**
- **INDEPENDENT AUDITOR'S REVIEW REPORT**
- **INTERIM ACTIVITY REPORT**

Investments in subsidiaries, associates and joint ventures, whose financial statements have been consolidated in these consolidated financial statements are as follows.

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Finansal Kiralama A.O.	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.
2. Yapı Kredi Faktoring A.Ş.	2. Allianz Yaşam ve Emeklilik A.Ş.	
3. Yapı Kredi Yatırım Menkul Değerler A.Ş.		
4. Yapı Kredi Portföy Yönetimi A.Ş.		
5. Yapı Kredi Holding B.V.		
6. Yapı Kredi Bank Nederland N.V.		
7. Stichting Custody Services YKB		
8. Yapı Kredi Bank Azerbaijan CJSC		
9. Yapı Kredi Bank Malta Ltd.		

Although Yapı Kredi Diversified Payment Rights Finance Company (the Structured Entity) is not a subsidiary of the Bank, it has been included in the consolidation since the Bank has 100% control.

The accompanying consolidated financial statements for the six months and notes to these financial statements which are expressed, in **thousands of Turkish Lira** (unless otherwise stated) have been presented based on the accounting books of the Bank prepared in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these, and have been limitedly reviewed and are presented enclosed.

Y. Ali KOÇ **Chairman of the Board of Directors**	**Gökhan ERÜN** **Executive Director and CEO**	**Demir KARAASLAN** **Chief Financial Officer**
B. Seda İKİZLER **Financial Reporting and Accounting Executive Vice President**	**Dr. Ahmet ÇİMENOĞLU** **Chairman of the Audit Committee**	**Nevin İPEK** **Member of the Audit Committee**

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title	: Umut HALLAÇ / International Reporting & Consolidation Manager
Telephone Number	: 0212 339 98 87
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Section one – General information

Section two - Consolidated financial statements

Section three – Accounting policies

Section four- Financial Position and Risk Management

Section five - Explanations and notes related to consolidated financial statements

Section six – Other explanations and notes

Section seven – Explanations on interim activity report

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

Section One

General Information

1. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status:

Yapı ve Kredi Bankası A.Ş. ("the Bank", "Yapı Kredi" or "the Parent Bank"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

2. Explanation about the Parent Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling Group of the Bank:

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of March 31, 2019, 30,03% of the shares of the Bank are publicly traded (December 31, 2019, - 18,10%). 40,95% of the shares out of the remaining 69,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 9,02% is owned by Koç Group and 20,00% is owned by UniCredit ("UCG").

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UCG over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from BIST and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS shares in the Parent Bank increased to 81,80%. KFS shares increased to 81,90% with the capital increase by TL 4,1 billion in 2018.

As of November 30,2019, Koç Group and UCG have reached a deal to exchange their shares in the Parent Bank and KFS.

Accordingly all the shares of KFS, which is currently a joint venture, are transferred to Koç Group. Besides, after the shares are transferred, KFS will hold 40.95%, UCG will hold 31,93% directly and Koç Group will hold a total of 49.99% directly and indirectly of the Parent Bank shares and become controlling shareholder.

In addition, as of February 6, 2020, UniCredit also announced the placement of an 11.93% shares in Parent Bank to institutional investors. The transaction has been completed on February 13, 2020. As a result UCG holds directly 20,00% of the Parent Bank shares.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries is still under the control of group were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

3. Explanations regarding the board of directors, members of the audit committee, Chief Executive Officer and executive vice presidents, and their areas of responsibility and shares if any:

As of June 30, 2020 the Parent Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Y. Ali KOÇ	Chairman
Levent ÇAKIROĞLU	Vice Chairman
Gökhan ERÜN	Executive Director and CEO
A. Ümit TAFTALI	Member
Ahmet ÇİMENOĞLU	Independent Member
Ahmet Fadıl ASHABOĞLU	Member
Nevin İPEK	Independent Member
Niccolò UBERTALLI	Member
Virma SÖKMEN	Independent Member
Wolfgang SCHILK	Member

Audit Committee Members:

Name	Responsibility
Ahmet ÇİMENOĞLU	Chairman
Nevin İPEK	Member

General Manager:

Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

Assistant General Managers:

Name	Responsibility
Abdullah GEÇER	Internal Audit
Akif Cahit ERDOĞAN	Information Technologies and Operation Management
Arif Özer İSFENDİYAROĞLU	Retail Banking Sales Management
Cemal Aybars SANAL	Legal Activities Management
Demir KARAASLAN	Financial Planning and Administration Management
Erhan ADALI	Corporate and Commercial Banking Management
Hakan ALP	Human Resources and Organization Management
Mehmet Erkan ÖZDEMİR	Compliance and Internal Control / Consumer Relations Coordination Officer
Nurgün EYÜBOĞLU	Credit Management
Saruhan YÜCEL	Treasury Management
Serkan ÜLGEN	Retail Banking Management
Yakup DOĞAN	Alternative Distribution Channels

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

4. Information on the individual and corporate shareholders having control shares of the Parent Bank:

Name/Commercial title	Share amounts (nominal)	Share Percentage(%)	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Group	762.197.343,00	9,02	762.197.343,00	-
UniCredit	1.689.410.260,00	20,00	1.689.410.260,00	-

Koç Finansal Hizmetler A.Ş. is owned by Koç Group and Temel Ticaret ve Yatırım A.Ş.

As of December 31,2019, 81,90% shares of the Parent Bank was owned by Koç Finansal Hizmetler A.Ş. which was a joint venture of Koç Group, UniCredit Group and Temel Ticaret ve Yatırım A.Ş..

5. Summary information on the Parent Bank's activities and service types:

The Parent Bank's activities summarized in the section 3 of the articles of association are as follows:

The Parent Bank's purpose and subject matter in accordance with the Banking Law, regulations and existing laws include:

- The execution of all banking activities,
- The execution of all economic and financial activities which are allowed by the regulation,
- The execution of the representation, attorney and agency activities related to the subjects written above,
- The purchase and sale of share certificates, bonds and all the capital market instruments, in accordance with Capital Market Law and regulations.

In case of necessity for performing activities which are useful and required but that are not specified in the articles of association, a Board of Directors' proposal is to be presented to the General Assembly. With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

As of June 30, 2020, the Parent Bank has 844 branches operating in Turkey and 1 branch in overseas (December 31, 2019 - 845 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2020, the Parent Bank has 16.507 employees (December 31, 2019 - 16.631 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of June 30, 2020 the Group has 17.338 employees (December 31, 2019 - 17.466 employees).

6. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank, and Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı, an entity under common control, are consolidated through "Equity Method" in the accompanying consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş., on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., Yapı Kredi Teknoloji A.Ş. and Enternasyonal Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué on Preparation of Consolidated Financial Statements since these entities are not financial institutions.

All other subsidiaries are fully consolidated.

7. The existing or potential, actual or legal obstacles on the immediate transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

None.

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

Section two - Consolidated financial statements

1. Consolidated balance sheet (Statement of Financial Position)

				Current Period (30/06/2020)			Prior Period (31/12/2019)	
	ASSETS	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**37.669.772**	**66.754.564**	**104.424.336**	**43.735.439**	**69.827.929**	**113.563.368**
1.1	**Cash and Cash Equivalents**	**1.1**	**7.684.974**	**60.092.640**	**67.777.614**	**17.120.068**	**64.219.910**	**81.339.978**
1.1.1	Cash and Balances with Central Bank		5.248.264	46.646.208	51.894.472	2.488.632	40.997.298	43.485.930
1.1.2	Banks	1.4	2.462.352	13.582.740	16.045.092	3.862.439	23.349.349	27.211.788
1.1.3	Money Markets		-	-	-	10.803.630	-	10.803.630
1.1.4	Provisions for Expected Losses (-)		25.642	136.308	161.950	34.633	126.737	161.370
1.2	**Financial assets where fair value change is reflected to income statement**	**1.2**	**313.728**	**111.450**	**425.178**	**230.597**	**342.600**	**573.197**
1.2.1	Government debt securities		51.775	111.450	163.225	20.754	73.116	93.870
1.2.2	Share certificates		239.869	-	239.869	204.846	269.484	474.330
1.2.3	Other financial assets		22.084	-	22.084	4.997	-	4.997
1.3	**Financial assets where fair value change is reflected to other comprehensive income statement**	**1.5,1.6**	**25.633.208**	**4.839.020**	**30.472.228**	**22.802.626**	**4.097.986**	**26.900.612**
1.3.1	Government debt securities		25.525.859	2.472.869	27.998.728	22.710.089	2.050.829	24.760.918
1.3.2	Share certificates		80.315	315.151	395.466	77.416	2.929	80.345
1.3.3	Other financial assets		27.034	2.051.000	2.078.034	15.121	2.044.228	2.059.349
1.4	**Derivative Financial Assets**	**1.3**	**4.037.862**	**1.711.454**	**5.749.316**	**3.582.148**	**1.167.433**	**4.749.581**
1.4.1	Derivative financial assets where fair value change is reflected to income statement		3.532.816	1.711.454	5.244.270	3.327.461	1.124.994	4.452.455
1.4.2	Derivative financial assets where fair value change is reflected to other comprehensive income statement		505.046	-	505.046	254.687	42.439	297.126
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**179.027.732**	**130.988.143**	**310.015.875**	**161.098.247**	**112.948.931**	**274.047.178**
2.1	**Loans**	**1.7**	**163.840.200**	**109.035.134**	**272.875.334**	**152.024.450**	**96.025.148**	**248.049.598**
2.2	**Receivables From Leasing Transactions (Net)**	**1.12**	**2.996.478**	**7.842.879**	**10.839.357**	**2.487.469**	**8.008.303**	**10.495.772**
2.3	**Factoring Receivables**		**2.534.778**	**1.323.437**	**3.858.215**	**2.713.491**	**1.394.366**	**4.107.857**
2.4	**Financial Assets Measured at Amortised Cost**	**1.8**	**25.744.711**	**17.747.338**	**43.492.049**	**18.017.793**	**11.590.344**	**29.608.137**
2.4.1	Government debt securities		25.413.907	16.654.043	42.067.950	17.686.989	10.704.522	28.391.511
2.4.2	Other financial assets		330.804	1.093.295	1.424.099	330.804	885.822	1.216.626
2.5	**Provisions for Expected Losses (-)**		**16.088.435**	**4.960.645**	**21.049.080**	**14.144.956**	**4.069.230**	**18.214.186**
III.	**ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**1.15**	**938.303**	**11.302**	**949.605**	**321.890**	**9.445**	**331.335**
3.1	Held for Sale Purposes		938.303	11.302	949.605	321.890	9.445	331.335
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**354.050**	**1.047.992**	**1.402.042**	**347.068**	**902.257**	**1.249.325**
4.1	**Investments in Associates (net)**	**1.9**	**324.668**	**1.047.992**	**1.372.660**	**317.453**	**902.257**	**1.219.710**
4.1.1	Consolidated based on Equity Method		312.882	1.047.992	1.360.874	311.352	902.257	1.213.609
4.1.2	Unconsolidated		11.786	-	11.786	6.101	-	6.101
4.2	**Subsidiaries (Net)**	**1.10**	**7.300**	**-**	**7.300**	**7.300**	**-**	**7.300**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		7.300	-	7.300	7.300	-	7.300
4.3	**Joint Ventures (Net)**	**1.11**	**22.082**	**-**	**22.082**	**22.315**	**-**	**22.315**
4.3.1	Consolidated based on Equity Method		22.082	-	22.082	22.315	-	22.315
4.3.2	Unconsolidated		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**4.425.042**	**48.757**	**4.473.799**	**4.313.414**	**45.485**	**4.358.899**
VI.	**INTANGIBLE ASSETS [Net]**		**1.887.830**	**35.617**	**1.923.447**	**1.889.731**	**31.093**	**1.920.824**
6.1	Goodwill		979.493	-	979.493	979.493	-	979.493
6.2	Other		908.337	35.617	943.954	910.238	31.093	941.331
VII.	**INVESTMENT PROPERTY (Net)**	**1.13**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSETS**		**-**	**31.083**	**31.083**	**-**	**3.090**	**3.090**
IX.	**DEFERRED TAX ASSETS**	**1.14**	**3.113.355**	**-**	**3.113.355**	**2.129.358**	**-**	**2.129.358**
X.	**OTHER ASSETS**	**1.16**	**4.700.809**	**13.357.620**	**18.058.429**	**3.387.621**	**10.204.022**	**13.591.643**
	TOTAL ASSETS		**232.116.893**	**212.275.078**	**444.391.971**	**217.222.768**	**193.972.252**	**411.195.020**

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

1. Consolidated balance sheet (Statement of Financial Position)

			Current Period (30/06/2020)			Prior Period (31/12/2019)		
	LIABILITIES	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**2.1**	**118.398.183**	**130.778.902**	**249.177.085**	**102.994.590**	**128.077.107**	**231.071.697**
II.	**BORROWINGS**	**2.3.1**	**3.054.077**	**40.996.455**	**44.050.532**	**2.452.375**	**42.921.120**	**45.373.495**
III.	**MONEY MARKETS**		**10.500.548**	**1.774.032**	**12.274.580**	**5.519.024**	**789.864**	**6.308.888**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**2.3.3**	**7.727.650**	**17.933.166**	**25.660.816**	**6.740.946**	**18.480.245**	**25.221.191**
4.1	Bills		6.148.352	-	6.148.352	5.098.851	-	5.098.851
4.2	Asset backed Securities		-	3.767.134	3.767.134	-	3.746.311	3.746.311
4.3	Bonds		1.579.298	14.166.032	15.745.330	1.642.095	14.733.934	16.376.029
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES FAIR VALUE THROUGH PROFIT AND LOSS**	**2.3.4**	**808.818**	**11.760.565**	**12.569.383**	**830.929**	**12.353.676**	**13.184.605**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**2.2**	**5.785.029**	**4.168.214**	**9.953.243**	**5.568.959**	**1.536.323**	**7.105.282**
4.1	Derivative Liabilities at Fair Value Through Profit and Loss		3.506.442	3.013.690	6.520.132	2.989.768	1.224.347	4.214.115
4.2	Derivative Liabilities at Fair Value Through Other Comprehensive Profit		2.278.587	1.154.524	3.433.111	2.579.191	311.976	2.891.167
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**2.5**	**945.480**	**24.656**	**970.136**	**897.433**	**29.790**	**927.223**
X.	**PROVISIONS**	**2.6**	**3.757.169**	**374.936**	**4.132.105**	**3.441.735**	**300.496**	**3.742.231**
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Provisions for Employee Rights	2.6.1	843.549	2.930	846.479	778.583	2.509	781.092
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions	2.6.3	2.913.620	372.006	3.285.626	2.663.152	297.987	2.961.139
XI.	**CURRENT TAX LIABILITIES**	**2.7**	**1.685.367**	**1.715**	**1.687.082**	**932.503**	**1.336**	**933.839**
XII.	**DEFERRED TAX LIABILITIES**		**-**	**11.523**	**11.523**	**-**	**8.359**	**8.359**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT**	**2.9**	**791.235**	**20.333.399**	**21.124.634**	**821.340**	**17.758.699**	**18.580.039**
14.1	Loans		-	5.877.410	5.877.410	-	5.102.941	5.102.941
14.2	Other Facilities		791.235	14.455.989	15.247.224	821.340	12.655.758	13.477.098
XV.	**OTHER LIABILITIES**	**2.4**	**16.347.807**	**2.306.937**	**18.654.744**	**15.471.432**	**2.075.159**	**17.546.591**
XVI.	**SHAREHOLDERS' EQUITY**	**2.10**	**45.490.545**	**(1.364.437)**	**44.126.108**	**41.548.897**	**(357.317)**	**41.191.580**
16.1	Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2	Capital Reserves		1.996.855	-	1.996.855	1.988.296	-	1.988.296
16.2.1	Share premium		556.937	-	556.937	556.937	-	556.937
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1.439.918	-	1.439.918	1.431.359	-	1.431.359
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		1.589.984	(8.352)	1.581.632	1.635.497	7.315	1.642.812
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		1.254.472	(1.314.678)	(60.206)	(266.191)	(323.225)	(589.416)
16.5	Profit Reserves		28.100.730	(41.407)	28.059.323	24.503.543	(41.407)	24.462.136
16.5.1	Legal Reserves		1.282.785	-	1.282.785	1.102.781	-	1.102.781
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		26.810.834	(41.407)	26.769.427	23.393.329	(41.407)	23.351.922
16.5.4	Other Profit Reserves		7.111	-	7.111	7.433	-	7.433
16.6	Profit or loss		4.100.728	-	4.100.728	5.240.014	-	5.240.014
16.6.1	Prior years' profits or losses		1.639.954	-	1.639.954	1.639.954	-	1.639.954
16.6.2	Current period net profit or loss		2.460.774	-	2.460.774	3.600.060	-	3.600.060
16.7	Minority interest		725	-	725	687	-	687
	TOTAL LIABILITIES		**215.291.908**	**229.100.063**	**444.391.971**	**187.220.163**	**223.974.857**	**411.195.020**

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

2. Consolidated off-balance sheet commitments

					Current Period (30/06/2020)			Prior Period (31/12/2019)
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**230.305.332**	**471.062.158**	**701.367.490**	**241.782.716**	**388.539.643**	**630.322.359**
I.	**Guarantees and warranties**	**3.1.2.1**	**28.869.301**	**65.378.011**	**94.247.312**	**26.946.770**	**62.617.711**	**89.564.481**
1.1	Letters of guarantee	3.1.2.2	28.714.221	48.353.463	77.067.684	26.817.178	42.085.180	68.902.358
1.1.1	Guarantees subject to state tender law		430.007	568.757	998.764	367.229	604.813	972.042
1.1.2	Guarantees given for foreign trade operations		4.193.759	47.424.324	51.618.083	4.017.924	41.279.296	45.297.220
1.1.3	Other letters of guarantee		24.090.455	360.382	24.450.837	22.432.025	201.071	22.633.096
1.2	Bank acceptances		-	236.650	236.650	-	156.431	156.431
1.2.1	Import letter of acceptance		-	236.650	236.650	-	156.431	156.431
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		26.248	8.193.987	8.220.235	77.354	12.409.018	12.486.372
1.3.1	Documentary letters of credit		26.248	8.193.601	8.219.849	77.354	12.408.686	12.486.040
1.3.2	Other letters of credit		-	386	386	-	332	332
1.4	Prefinancing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	142.714	142.714	-	106.400	106.400
1.8	Other guarantees		128.832	3.886.900	4.015.732	52.238	3.781.228	3.833.466
1.9	Other warranties		-	4.564.297	4.564.297	-	4.079.454	4.079.454
II.	**Commitments**	**3.1.1**	**79.597.138**	**76.760.259**	**156.357.397**	**70.587.105**	**24.614.354**	**95.201.459**
2.1	Irrevocable commitments		75.061.999	56.261.119	131.323.118	65.878.662	7.437.359	73.316.021
2.1.1	Asset purchase and sale commitments		1.827.999	52.597.451	54.425.450	1.494.732	6.254.891	7.749.623
2.1.2	Deposit purchase and sales commitments		-	2.312.460	2.312.460	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		14.337.429	1.109.636	15.447.065	12.708.914	960.251	13.669.165
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		3.356.926	-	3.356.926	3.389.714	-	3.389.714
2.1.8	Tax and fund liabilities from export commitments		6.086	-	6.086	4.074	-	4.074
2.1.9	Commitments for credit card limits		47.606.306	-	47.606.306	41.380.895	-	41.380.895
2.1.10	Commitments for credit cards and banking services promotions		43.396	-	43.396	30.190	-	30.190
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		7.883.857	241.572	8.125.429	6.870.143	222.217	7.092.360
2.2	Revocable commitments		4.535.139	20.499.140	25.034.279	4.708.443	17.176.995	21.885.438
2.2.1	Revocable loan granting commitments		4.535.139	20.382.633	24.917.772	4.708.443	17.069.512	21.777.955
2.2.2	Other revocable commitments		-	116.507	116.507	-	107.483	107.483
III.	**Derivative financial instruments**		**121.838.893**	**328.923.888**	**450.762.781**	**144.248.841**	**301.307.578**	**445.556.419**
3.1	Derivative financial instruments for hedging purposes		44.842.900	58.317.113	103.160.013	50.023.902	53.444.098	103.468.000
3.1.1	Transactions for fair value hedge		358.600	3.856.298	4.214.898	606.305	3.280.042	3.886.347
3.1.2	Transactions for cash flow hedge		44.484.300	54.460.815	98.945.115	49.417.597	50.164.056	99.581.653
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		76.995.993	270.606.775	347.602.768	94.224.939	247.863.480	342.088.419
3.2.1	Forward foreign currency buy/sell transactions		6.636.163	10.536.163	17.172.326	8.093.113	17.786.742	25.879.855
3.2.1.1	Forward foreign currency transactions-buy		4.167.550	4.492.149	8.659.699	3.364.739	9.641.611	13.006.350
3.2.1.2	Forward foreign currency transactions-sell		2.468.613	6.044.014	8.512.627	4.728.374	8.145.131	12.873.505
3.2.2	Swap transactions related to foreign currency and interest rates		66.165.897	222.489.151	288.655.048	80.570.889	195.610.573	276.181.462
3.2.2.1	Foreign currency swap-buy		8.868.740	73.083.614	81.952.354	11.352.683	69.003.550	80.356.233
3.2.2.2	Foreign currency swap-sell		26.465.157	56.073.305	82.538.462	37.468.206	43.134.867	80.603.073
3.2.2.3	Interest rate swap-buy		15.416.000	46.666.116	62.082.116	15.875.000	41.736.078	57.611.078
3.2.2.4	Interest rate swap-sell		15.416.000	46.666.116	62.082.116	15.875.000	41.736.078	57.611.078
3.2.3	Foreign currency, interest rate and securities options		2.232.117	10.060.018	12.292.135	3.741.319	8.349.687	12.091.006
3.2.3.1	Foreign currency options-buy		1.291.819	2.406.370	3.698.189	2.043.723	2.136.917	4.180.640
3.2.3.2	Foreign currency options-sell		621.128	3.229.036	3.850.164	1.497.596	2.736.368	4.233.964
3.2.3.3	Interest rate options-buy		100.000	3.342.773	3.442.773	100.000	2.584.853	2.684.853
3.2.3.4	Interest rate options-sell		219.170	1.081.839	1.301.009	100.000	891.549	991.549
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		12.264	12.131	24.395	199.618	198.789	398.407
3.2.4.1	Foreign currency futures-buy		12.264	-	12.264	199.618	-	199.618
3.2.4.2	Foreign currency futures-sell		-	12.131	12.131	-	198.789	198.789
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		1.949.552	27.509.312	29.458.864	1.620.000	25.917.689	27.537.689
B.	**Custody and pledges received (IV+V+VI)**		**509.910.984**	**122.114.231**	**632.025.215**	**486.715.120**	**110.247.592**	**596.962.712**
IV.	**Items held in custody**		**61.647.852**	**12.142.841**	**73.790.693**	**64.751.466**	**8.608.157**	**73.359.623**
4.1	Customer fund and portfolio balances		25.661.659	1.234.221	26.895.880	14.733.918	943.333	15.677.251
4.2	Investment securities held in custody		15.159.027	10.231.224	25.390.251	26.007.152	6.938.511	32.945.663
4.3	Checks received for collection		15.531.470	39.490	15.570.960	17.179.886	68.572	17.248.458
4.4	Commercial notes received for collection		5.237.552	534.535	5.772.087	6.772.366	568.443	7.340.809
4.5	Other assets received for collection		-	82.421	82.421	-	71.180	71.180
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		58.144	20.950	79.094	58.144	18.118	76.262
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**417.962.876**	**96.838.226**	**514.801.102**	**395.405.815**	**89.997.642**	**485.403.457**
5.1	Marketable securities		809.610	759	810.369	831.183	659	831.842
5.2	Guarantee notes		646.493	336.196	982.689	720.000	278.319	998.319
5.3	Commodity		6.735	-	6.735	6.946	-	6.946
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		141.048.044	35.632.017	176.680.061	140.794.432	37.026.755	177.821.187
5.6	Other pledged items		275.451.994	60.856.997	336.308.991	253.053.254	52.681.274	305.734.528
5.7	Pledged items-depository		-	12.257	12.257	-	10.635	10.635
VI.	**Accepted independent guarantees and warranties**		**30.300.256**	**13.133.164**	**43.433.420**	**26.557.839**	**11.641.793**	**38.199.632**
	Total off-balance sheet commitments (A+B)		**740.216.316**	**593.176.389**	**1.333.392.705**	**728.497.836**	**498.787.235**	**1.227.285.071**

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

3. Consolidated income statement

	Income and expense items	Note (Section Five)	Current Period (01/01/2020-30/06/2020)	Prior Period (01/01/2019-30/06/2019)
I.	**INTEREST INCOME**	**4.1**	**16.223.871**	**19.690.516**
1.1	Interest on Loans	4.1.1	12.447.861	14.822.278
1.2	Interest received from reserve deposits		13.244	262.381
1.3	Interest Received from Banks	4.1.2	366.573	530.128
1.4	Interest Received from Money Market Transactions		74.480	369.932
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	2.709.506	2.955.324
1.5.1	Financial Assets at Fair Value Through Profit and Loss		5.494	3.076
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		1.348.814	1.788.073
1.5.3	Financial assets measured at amortised cost		1.355.198	1.164.175
1.6	Financial Lease Income		415.850	492.486
1.7	Other Interest Income		196.357	257.987
II.	**INTEREST EXPENSE (-)**	**4.2**	**7.861.939**	**12.164.742**
2.1	Interest on Deposits	4.2.4	4.359.011	8.685.456
2.2	Interest on Funds Borrowed	4.2.1	982.991	1.020.526
2.3	Interest expense on money market transactions		225.122	402.430
2.4	Interest on Securities Issued	4.2.3	1.977.300	1.906.377
2.5	Interest on Lease Payables		84.107	84.107
2.6	Other Interest Expense		233.408	65.846
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**8.361.932**	**7.525.774**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**2.766.726**	**2.595.294**
4.1	Fees and Commissions Received		3.381.403	3.509.732
4.1.1	Non-cash Loans		486.652	528.563
4.1.2	Other		2.894.751	2.981.169
4.2	Fees and Commissions Paid		614.677	914.438
4.2.1	Non-cash Loans		10.089	15.690
4.2.2	Other		604.588	898.748
V.	**DIVIDEND INCOME**	**4.3**	**15.600**	**15.514**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.4**	**417.459**	**(449.332)**
6.1	Trading Gains/Losses on Securities		306.018	131.180
6.2	Derivative Financial Transactions Gains/Losses		2.285.860	838.158
6.3	Foreign Exchange Gains/Losses		(2.174.419)	(1.418.670)
VII.	**OTHER OPERATING INCOME**		**764.211**	**751.791**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**12.325.928**	**10.439.041**
IX.	**PROVISION FOR EXPECTED LOSSES (-)**	**4.5**	**4.718.218**	**3.867.887**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**412.841**	**220.368**
XI.	**PERSONNEL EXPENSES (-)**	**4.8**	**1.832.000**	**1.643.434**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.7**	**2.265.331**	**1.861.892**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**3.097.538**	**2.845.460**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		**-**	**-**
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**41.914**	**46.145**
XVI.	**NET MONETARY POSITION GAIN/LOSS)**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)**	**4.8**	**3.139.452**	**2.891.605**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.9**	**678.595**	**530.589**
18.1	Current Tax Provision		1.597.855	786.702
18.2	Expense effect of deferred tax (+)		-	-
18.3	Income effect of deferred tax (-)		919.260	256.113
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**2.460.857**	**2.361.016**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**4.10**	**2.460.857**	**2.361.016**
25.1	Group`s profit/loss		2.460.774	2.360.947
25.2	Minority shares		83	69
	Earnings/(loss) per share (full TL)		0,0029	0,0028

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

3. Consolidated income statement

	Income and expense items	Note (Section Five)	Current Period (01/04/2020-30/06/2020)	Prior Period (01/04/2019-30/06/2019)
I.	**INTEREST INCOME**	**4.1**	**8.085.488**	**10.226.609**
1.1	Interest on Loans	4.1.1	6.176.889	7.518.868
1.2	Interest received from reserve deposits		-	146.095
1.3	Interest Received from Banks	4.1.2	159.973	340.111
1.4	Interest Received from Money Market Transactions		34.085	327.632
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	1.413.813	1.517.400
1.5.1	Financial Assets at Fair Value Through Profit and Loss		4.256	1.180
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		684.991	884.526
1.5.3	Financial assets measured at amortised cost		724.566	631.694
1.6	Financial Lease Income		215.658	245.765
1.7	Other Interest Income		85.070	130.738
II.	**INTEREST EXPENSE (-)**	**4.2**	**3.933.209**	**6.185.370**
2.1	Interest on Deposits	4.2.4	2.131.884	4.332.755
2.2	Interest on Funds Borrowed	4.2.1	480.182	529.066
2.3	Interest expense on money market transactions		148.090	204.099
2.4	Interest on Securities Issued	4.2.3	1.007.013	1.060.480
2.5	Interest on Lease Payables		40.561	42.899
2.6	Other Interest Expense		125.479	16.071
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**4.152.279**	**4.041.239**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENCE**		**1.245.641**	**1.258.261**
4.1	Fees and Commissions Received		1.535.588	1.755.983
4.1.1	Non-cash Loans		235.693	269.602
4.1.2	Other		1.299.895	1.486.381
4.2	Fees and Commissions Paid		289.947	497.722
4.2.1	Non-cash Loans		4.153	7.006
4.2.2	Other		285.794	490.716
V.	**DIVIDEND INCOME**		**14.661**	**5.667**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.3**	**157.806**	**(620.226)**
6.1	Trading Gains/Losses on Securities		142.367	66.864
6.2	Derivative Financial Transactions Gains/Losses	4.4	1.644.926	(621.211)
6.3	Foreign Exchange Gains/Losses		(1.629.487)	(65.879)
VII.	**OTHER OPERATING INCOME**		**288.138**	**332.452**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**5.858.525**	**5.017.393**
IX.	**PROVISION FOR EXPECTED LOSSES (-)**	**4.5**	**2.117.749**	**1.929.031**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**26.049**	**4.814**
XI.	**PERSONNEL EXPENSES (-)**	**4.8**	**912.353**	**838.690**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.7**	**1.122.970**	**954.317**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**1.679.404**	**1.290.541**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		**-**	**-**
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**22.145**	**18.205**
XVI.	**NET MONETARY POSITION GAIN/LOSS)**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)**	**4.8**	**1.701.549**	**1.308.746**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.9**	**370.179**	**189.177**
18.1	Current Tax Provision		1.261.549	702.524
18.2	Expense effect of deferred tax (+)		-	-
18.3	Income effect of deferred tax (-)		891.370	513.347
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**1.331.370**	**1.119.569**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**4.10**	**1.331.370**	**1.119.569**
25.1	Group`s profit/loss		1.331.331	1.119.537
25.2	Minority shares		39	32
	Earnings/(loss) per share (full TL)		0,0016	0,0013

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

4. Consolidated statement of income and expense items accounted under shareholders' equity

		Current Period (30/06/2020)	Prior Period (30/06/2019)
I.	**PROFIT (LOSS)**	**2.460.857**	**2.361.016**
II.	**OTHER COMPREHENSIVE INCOME**	**468.030**	**(862.003)**
2.1	**Other comprehensive income that will not be reclassified to profit or loss**	**(61.180)**	**1.899**
2.1.1.	Gains (losses) on Revaluation of Property, Plant and Equipment	389	14.494
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(61.275)	(24.604)
1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(15.369)	10.509
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	15.075	1.500
2.2.	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**529.210**	**(863.902)**
2.2.1.	Exchange Differences on Translation	698.130	338.315
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	572.136	(44.148)
2.2.3.	Income (loss) Related with Cash Flow Hedges	(304.942)	(1.269.264)
2.2.4.	Income (loss) Related with Hedges of Net Investments in Foreign Operations	(483.759)	(227.478)
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	47.645	338.673
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**2.928.887**	**1.499.013**

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

5. Consolidated statement of changes in shareholders’ equity

Current Period (30/06/2020)					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
Changes in shareholder’s equity	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders’ equity
I. Balance at the beginning of the period	**8.447.051**	**556.937**	**-**	**1.431.359**	**1.879.428**	**(277.219)**	**40.603**	**2.462.495**	**(173.611)**	**(2.878.300)**	**24.462.136**	**1.639.954**	**3.600.060**	**41.190.893**	**687**	**41.191.580**
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	**8.447.051**	**556.937**	**-**	**1.431.359**	**1.879.428**	**(277.219)**	**40.603**	**2.462.495**	**(173.611)**	**(2.878.300)**	**24.462.136**	**1.639.954**	**3.600.060**	**41.190.893**	**687**	**41.191.580**
IV. Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(1.397)**	**(47.795)**	**(11.988)**	**698.130**	**446.266**	**(615.186)**	**-**	**-**	**2.460.774**	**2.928.804**	**83**	**2.928.887**
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	**-**	**-**	**-**	**6.008**	**-**	**-**	**-**	**-**	**-**	**-**	**(322)**	**-**	**-**	**5.686**	**-**	**5.686**
XI. Profit distribution	**-**	**-**	**-**	**2.551**	**-**	**-**	**-**	**-**	**-**	**-**	**3.597.509**	**-**	**(3.600.060)**	**-**	**(45)**	**(45)**
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45)	(45)
11.2. Transfers to legal reserves	-	-	-	2.551	-	-	-	-	-	-	3.597.509	-	(3.600.060)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+…...+X+XI)	**8.447.051**	**556.937**	**-**	**1.439.918**	**1.878.031**	**(325.014)**	**28.615**	**3.160.625**	**272.655**	**(3.493.486)**	**28.059.323**	**1.639.954**	**2.460.774**	**44.125.383**	**725**	**44.126.108**

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges and net investment hedges.

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

5. Consolidated statement of changes in shareholders' equity

Prior Period (30/06/2019)					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
Changes in shareholder's equity	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Balance at the beginning of the period	**8.447.051**	**556.937**	**-**	**1.428.216**	**1.866.531**	**(225.129)**	**27.625**	**2.037.236**	**(1.776.305)**	**542.034**	**19.795.091**	**1.639.954**	**4.667.426**	**39.006.667**	**611**	**39.007.278**
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	**8.447.051**	**556.937**	**-**	**1.428.216**	**1.866.531**	**(225.129)**	**27.625**	**2.037.236**	**(1.776.305)**	**542.034**	**19.795.091**	**1.639.954**	**4.667.426**	**39.006.667**	**611**	**39.007.278**
IV. Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**12.893**	**(19.190)**	**8.196**	**338.315**	**(34.758)**	**(1.167.459)**	**-**	**-**	**2.360.947**	**1.498.944**	**69**	**1.499.013**
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	**-**	**-**	**-**	**2.762**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.762**	**-**	**2.762**
XI. Profit distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.667.426**	**-**	**(4.667.426)**	**-**	**(50)**	**(50)**
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(50)
11.2. Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	4.667.426	-	(4.667.426)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+…..+X+XI)	**8.447.051**	**556.937**	**-**	**1.430.978**	**1.879.424**	**(244.319)**	**35.821**	**2.375.551**	**(1.811.063)**	**(625.425)**	**24.462.517**	**1.639.954**	**2.360.947**	**40.508.373**	**630**	**40.509.003**

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges and net investment hedges.

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

6. Consolidated statement of cash flows

		Notes (Section Five)	Current Period (30/06/2020)	Prior Period (31/12/2019)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**11.120.801**	**6.954.683**
1.1.1	Interest received		15.375.828	16.763.416
1.1.2	Interest paid		(7.841.534)	(11.678.171)
1.1.3	Dividend received		15.600	15.514
1.1.4	Fees and commissions received		3.381.403	3.509.732
1.1.5	Other income		3.331.120	1.491.718
1.1.6	Collections from previously written-off loans and other receivables		949.581	775.827
1.1.7	Cash Payments to personnel and service suppliers		(3.974.368)	(3.506.168)
1.1.8	Taxes paid		(872.616)	(864.363)
1.1.9	Other		755.787	447.178
1.2	**Changes in operating assets and liabilities subject to banking operations**		**(21.896.885)**	**4.945.005**
1.2.1	Net (increase) decrease in Financial Assets at Fair Value through Profit or Loss		(162.400)	(119.579)
1.2.2	Net (increase) decrease in due from banks		(13.558.443)	(4.631.247)
1.2.3	Net (increase) decrease in loans		(28.520.475)	(14.830.164)
1.2.4	Net (increase) decrease in other assets		(5.345.373)	(5.597.756)
1.2.5	Net increase (decrease) in bank deposits		(254.251)	(4.010.329)
1.2.6	Net increase (decrease) in other deposits		18.519.875	20.540.448
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss		(29.549)	4.377.709
1.2.8	Net increase (decrease) in funds borrowed		6.609.882	7.955.999
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		843.849	1.259.924
I.	**Net cash provided from banking operations**		**(10.776.084)**	**11.899.688**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(15.127.331)**	**(3.496.902)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		-	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		-	-
2.3	Cash paid for the purchase of tangible and intangible asset		(277.454)	(503.197)
2.4	Cash obtained from the sale of tangible and intangible asset		82.911	153.201
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(12.921.043)	(4.717.362)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		9.665.129	4.611.515
2.7	Cash paid for the purchase of financial assets at amortised cost		(14.099.726)	(3.351.757)
2.8	Cash obtained from sale of financial assets at amortised cost		2.422.852	310.698
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flows from financing activities**		**(1.211.530)**	**2.286.732**
3.1	Cash obtained from funds borrowed and securities issued		19.303.799	10.669.459
3.2	Cash outflow from funds borrowed and securities issued		(20.313.496)	(8.182.488)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(45)	(50)
3.5	Payments for lease liabilities		(201.788)	(200.189)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**6.066.676**	**3.236.378**
V.	**Net increase/decrease in cash and cash equivalents**		**(21.048.269)**	**13.925.896**
VI.	**Cash and cash equivalents at beginning of the period**		**66.218.297**	**46.492.483**
VII.	**Cash and cash equivalents at end of the period**		**45.170.028**	**60.418.379**

Section Three - Accounting policies

1. Explanations on basis of presentation:

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC") and Turkish Tax Legislation.

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards ("TAS") 34 - Interim Financial Reporting" and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

The accompanying consolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis (restated for the changes in the general purchasing power of TL until December 31, 2004), except for financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial assets/liabilities, buildings and art objects and paintings in tangible assets. Besides, the carrying values of assets carried at amortized cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

The accounting policies and valuation principles employed for the preparation of consolidated financial statements are in compliance with TFRS requires the use of certain accounting estimates by the Group management to exercise its judgment on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The preparation and fair presentation of the financial statement and used principles of valuation in accordance with "Accounting and Reporting Legislation" published in the regulation, communique, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

The accounting principles are in accordance with the principles used in preparing yearly financial statements as of December 31, 2019.

The recent COVID-19 outbreak has led to disruptions in operations in countries which exposed to the outbreak, creating uncertainties both in regional and global economic conditions. As a result of the spread of COVID-19 throughout the world, some precautions are taken in our country in order to minimize the economic effects on individuals and businesses as the World did.

As of June 30, 2020, the Group has reflected at maximum level, in the light of available information and developments, the possible effects of the COVID-19 outbreak to the forecasts that used in the calculation of expected loan loss provisions. The estimations that were used in the calculation of expected loan loss provisions are disclosed in the explanations on impairment of financial assets.

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

2. Explanations on strategy of using financial instruments and foreign currency transactions:

The general strategy of the Group in using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. The Group can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is monitored within limits determined levels by the Board of Directors under the context of Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans.

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Other accumulated comprehensive income that will be reclassified in profit or loss " in equity.

In order to eliminate the inconsistency in the recognition, the Group, might classify its financial liabilities as the financial liabilities classified at fair value through profit/loss upon the initial recognition.

3. Information on consolidation principles:

3.1. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and "TFRS 10-Consolidated Financial Statements"

3.1.1. Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank's returns.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders.

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

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) June 30, 2020	Direct and indirect rates (%) June 30, 2020
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Malta(1)	St.Julian's /Malta	Banking	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company (2)	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) As of October 25, 2019, it has been decided by Bank's Board of Directors to liquidate Bank's indirect subsidiary Yapı Kredi Bank Malta Ltd, of which 100% of its shares owned through Yapı Kredi Holding B.V. The liquidation process is expected to be completed within 18 months following the approval of legal authorities in Malta. The liquidation of Yapı Kredi Bank Malta is not expected to make a significant impact on Bank's activities and financial statements.

(2) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Parent

3.1.2. Consolidation principles of associates:

The associates are entities in which the Parent Bank participates in their capital and has significant influence on them, although the Parent Bank has no capital or management control, is established in domestic and abroad. The related associates are consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % June 30, 2020	Direct and indirect rates % June 30, 2020
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	Insurance	20,00	20,00

3.1.3. Consolidation principles of joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is real estate investment trust ("REIT") and operates according to special legislation with permission and license and is established in Turkey. The related joint venture is consolidated with equity method in accordance with materiality principle.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % June 30, 2020	Direct and indirect rates % June 30, 2020
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	REIT	30,45	30,45

3.1.4. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

3.1.5. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "TAS 27 - Individual Financial Statements" in the consolidated financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

4. Explanations on forward and options contracts and derivative instruments:

The Group's derivative transactions mostly include foreign currency money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

At the transaction date, the Group documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Group regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transactions is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or the recognition of the hedged item.

The Parent Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate and currency swaps. The effective portion of the fair value changes of the hedging instruments are recorded in in "Other accumulated comprehensive income that will be reclassified in profit or loss" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized (considering the original maturity of the hedging instrument).

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "TFRS 9-Financial Instruments" and are therefore treated as "Derivative financial assets at fair value through profit or loss".

"Derivative financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Derivative financial assets at fair value through profit or loss" and if the fair value difference is negative, it is disclosed under "Derivative financial liabilities at fair value through profit or loss". Fair value changes are recorded under "Derivative Financial Transactions Gains/ (Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Parameters used for the valuation of the option portfolio of the Parent Bank are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to "TFRS – 9 Financial Instruments"; in case, (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another.

As of June 30, 2020, the Parent Bank's credit derivatives portfolio included total return swaps.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or asset pool. Depending on whether the reference assets are included in the balance sheet of the issuer or the owner of the assets, these transactions can be accounted by the party assuming the credit risk as insurance or as an embedded derivative. As per the Bank's management evaluation, the embedded derivatives included in the credit linked notes are separated from the host contracts in accordance with "TFRS 9 - Financial Instruments" and recorded and evaluated as credit default swaps. The bond itself (host contract) is valued in accordance with the valuation principles of the category it is classified.

Total return swaps are contracts, in which the seller commits to pay the contract value for all cash flows of the reference assets of the seller and the changes of the market values of these reference assets to the buyer during the contract maturity and bear all the decreases in the market value of the these reference assets. The Bank uses the total return swaps to generate long term funding.

Market risks of these products are monitored using the Parent Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, those currency exchange transactions realized at value date in the initial phase of currency swaps are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

A Credit Valuation Adjustment (CVA) is applied to the Bank's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank's over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with Turkish Financial Reporting Standards, "TFRS – 9 Financial Instruments", comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

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.

5. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method periodically.

Retrospective rediscount calculation and foreign exchange evaluation is performed for non performing loans, and accrued interest and rediscounts as of transfer to non performing loan accounts are accounted under loan accrual/rediscount accounts as per Uniform Chart of Accounts ('UCA'). The Bank ceases accruing interest after non-performing loan classification. In place of that, interest amount representing the time value of future collections is recognized under interest income instead of provision expense.

6. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15.

7. Explanations on financial assets:

As of January 1, 2018, the Group has applied TFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost.

According to TFRS 9 classification of financial assets is based on two criterias; business model under which the financial asset is being managed and contractual cash flows representing solely payments of principal and interest of the financial asset. This evaluation incorporates whether there is any clause that may change timing or amount of contractual cash flows of the financial asset.

Classification of financial assets reflects the business model of how the Group manages the assets in order to generate cash flows. Bank's business model may be to collect solely the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Assessment of the business model

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a single instrument basis approach for classification and should be determined on a higher level of aggregation.

During the assessment of the business model for management of financial assets, all relevant evidences at the assessment date have been taken into consideration. Such relevant evidence includes below:

- How the performance of the portfolio is evaluated and reported to the Group's management;
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets with duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

If cash flows are realised in a way that is different from the expectations on the date of the assessment of the

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

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

- Business model whose objective is to hold assets in order to collect contractual cash flows

Financial assets that are held within 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. That is, the Group manages the assets held within the portfolio to collect those particular contractual cash flows.

Although the objective of Group's business model may be to hold financial assets in order to collect contractual cash flows, the Group does not need to hold all of those instruments until the maturity. Thus Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future.

The business model may be to hold assets to collect contractual cash flows even if the Group sells financial assets when there is an increase in the assets' credit risk. The Group considers reasonable and supportable information, including forward looking information in order to determine whether there has been an increase in the assets' credit risk. Regardless of their frequency and value, sales due to an increase in the assets' credit risk are not inconsistent with a business model whose objective is to hold financial assets to collect contractual cash flows because the credit quality of financial assets is relevant to the Group's ability to collect contractual cash flows

- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's management has made a decision on both collecting contractual cash flows and selling financial assets are necessary for achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to manage liquidity needs on daily basis, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities funding those assets. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

- 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

A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

7.1. Financial assets at fair value through profit or loss:

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

The principles regarding the accounting of derivative financial instruments are explained in detail in Note 4 of this section.

7.2. Financial assets measured at amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost.These financial assets are initially recognized at total of acquisition and transaction cost. After their initial recognition they are carried at "Amortized cost" using the "Effective interest method".

7.3. Loans:

Loans are financial assets raised through lending without having the intention to trade in the short term. Loans are non derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on active market. Loans are recognized initially at cost including transaction costs (which reflect fair values) and subsequently carried at the amortized cost using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

Retail, commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the Uniform Chart of Accounts ('UCA'). Foreign currency indexed loans are initially measured at local currency accounts with the foreign exchange rate prevailing at date of the initial recognition and re-valued with the relevant foreign currency rates prevailing at the date of the financial statements. Increase or decrease in the value of the principal amount of the loan due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates prevailing at the repayment dates and the valuation differences are accounted for in foreign exchange gain/loss accounts.

The Parent Bank provides provision for expected credit losses based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 29750 dated June 22, 2016 and in line with "TFRS 9 - Financial Instruments". In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "other operating income". Policy about write-off is disclosed in detail in explanations and notes related to consolidated assets of Section Five.

7.4. Financial assets at fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Financial assets at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be observed reliably, the financial assets at fair value through other comprehensive income are carried at fair values determined by using alternative models. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from financial assets at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

Interest income on financial assets at fair value through other comprehensive income are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of an financial assets at fair value through other comprehensive income before the maturity, the difference between the profit, which is the difference between the cost and sales price of the financial assets, and the interest income accrual are accounted under "Profit/losses from capital market transactions".

Equity instruments of fair value through other comprehensive income:

At initial recognition, Group can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an equity instrument within the scope of TFRS 9. Such election is made on an instrument basis.

Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit/loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation.

8. Explanations on impairment of financial assets:

The Parent Bank assesses the expected credit losses ("ECL") related with its debt instrument assets carried at amortised cost and at fair value through other comprehensive income, with the exposure arising from loan commitments and financial guarantee contracts on a forward-looking basis. The Parent Bank recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the expected credit loss allowance:

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and at fair value through other comprehensive income is an area that requires the use of advanced models and significant assumptions about future economic conditions and credit behaviour.

These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition. Impairment shall be recognized on outstanding amounts in each category, as follows:

Stage 1:

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

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to this stage. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

Stage 3:

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

Life-time expected credit loss is calculated on an individual or collective basis for the financial assets in stage 2 and stage 3.

General provisions represent ECLs for the first stage and the second stage, specific provisions represent ECLs for the third stage.

The Parent Bank has developed specific models for calculating the expected loss; such models are based on the parameters of PD, LGD and EAD and on the effective interest rate. In particular:

- The PD (Probability of Default), represents the probability of occurrence of an event of default of the credit exposure, in a defined time lag;
- The LGD (Loss Given Default), represents the percentage of the estimated loss, and thus the expected rate of recovery, at the date of occurrence of the default event of the credit exposure;
- The EAD (Exposure at Default), represents the measure of the exposure at the time of the event of default of The credit exposure;
- The Effective interest rate is the discount rate that expresses of the time value of money.

Such parameters are calculated starting from the corresponding parameters used for IRB preparation purposes, with specific adjustments in order to ensure consistency between accounting and regulatory treatment despite different regulatory requirements.

The main adjustments aimed at:

- Removal of prudency principal required for IRB preparation phase;
- Introducing "point-in-time" adjustments to replace "through-the-cycle" adjustments required for IRB preparation phase (YKB is at pre-application stage for A-IRB models. TFRS-9 parameters developed over these parameters.);
- With reference to lifetime PD, through-the-cycle PD curves obtained by adjusting observed cumulated default rates were calibrated in order to reflect point-in-time on portfolio default rates.

Recovery rate incorporated into through-the-cycle LGD was adjusted in order to remove prudency principle and to reflect the most updated trend of recovery rates discounted at effective interest rate or at its best approximation.

The lifetime EAD has been obtained by converting the 1 year regulatory or managerial model to life-time, removing margin of prudency and including the expected discounted cash flow.

The Stage Allocation model is a key aspect of the new accounting model required to calculate expected credit losses which is aimed at transferring credit exposures from Stage 1 to Stage 2.

With reference to the quantitative component of the model for stage allocation, the Parent Bank has adopted a statistical approach based on a quantiles regression whose objective is to define a threshold in terms of maximum variation acceptable between the PD at the time of origination and the PD assessed at the reporting date.

The Stage Allocation model was based on a combination of relative and absolute elements. The main elements were:

- Comparison, for each transaction, between the PD measured at the time of recognition and PD as at the reporting date, both calculated according to internal models, through thresholds set in a way considering all key variables of each transaction that can affect the Bank's expectation of PD changes over time;
- Absolute elements such as the backstops required by law;
- Additional internal evidence

Significant increase in credit risk

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made;

Quantitative Assessment:

As a result of quantitative assessment, related financial asset is classified as stage 2 (Significant Increase in Credit Risk) when any of the following criterias are satisfied.

As of reporting date:

- Lifetime expected credit losses shall be recognized on a transaction base, when 30 days past due status is reached. The Group can abandon this estimation when it has reasonable and supportable information available which demonstrates that even if contractual payments become more than 30 days past due, this does not represent a significant increase in the credit risk of a financial instrument.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on unindemnified non cash loans are evaluated as significant increase in credit risk.

Qualitative Assessment:

The probability of significant increase in credit risk under qualitative assessment is based on the comparison of probability of default of a loan in the origination and as of reporting date.

The Group uses distribution regression on segment basis in order to calculate the thresholds used in defining the significant increase in credit risk.

Financial instruments defined as low risk for TFRS 9 are;

- Receivables from Central Bank of the Republic of Turkey;
- Loans with counterparty of Treasury of the Republic of Turkey
- The issued securities or guaranteed marketable securities from central banks of the countries where Group's subsidiaries, associates are resident;
- Bank placements;
- Other money market transactions;
- Transactions of Group's associates and subsidiaries

Forward Looking Information:

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation.

For the calculation of expected credit loss, Group uses macroeconomic estimation method which is developed during creation of various scenarios. Macroeconomic variables prevailing during these estimates are Gross Domestic Product (GDP), Unemployment Rate, Foreign Trade Balance and Housing Price Index.

When expected credit losses are estimated in accordance with the forward looking macroeconomic information, the Group evaluates 3 scenarios (base, pessimistic and optimistic) with various weights based. Each of these scenarios are in relation with different probability of default risk.

Where macroeconomic scenarios do not include longer than 1 year maturity, a process called "convergence to the mean" is applied.

The Group has revised its macroeconomic expectations due to the possible effects of the COVID-19 epidemic. Also, in the light of these data the probabilities of default and loss given default were reflected by taking into account their values. In this context, the Group has calculated expected credit loss provision by updating macroeconomic parameters such as in gross domestic product, unemployment rate, foreign trade balance and housing price index which is considered to reflect the current economic situation best and by increasing the weight of the pessimistic scenario. The Group reflected the estimation of cash flows where used possible effects of the COVID-19 with reasonable and supportable information which was available in calculating the expected loan loss provision for the loans that subjected to individual assessment. This preferred approach will be reassessed in the upcoming reporting periods, considering the impact of the outbreak, the credit portfolio and changes in future expectations.

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the BRSA took the following decisions that was effective from March 17, 2020:

- Over the 90-day delay period that was envisaged for the classification of non-performing loans will be applied as over the 180 days until December 31, 2020 for Stage 1 and 2 loans.
- Over the 30-day delay period that was envisaged for the classification of loans in stage 2 will be applied as over the 90 days until December 31, 2020 for Stage 1 loans.
- The banks will continue to set aside calculating the expected credit loss provision within the scope of TFRS 9, for the loans that continue to be classified in Stage 2 despite over the 90-day delay and those that continue to be classified in Stage 1 despite over the 30-day delay.

As of June 30, 2020, the Group has classified loans in accordance with the changes mentioned above and reflected them in its financial statements.

9. Explanations on offsetting financial assets:

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

10. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Money market funds" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from money markets" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Group has no securities lending transactions.

11. Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets:

According to the "TFRS-5 Non-current Assets Held for Sale and Discontinued Operations" a tangible asset (or a group of assets to be disposed) classified as "Asset held for resale" 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 resale" 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.

A discontinued operation is a part of the Group's business classified as sold or held for sale. The operating results of the discontinued operations are disclosed separately in the income statement.

12. Explanations on goodwill and other intangible assets:

12.1. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquire before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. The goodwill resulting from the merger and calculated in line with TFRS 3, was recorded in the unconsolidated financial statements of the Bank.

In line with "TFRS 3- Business Combinations" the goodwill is not subject to amortization but is tested annually or more frequently for impairment losses, if any, in line with "TAS 36 - Impairment on Assets". For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units that is expected to benefit from the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

There is no evidence of impairment on the goodwill amount as a result of the impairment test.

12.2. Other intangible assets:

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for impairment.

The Group evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Group estimates a recoverable amount in accordance with the "TAS 36-Impairment of Assets".The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset.

13. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement in accordance with "TAS 16- Property, Plant and Equipment". Subsequently, properties and equipments, except art objects, paintings and buildings, are carried at cost less accumulated depreciation and provision for impairment.

The Group adopted fair value accounting method for its buildings since March 31, 2015 in tangible assets in accordance with "TAS 16- Property, Plant and Equipment".

The depreciation rate for buildings is 2-4%; for movables and movables acquired under financial leasing depreciation is calculated over estimated useful life by using the straight-line method.

The depreciation charge for items remaining in property and equipment for less than a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

In accordance with "TAS 36-Impairment of Assets", where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for impairment is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales proceeds.

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

14. Explanations on leasing transactions:

The Group performs leasing transactions in the capacity of the lessee and lessor.

14.1. Accounting of leasing operations according to lessee:

The Group has adopted "TFRS 16 - Leases" as of January 1, 2019. The Group has applied the simplified transition approach and elected not to restate comparative figures.

In accordance with "TFRS 16 - Leases", the Group calculates "right-of-use" amount using the present value of the lease payments of fixed asset at the beginning of the leasing period and recognizes under "property and equipment". Unpaid leasing payments are calculated at their net present value and recognized under "lease payables" in liabilities. Lease payments are discounted using related borrowing rates.

Fixed assets that are subject to leasing is amortised on the basis of leasing period. Interest expense related to lease payables is classified under "interest on lease payables" under "interest expense" and exchange rate changes are classified under "foreign exchange gains/losses". Leasing payments are deducted from lease payables.

14.2. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in the consolidated financial statements. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

14.2.1 Provision for doubtful lease receivables

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Group has set this provision in accordance with the TFRS 9 rules.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

15. Explanations on provisions, contingent assets and liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognised for loans and other receivables, are accounted in accordance with "TAS 37- Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognised in the period of occurrence in accordance with the "Matching principle". A provision is recognised when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made, or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

16. Explanations on obligations related to employee rights:

16.1. Employee termination benefits

Obligations related to severance pay and vacation rights are accounted for in accordance with "TAS 19- Employee Rights" and are classified under "Reserve for employee rights" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for severance pay represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised "TAS 19- Employee Rights" standard.

16.2. Pension rights

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the

Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23th paragraph 1 of the Banking Act published in the Official Gazette No 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

The article of the Law related to the transfer was cancelled (pursuant to the application by the President on November 2, 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated March 22, 2007) published in the Official Gazette No. 26479 dated March 31, 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26731. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015. The Council of Ministers was authorized to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 and numbered 29335. The president was authorized to determine the transfer date of pension funds in accordance with the last amendment by the Law No. 30473 published in the Official Gazette dated July 9, 2018.

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Parent Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

16.3. Short term benefits of employee:

Within the scope of "TAS 19- Employee Rights", the Group measures the expected costs of accumulated paid leaves as expected payments it will make due to unused leave rights as at the end of the reporting date.

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

17. Explanations on taxation:

17.1. Current tax:

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In addition, with the 91st article of The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts which came into effect, being published in the Official Gazette dated December 5, 2017 and numbered 30261, current 20% corporate tax rate, will be applied as 22% for enterprises' corporate income belonging to the taxation periods of 2018, 2019 and 2020.

Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied. Additional tax is not payable unless the profit is distributed.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of last day of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Tax rates that are used in tax calculations before the exemptions by foreign subsidiaries by taking current tax regulations in their countries into consideration as of June 30, 2020 are as follows:

Netherlands	25,00%
Azerbaijan	20,00%
Malta	35,00%

17.2. Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "TAS 12-Income Taxes" and in accordance with BRSA's explanations and circulars and the tax legislation. The Group calculates deferred tax on deductible temporary differences, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with "TAS 12-Income Taxes". The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

Additionally, in accordance with the related legislation of BRSA, deferred tax effect, if income, is not eligible for dividend distribution and share capital increase.

17.3. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007/26704, explains the application related issues on this topic effective from January 1, 2007, also taking into account the regulations in Article 41 of the Income Tax Law.

"Arm's length principle", which is the basis for the transfer pricing rule, is the pricing system to be followed for purchase or sale activities between related parties for any product or service transactions as if the transaction is realized with any other third party. 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 discussed in the relevant 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.

18. Additional explanations on borrowings:

The financial liabilities classified at fair value through profit/loss, trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortized cost" including costs of transactions using the "effective interest method".

The Group classifies some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition. For the related liabilities until the maturity, the Bank presents interest expenses paid and the difference between amortized cost and acquisition cost in the interest expense, the difference between the fair value of the financial liabilities and amortized cost presents under the trading gain/(loss) in the income statement.

The Group utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued.

Also, Group obtains funds by issuing bonds and bills.

19. Explanations on issuance of share certificates:

When shares are issued above their nominal value, the excess over the nominal value is accounted under shareholders' equity as "Share premium".

20. Explanations on avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "off-balance sheet commitments".

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

21. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until balance sheet date, the Group received government grant from TÜBİTAK amounting to TL 372 (December 31, 2019 - TL 694).

22. Profit reserves and profit distribution:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Legal reserves consist of first and second reserves as foreseen in the TCC. The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

No dividend payments of the Parent Bank were announced after the balance sheet date.

23. Earnings per share:

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

	Current Period	**Prior Period**
Net Income/(loss) to be appropriated to ordinary shareholders	2.460.774	2.360.947
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	**0,0029**	**0,0028**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. 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.

No bonus shares were issued during 2020 (2019 - no bonus shares were issued).

24. 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/affiliated 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 7. of Section Five.

25. Explanations on operating segments:

Information about operating segments which are determined in line with "TFRS 8- Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note 10 of Section Four.

26. Explanations on other matters:

None.

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

Section four - Information related to financial position of the Group

1. Explanations on consolidated own funds:

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" and "Regulation Regarding Banks' Shareholders' Equity".

The consolidated capital adequacy ratio of the Group is 18,08% (December 31, 2019 – 16,74%) and the Parent Bank is 19,10% (December 31, 2019 – 17,81%).

1.1. Information related to capital adequacy ratio:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	29.484.462	25.884.402
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	5.459.306	4.515.991
Profit	4.100.728	5.240.014
Net profit of the period	2.460.774	3.600.060
Profit of the previous years	1.639.954	1.639.954
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	14.779	9.093
Minority interest	725	687
Common Equity Tier 1 capital before regulatory adjustments	**48.063.988**	**44.654.175**
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	93.378	82.259
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	2.117.853	1.825.733
Improvement costs for operating leasing	116.064	130.170
Goodwill (net of related tax liability)	979.493	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	864.283	868.508
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	-	-
Shortfall of provisions to expected losses	-	-
Securitisation gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks' Shareholders' Equity	-	-
The amount above threshold for the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital	-	-
The amount above threshold for mortgage servicing rights	-	-
The amount above threshold for deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments to Common equity Tier 1	**4.171.071**	**3.886.163**
Common Equity Tier 1 capital (CET1)	**43.892.917**	**40.768.012**

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

ADDITIONAL TIER 1 CAPITAL	**Current Period**	**Prior Period**
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	4.447.430	3.861.130
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier 1 capital before regulatory adjustments	**4.447.430**	**3.861.130**
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Total Additional Tier 1 capital	**4.447.430**	**3.861.130**
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	**48.340.347**	**44.629.142**
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	6.930.611	6.817.423
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	322.028	492.467
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks) [(2)]	3.027.091	2.896.894
Tier 2 capital before regulatory adjustments	**10.279.730**	**10.206.784**
Tier 2 capital: regulatory adjustments		
Direct and indirect investments of the Bank on its own Tier 2 Capital (-)		-
Investments of the Bank to banks that invest on the Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	129.052	112.694
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Total regulatory adjustments to Tier 2 capital	**129.052**	**112.694**
Total Tier 2 capital	**10.150.678**	**10.094.090**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	**58.443.000**	**54.683.723**
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	2.940	4.337
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years [(3)]	-	-
National specific regulatory adjustments which shall be determined by the BRSA	45.085	35.172
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions(amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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

OWN FUNDS

	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	58.224.349	54.683.723
Total Risk Weighted Assets	322.118.551	326.754.145
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	13,63	12,48
Tier 1 Capital Adequacy Ratio (%)	15,01	13,66
Capital Adequacy Ratio (%)	18,08	16,74
BUFFERS		
Institution specific buffer requirement of the Bank (a+b+c)	3,546	4,049
a)Capital conservation buffer requirement (%)	2,500	2,500
b)Bank's specific countercyclical buffer requirement (%)	0,046	0,049
c)Systemically important Bank buffer	1,000	1,500
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	9,007	7,658
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials		-
Significant investments in the common stock of financials	1.360.874	1.213.663
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	4.278.777	3.025.366
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	9.093.285	6.595.432
Up to 1.25% of total risk-weighted amount of general provisions for receivables where the standard approach used	3.880.886	3.713.967
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	322.028	492.467
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	5.875.596	4.993.118

(1) Represents after tax, net amount of general provisions.
(2) According to the "Regulation Regarding to changes on Regulation on Banks' Shareholders' Equity" published in Official Gazette No.30121 on July 11, 2017, related article has been abolished.
(3) In the calculation of Capital Adequacy Ratios, the negative valuation differences on securities acquired before March 23, 2020 classified under "securities at fair value through other comprehensive income" are not taken into consideration in the calculation of own funds according to BRSA note no.24049440-045.01-E.3397 dated March 23, 2020.
(4) In the calculation of credit risk, buying rate of exchange is used in the preparation of financial statements as of December 31, 2019, according to BRSA note no.24049440-045.01-E.3397 dated March 23, 2020.

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

1.2. Information on debt instruments included in the calculation of equity:

	1	2	3	4	5	6	7
Lender (1,2); Issuer (3,4,5,6,7)	UNICREDIT SPA	UNICREDIT SPA	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş	Yapı ve Kredi Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	XS0861979440/ US984848AB73	XS1376681067/ US984848AF87	XS1867595750/ US984848AL55	TRSYKBK62914	TRSYKBK92911
Governing law(s) of the instrument	BRSA / Austria Law	BRSA / Austria Law	BRSA / CMB / LONDON STOCK EXCHANGE / English Law	English Law /Turkish Law	English Law /Turkish Law	BRSA / CMB //Turkish Law	BRSA /CMB / Turkish Law
Regulatory treatment							
Transitional Basel III rules	No	No	Yes	No	No	No	No
Eligible at stand-alone / consolidated	Stand-alone -Consolidated	Stand-alone –Consolidated	Stand-alone –Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone –Consolidated	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Bond	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1.601	1.109	322	3.421	4.447	500	300
Par value of instrument	4.003	1.847	6.198	3.421	4.447	500	300
Accounting classification	Liability – Subordinated Debt- amortized cost	Liability – Subordinated Debt- amortized cost	Liability – Subordinated Debt- amortized cost	Liability – Subordinated Debt- amortized cost	Liability – Subordinated Debt- amortized cost	Liability – Subordinated Debt- amortized cost	Liability – Subordinated Debt- amortised cost
Original date of issuance	January 9, 2013	December 18, 2013	December 6, 2012	March 8, 2016	January 15, 2019	July 3, 2019	October,3 2019
Perpetual or dated	Dated	Dated	Dated	Dated	Demand	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years 1 day	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	No	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	-	5th year	Every 5 year	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	Every 5 year	After 5th year	After 5th year
Coupons / dividends							
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Variable İnterest	Variable İnterest
Coupon rate and any related index	5,7%	First 5 years 6,55%fixed, second 5 years 7,7156 fixed	5,5%	8,625% (5 Year MidSwap+ 7,40% coupon)	13,875% (5 Year MidSwap+ 11,245% coupon)	3 months TRLIBOR + 1,00%	TLREF Index change + 1,30%
Existence of a dividend stopper	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	-	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount
Fully discretionary, partially discretionary or mandatory	-	-	-	Mandatory	On demand	Mandatory	Mandatory
Existence of step up or other incentive to redeem	-	-	-	-		-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible							
If convertible, conversion trigger (s)	-	-	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-	-	-
Write-down feature							
If write-down, write-down trigger(s)	-	-	-	In case of default	In case of default and in case Common Equity Tier 1 lower than 5,125%	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF.	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF
If write-down, full or partial	-	-	-	Partial	Partial and completely	Partial and completely	Partial and complete
If write-down, permanent or temporary	-	-	-	Permanent	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	-	In case of default and in case Common Equity Tier 1 higher than 5,125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors and TIER 1	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
In compliance with article number 7 and 8 of "Own fund regulation"	No	No	Yes	No	No	No	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	8-2-ğ	-	-		-

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

1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the "Regulation Regarding Banks' Shareholders' Equity" are considered in the own funds. In the calculation of Capital Adequacy Ratios, the negative valuation differences on securities acquired before March 23, 2020 classified under "securities at fair value through other comprehensive income" are not taken into consideration in the calculation of own funds according to BRSA note no.24049440-045.01-E.3397 dated March 23, 2020. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article and in the provisional fourth article of the "Regulation Regarding Banks' Shareholders' Equity".

2. Explanations on Consolidation Based Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal Rating-Based (IRB) approach, have not been presented.

2.1. General Information on Risk Management and Risk Weighted Amount

2.1.1. Overview of Risk Weighted Assets

		Risk Weighted Assets		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**279.066.827**	**289.482.466**	**22.325.346**
2	Of which standardised approach (SA)	279.066.827	289.482.466	22.325.346
3	Of which internal rating-based (IRB) approach	-	-	-
4	**Counterparty credit risk**	**5.966.963**	**5.037.926**	**477.357**
5	Of which standardised approach for counterparty credit risk (SA-CCR)	5.966.963	5.037.926	477.357
6	Of which internal model method (IMM)	-	-	-
7	**Equity positions in banking book under market-based approach**	-	-	-
8	**Equity investments in funds – look-through approach**	**16.880**	**2.603**	**1.350**
9	**Equity investments in funds – mandate-based approach**	-	-	-
10	**Equity investments in funds – fall-back 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**	**3.692.468**	**2.689.968**	**295.397**
17	Of which standardised approach (SA)	3.692.468	2.689.968	295.397
18	Of which internal model approaches (IMM)	-	-	-
19	**Operational risk**	**30.380.790**	**26.507.024**	**2.430.463**
20	Of which Basic Indicator Approach	30.380.790	26.507.024	2.430.463
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**2.994.623**	**3.034.158**	**239.570**
24	**Floor adjustment**	-	-	-
25	**TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)**	**322.118.551**	**326.754.145**	**25.769.483**

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

2.1.2. Credit quality of assets

According to the BRSA Regulation "Regulation on the procedures and principles for the determination of qualification of loans and other receivables by Banks and provision to be set aside" in the cases:

- For which recovery of principal and interest or both delays for more than ninety days from their terms (According to BRSA decision no.8948 dated March 17, 2020, it will be applied as 180 days until December 31, 2020) or;
- Which have limited means for total recovery because debtors' equity or collaterals extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or;
- For which debtors are recognized to have suffered substantial deterioration in their creditworthiness and credits have suffered weakness consequently or;
- For which it is believed that recovery by banks of principal or interest or both would delay for more than ninety days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation,

Provisions are calculated for these loans over the rates produced on the business model outputs of the Bank.

In accordance with the regulation; in the event that failure to meet payment obligations towards banks stems from temporary liquidity difficulties related to the loans, including any overdue interest may be restructured or subject to a new redemption plan for the purpose of providing debtors with liquidity capability and ensuring recovery of receivables by the Bank.

		Gross carrying values of as per TAS			
	Current Period	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
1	Loans	18.842.015	268.730.891	20.952.870	266.620.036
2	Debt Securities	-	73.829.410	171.500	73.657.910
3	Off-balance sheet exposures	1.160.132	224.410.298	1.027.996	224.542.434
4	**Total**	**20.002.147**	**566.970.599**	**22.152.366**	**564.820.380**

		Gross carrying values of as per TAS			
	Prior Period	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values**
1	Loans	19.362.337	243.290.890	18.172.617	244.480.610
2	Debt Securities	-	56.580.044	94.342	56.485.702
3	Off-balance sheet exposures	1.175.798	161.704.704	927.439	161.953.063
4	**Total**	**20.538.135**	**461.575.638**	**19.194.398**	**462.919.375**

2.1.3. Changes in stock of defaulted loans and debt securities:

		Current Period	**Prior Period**
1	**Defaulted loans and debt securities at end of the previous reporting period**	**20.538.135**	**14.379.490**
2	Loans and debt securities that have defaulted since the last reporting period	1.209.602	11.660.481
3	Returned to non-defaulted status	47.500	43.356
4	Amounts written off	837.956	3.575.298
5	Other changes	(860.134)	(1.883.182)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**20.002.147**	**20.538.135**

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

2.1.4. Credit risk mitigation techniques – overview:

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	203.304.890	63.315.146	35.348.778	14.564.996	11.674.270	-	-
Debt securities	73.657.910	-	-	-	-	-	-
Total	**276.962.800**	**63.315.146**	**35.348.778**	**14.564.996**	**11.674.270**	**-**	**-**
Of which defaulted	3.865.968	2.325.325	771.068	907.900	448.061	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	174.388.950	70.091.660	37.707.385	11.903.657	9.616.692	-	-
Debt securities	56.485.702	-	-	-	-	-	-
Total	**230.874.652**	**70.091.660**	**37.707.385**	**11.903.657**	**9.616.692**	**-**	**-**
Of which defaulted	3.811.620	3.451.244	932.993	733.593	371.782	-	-

2.1.5. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

	Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	110.101.437	1.995.291	122.166.794	2.332.384	191.942	0,15%
2	Exposures to regional governments or local authorities	727	25	727	13	148	20%
3	Exposures to public sector entities	73.362	137.355	68.333	52.241	120.574	100,00%
4	Exposures to multilateral development banks	75.236	22.510	75.236	11.255	-	0,00%
5	Conditional and unconditional receivables from banks and brokerage houses	31.084.292	21.267.374	31.141.266	2.499.685	10.634.876	31,61%
6	Exposures to corporates	133.573.192	102.510.844	126.543.739	43.716.067	168.189.788	98,78%
7	Retail exposures	80.107.276	69.807.904	72.934.714	6.256.370	59.393.312	75,00%
8	Exposures secured by residential property	10.439.774	141.682	10.439.774	67.975	3.677.712	35,00%
9	Exposures secured by commercial real estate	23.837.623	3.164.676	23.689.545	2.179.727	19.813.197	76,59%
10	Past-due loans	4.600.725	26.891	4.382.535	9.811	2.914.108	66,35%
11	Higher-risk categories by the Agency Board	1.540.108	2.084.014	1.301.645	185.126	1.969.449	132,46%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	22.084	-	22.084	-	16.881	76,44%
13	Investments in equities	1.791.936	-	1.791.936	-	3.588.709	200,27%
14	Other assets	17.991.515	-	17.991.515	-	11.567.634	64,29%
	TOTAL[(1)]	**415.239.287**	**201.158.566**	**412.549.843**	**57.310.654**	**282.078.330**	**60,03%**

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	93.739.760	1.652	103.663.658	228.778	12.694.935	12,22%
2	Exposures to regional governments or local authorities	-	-	-	-	-	0,00%
3	Exposures to public sector entities	53.722	123.222	53.712	49.678	103.390	100,00%
4	Exposures to multilateral development banks	75.243	21.529	75.243	10.915	-	0,00%
5	Conditional and unconditional receivables from banks and brokerage houses	41.450.308	12.306.819	41.514.884	2.507.194	16.454.249	37,38%
6	Exposures to corporates	140.169.354	104.756.514	135.085.647	43.302.762	176.575.685	98,98%
7	Retail exposures	76.725.641	62.127.161	69.592.033	6.007.307	56.699.505	75,00%
8	Exposures secured by residential property	10.587.317	130.104	10.587.317	62.383	3.727.395	35,00%
9	Exposures secured by commercial real estate	12.742.688	2.357.619	12.742.688	1.658.082	7.200.385	50,00%
10	Past-due loans	7.244.356	52.945	6.861.754	31.762	5.426.929	78,73%
11	Higher-risk categories by the Agency Board	18.674	2.046.794	18.605	167.920	278.557	149,34%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	4.997	-	4.997	-	2.602	52,07%
13	Investments in equities	1.798.221	-	1.798.221	-	3.618.715	201,24%
14	Other assets	15.361.320	-	15.361.320	-	9.736.880	63,39%
	TOTAL	**399.971.601**	**183.924.359**	**397.360.079**	**54.026.781**	**292.519.227**	**64,80%**

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

2.1.6. Standard Approach: Receivables by risk classes and risk weights:

Current Period

	Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	124.307.239	-	-	-	-	-	191.939	-	-	-	-	124.499.178
2	Exposures to regional governments or local authorities	-	-	740	-	-	-	-	-	-	-	-	740
3	Exposures to public sector entities	-	-	-	-	-	-	120.574	-	-	-	-	120.574
4	Exposures to multilateral development banks	86.491	-	-	-	-	-	-	-	-	-	-	86.491
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	21.327.042	-	11.888.883	-	425.026	-	-	-	-	33.640.951
6	Exposures to corporates	330.804	-	159.033	-	3.223.970	-	166.545.999	-	-	-	-	170.259.806
7	Retail exposures	-	-	-	-	-	79.191.084	-	-	-	-	-	79.191.084
8	Exposures secured by residential property	-	-	-	10.507.749	-	-	-	-	-	-	-	10.507.749
9	Exposures secured by commercial real estate	-	-	-	-	11.850.284	523.734	13.495.254	-	-	-	-	25.869.272
10	Past-due loans	-	-	-	-	2.956.476	-	1.435.870	-	-	-	-	4.392.346
11	Higher-risk categories by the Agency Board	-	-	-	-	49.290	-	422.833	1.014.648	-	-	-	1.486.771
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	66	-	3.478	-	4.711	-	13.829	-	-	-	-	22.084
13	Investments in equities	-	-	-	-	-	-	594.087	-	-	1.197.849	-	1.791.936
14	Other assets	6.202.554	-	276.660	-	-	-	11.512.301	-	-	-	-	17.991.515
	Total	**130.927.154**	**-**	**21.766.953**	**10.507.749**	**29.973.614**	**79.714.818**	**194.757.712**	**1.014.648**	**-**	**1.197.849**	**-**	**469.860.497**

Prior Period

	Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	91.183.994	-	16.883	-	-	-	12.691.559	-	-	-	-	103.892.436
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	103.390	-	-	-	-	103.390
4	Exposures to multilateral development banks	86.158	-	-	-	-	-	-	-	-	-	-	86.158
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	30.545.548	-	6.302.947	-	7.133.418	40.165	-	-	-	44.022.078
6	Exposures to corporates	330.804	-	701.714	-	1.841.102	-	175.514.789	-	-	-	-	178.388.409
7	Retail exposures	-	-	-	-	-	75.599.340	-	-	-	-	-	75.599.340
8	Exposures secured by residential property	-	-	-	10.649.700	-	-	-	-	-	-	-	10.649.700
9	Exposures secured by commercial real estate	-	-	-	-	14.400.770	-	-	-	-	-	-	14.400.770
10	Past-due loans	-	-	-	-	3.731.962	-	2.362.765	798.789	-	-	-	6.893.516
11	Higher-risk categories by the Agency Board	-	-	-	-	-	-	2.460	184.065	-	-	-	186.525
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	178	-	2.343	-	683	-	1.793	-	-	-	-	4.997
13	Investments in equities	-	-	-	-	-	-	584.558	-	-	1.213.663	-	1.798.221
14	Other assets	5.540.375	-	105.082	-	-	-	9.715.863	-	-	-	-	15.361.320
	Total	**97.141.509**	**-**	**31.371.570**	**10.649.700**	**26.277.464**	**75.599.340**	**208.110.595**	**1.023.019**	**-**	**1.213.663**	**-**	**451.386.860**

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

2.1.7. Assessment of Counterparty Credit Risk according to the models of measurement:

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE(1)	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	2.587.419	1.495.906	-	1,40	4.070.012	3.080.554
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					1.356.141	606.718
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6	**Total**						**3.687.272**

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE(1)	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	2.168.211	1.733.413	-	1,40	3.875.568	2.806.284
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					655.460	321.783
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6	**Total**						**3.128.067**

(1) Effective expected positive exposure

2.1.8. Credit valuation adjustment (CVA) capital charge:

		Current Period		**Prior period**	
		Exposure (After credit risk mitigation methods)	**Risk Weighted Amounts**	**Exposure (After credit risk mitigation methods)**	**Risk Weighted Amounts**
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	4.070.012	2.274.727	3.875.568	1.900.138
4	**Total amount of CVA capital adequacy**	**4.070.012**	**2.274.727**	**3.875.568**	**1.900.138**

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

2.1.9. Standardised approach– CCR exposures by regulatory portfolio and risk weights:

	Current Period											
	Risk Weights/Risk Classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total credit risk**[(1)]
1	Central governments and central banks receivables	477.625	-	-	-	-	-	-	-	-	-	477.625
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	19.182	114.498	-	397.348	-	1.750.211	-	-	-	2.281.239
6	Corporate receivables	-	-	-	-	-	-	69.057	-	2.646.349	-	2.715.406
7	Retail receivables	-	-	-	-	-	-	-	3.802	-	-	3.802
8	Mortgage receivables	-	-	-	-	-	-	65.583	-	16.178	-	81.761
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**477.625**	**19.182**	**114.498**	**-**	**397.348**	**-**	**1.884.851**	**3.802**	**2.662.527**	**-**	**5.559.833**

	Prior Period											
	Risk Weights/Risk Classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total credit risk**[(1)]
1	Central governments and central banks receivables	11.904	-	-	-	-	-	-	-	21.050	-	32.954
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	308.898	88.571	-	627.672	-	1.510.381	-	120.115	-	2.655.637
6	Corporate receivables	-	-	-	-	-	-	5.566	-	1.969.870	-	1.975.436
7	Retail receivables	-	-	-	-	-	-	-	5.154	-	-	5.154
8	Mortgage receivables	-	-	-	-	-	-	259.318	-	-	-	259.318
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**11.904**	**308.898**	**88.571**	**-**	**627.672**	**-**	**1.775.265**	**5.154**	**2.111.035**	**-**	**4.928.499**

(1) Total credit risk: Value of Capital Adequacy Calculations after Counterparty Credit Risk methods are applied.

2.1.10. Composition of collateral for CCR exposure:

		Collaterals for Derivatives				**Collaterals or Other Transactions**	
	Current Period	**Collaterals Taken**		**Collaterals Given**		**Collaterals Taken**	**Collaterals Given**
		Segregated	**Unsegregated**	**Segregated**	**Unsegregated**		
1	Cash-domestic currency	-	22	-	-	8.590.259	-
2	Cash-foreign currency	-	7.718	-	-	1.529.995	-
3	Government bill/bond - domestic	-	5.573	-	-	-	10.994.945
4	Other collateral	-	-	-	-	-	-
9	**Total**	**-**	**13.313**	**-**	**-**	**10.120.254**	**10.994.945**

		Collaterals for Derivatives				**Collaterals or Other Transactions**	
	Prior Period	**Collaterals Taken**		**Collaterals Given**		**Collaterals Taken**	**Collaterals Given**
		Segregated	**Unsegregated**	**Segregated**	**Unsegregated**		
1	Cash-domestic currency	-	2.594	-	-	2.936.526	10.703.351
2	Cash-foreign currency	-	17.961	-	-	789.711	-
3	Government bill/bond - domestic	-	5.501	-	-	10.709.991	4.233.025
4	Other collateral	-	-	-	-	-	-
9	**Total**	**-**	**26.056**	**-**	**-**	**14.436.228**	**14.936.376**

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

2.1.11. Credit derivatives exposures:

	Current Period		Prior Period	
	Protection Bought	**Protection Sold**	**Protection Bought**	**Protection Sold**
Nominal				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	13.293.315	-	12.732.747
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	**-**	**13.293.315**	**-**	**12.732.747**
Rediscount Amount	**-**	**(1.375.693)**	**-**	**(229.460)**
Positive Rediscount Amount	-	47.240	-	274.073
Negative Rediscount Amount	-	(1.422.933)	-	(503.533)

2.1.12. Market risk under standardised approach:

		Current Period	Prior Period
		Risk Weighted Asset	**Risk Weighted Asset**
	Outright products	**3.663.430**	**2.669.818**
1	Interest rate risk (general and specific)	1.973.938	1.563.732
2	Equity risk (general and specific)	65.100	11.213
3	Foreign exchange risk	1.607.217	1.094.873
4	Commodity risk	17.175	-
	Options	**29.038**	**20.150**
5	Simplified approach	-	-
6	Delta-plus method	29.038	20.150
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**3.692.468**	**2.689.968**

2.1.13. Exposures to central counterparties:

		Current Period		Prior Period	
		Exposure at default (post-CRM)	**RWA**	**Exposure at default (post-CRM)**	**RWA**
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**9.721**		**180.567**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)); of which	-	-	-	-
3	(i) OTC Derivatives	133.680	4.964	114.438	4.060
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	283.033	5.661
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-		-	
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	-	-	-	-
10	Unfunded default fund contributions	-	-	-	-
11	**Exposures to non-QCCPs (total)**		-		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions) ; of which)	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-		-	
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

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

3. Explanations on consolidated currency risk:

The difference between the Group's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Cross currency risk is also taken into consideration for the currency risk calculations and measurements.

The Group keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition, although the internal exchange position limit is lower when compared to the related legal limit, there has not been any limit exceeding during the period. As an instrument of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied. Value at risk method is used for the measurement of foreign exchange risk.

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note 8.

The Parent Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five working days prior to that date are as follows:

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate	**6,8422**	**7,7082**
First day current bid rate	6,8417	7,6776
Second day current bid rate	6,8434	7,6796
Third day current bid rate	6,8452	7,7363
Fourth day current bid rate	6,8440	7,7278
Fifth day current bid rate	6,8422	7,6713
Arithmetic average of the last 30 days:	**6,8103**	**7,6675**
Evaluation rate as of prior period:	**5,9402**	**6,6506**

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

Information on currency risk of the Group:

	EUR	USD	Other FC(4)	Total
Current period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	19.436.103	21.824.885	5.385.220	46.646.208
Banks	2.538.241	10.797.994	246.505	13.582.740
Financial assets at fair value through profit or loss	18.717	92.732	1	111.450
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	750.552	3.960.829	127.639	4.839.020
Loans (1)	58.833.292	52.711.431	2.684.192	114.228.915
Investments in associates, subsidiaries and joint ventures	-	-	1.047.992	1.047.992
Financial assets measured at amortised cost	1.488.497	16.258.841	-	17.747.338
Hedging derivative financial assets	37.963	-	-	37.963
Tangible assets	8.271	-	40.486	48.757
Other assets (2)	5.772.791	7.947.020	888.737	14.608.548
Total assets	**88.884.427**	**113.593.732**	**10.420.772**	**212.898.931**
Liabilities				
Bank deposits	599.786	817.150	92.191	1.509.127
Foreign currency deposits	40.109.246	77.738.401	11.422.128	129.269.775
Funds from money market	1.737.958	36.074	-	1.774.032
Funds borrowed from other financial institutions	19.040.452	21.802.133	153.870	40.996.455
Marketable securities issued	1.190.439	16.742.727	-	17.933.166
Miscellaneous payables	330.129	586.383	11.344	927.856
Hedging derivative financial liabilities	129.756	1.024.768	-	1.154.524
Other liabilities(3)	1.504.773	35.322.893	68.969	36.896.635
Total liabilities	**64.642.539**	**154.070.529**	**11.748.502**	**230.461.570**
Net on balance sheet position	**24.241.888**	**(40.476.797)**	**(1.327.730)**	**(17.562.639)**
Net off balance sheet position(5)	**(23.863.406)**	**39.144.812**	**2.694.898**	**17.976.304**
Financial derivative assets	29.091.922	76.899.600	3.656.370	109.647.892
Financial derivative liabilities	52.955.328	37.754.788	961.472	91.671.588
Net position	**378.482**	**(1.331.985)**	**1.367.168**	**413.665**
Non-cash loans	**32.787.949**	**27.859.755**	**4.730.307**	**65.378.011**
Prior period				
Total assets	81.011.127	107.440.072	6.306.924	194.758.123
Total liabilities	66.205.139	151.662.406	6.462.120	224.329.665
Net on-balance sheet position	**14.805.988**	**(44.222.334)**	**(155.196)**	**(29.571.542)**
Net off-balance sheet position(5)	**(14.622.916)**	**44.032.728**	**1.313.524**	**30.723.336**
Financial derivative assets	18.761.225	67.285.838	2.660.600	88.707.663
Financial derivative liabilities	33.384.141	23.253.110	1.347.076	57.984.327
Net position	**183.072**	**(189.606)**	**1.158.328**	**1.151.794**
Non-cash loans	**32.650.835**	**25.685.167**	**4.281.709**	**62.617.711**

(1) Includes FX indexed loans amounting to TL 935.773 (December 31, 2019 - TL 1.147.274) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 276.303 (December 31, 2019 - TL 330.310).
(3) Does not include foreign currency other comprehensive income and expense under equity.
(4) Other FC column also includes gold balance.
(5) Forward transactions classified as commitments are also included.

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

4. Explanations on consolidated interest rate risk:

The monitoring of interest rate sensitive assets and liabilities of the Parent Bank, including sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements, is performed by the risk management department for all interest sensitive instruments over carrying values. The results are presented monthly to the Asset and Liability Management function of the Executive Committee. By using sensitivity and scenario analyses, the possible effects by interest rate volatility are analyzed. In these analyses possible losses are calculated for the change in fair value of interest sensitive products by applying shock tests to interest rates.

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits.

The Parent Bank utilizes TL/FC and TL/TL interest rate and money swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the balance sheet.

4.1. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	26.501.883	-	-	-	-	25.392.589	**51.894.472**
Banks	1.599.549	2.466.621	1.506.525	-	-	10.472.397	**16.045.092**
Financial assets at fair value through profit/loss	-	-	363	58.814	104.049	261.952	**425.178**
Receivables from money markets	-	-	-	-	-	-	**-**
Financial assets at fair value through other comprehensive income	2.379.098	8.011.461	12.612.196	5.899.486	1.174.521	395.466	**30.472.228**
Loans [1]	32.310.427	30.665.910	101.357.445	90.121.933	14.275.176	(2.110.855)	**266.620.036**
Financial assets measured at amortised cost	8.686.448	6.476.126	7.532.095	6.383.915	14.413.465	-	**43.492.049**
Other assets	1.194.799	1.847.809	1.601.240	1.560.262	131.242	29.107.564	**35.442.916**
Total assets	**72.672.204**	**49.467.927**	**124.609.864**	**104.024.410**	**30.098.453**	**63.519.113**	**444.391.971**
Liabilities							
Bank deposits	3.921.477	27.222	-	-	-	850.569	**4.799.268**
Other deposits	130.256.540	20.648.436	7.313.455	1.879.939	222.163	84.057.284	**244.377.817**
Funds from money market	9.233.586	3.040.994	-	-	-	-	**12.274.580**
Miscellaneous payables	-	-	-	-	-	14.477.833	**14.477.833**
Marketable securities issued	2.874.384	11.685.913	11.100.519	-	-	-	**25.660.816**
Funds borrowed from other financial institutions	5.020.122	24.188.938	9.456.813	3.619.316	1.765.343	-	**44.050.532**
Other liabilities[2]	6.286.546	22.076.444	8.149.986	4.910.413	3.174.069	54.153.667	**98.751.125**
Total liabilities	**157.592.655**	**81.667.947**	**36.020.773**	**10.409.668**	**5.161.575**	**153.539.353**	**444.391.971**
Balance sheet long position	**-**	**-**	**88.589.091**	**93.614.742**	**24.936.878**	**-**	**207.140.711**
Balance sheet short position	**(84.920.451)**	**(32.200.020)**	**-**	**-**	**-**	**(90.020.240)**	**(207.140.711)**
Off-balance sheet long position	20.210.482	30.796.108	-	-	-	-	51.006.590
Off-balance sheet short position	-	-	(8.433.108)	(38.197.542)	(3.299.111)	-	(49.929.761)
Total position	**(64.709.969)**	**(1.403.912)**	**80.155.983**	**55.417.200**	**21.637.767**	**(90.020.240)**	**1.076.829**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	19.217.128	-	-	-	-	24.268.802	**43.485.930**
Banks	11.976.949	1.489.545	801.074	64.231	-	12.879.989	**27.211.788**
Financial assets at fair value through profit/loss	-	162	4.536	13.874	75.296	479.329	**573.197**
Receivables from money markets	10.803.630	-	-	-	-	-	**10.803.630**
Financial assets at fair value through other comprehensive income	2.795.718	5.877.816	9.044.577	6.900.060	2.202.096	80.345	**26.900.612**
Loans [1]	34.443.764	32.068.141	76.404.792	86.334.621	14.039.572	1.189.720	**244.480.610**
Financial assets measured at amortised cost	6.066.570	3.938.811	5.053.572	3.709.314	10.839.870	-	**29.608.137**
Other assets	953.026	1.413.564	1.165.593	1.238.766	308.582	23.051.585	**28.131.116**
Total assets	**86.256.785**	**44.788.039**	**92.474.144**	**98.260.866**	**27.465.416**	**61.949.770**	**411.195.020**
Liabilities							
Bank deposits	3.857.173	49.427	12.299	-	-	1.138.876	**5.057.775**
Other deposits	134.497.570	28.344.401	8.846.851	2.285.622	272.471	51.767.007	**226.013.922**
Funds from money market	5.201.232	317.793	789.863	-	-	-	**6.308.888**
Miscellaneous payables	-	-	-	-	-	14.697.241	**14.697.241**
Marketable securities issued	3.123.877	13.806.731	8.290.583	-	-	-	**25.221.191**
Funds borrowed from other financial institutions	6.624.057	19.373.853	14.005.520	3.711.567	1.658.498	-	**45.373.495**
Other liabilities[2]	4.826.893	13.827.593	863.319	14.687.916	5.557.515	48.759.272	**88.522.508**
Total liabilities	**158.130.802**	**75.719.798**	**32.808.435**	**20.685.105**	**7.488.484**	**116.362.396**	**411.195.020**
Balance sheet long position	**-**	**-**	**59.665.709**	**77.575.761**	**19.976.932**	**-**	**157.218.402**
Balance sheet short position	**(71.874.017)**	**(30.931.759)**	**-**	**-**	**-**	**(54.412.626)**	**(157.218.402)**
Off-balance sheet long position	14.532.346	35.990.412	-	-	-	-	50.522.758
Off-balance sheet short position	-	-	(5.150.258)	(38.927.418)	(5.444.707)	-	(49.522.383)
Total position	**(57.341.671)**	**5.058.653**	**54.515.451**	**38.648.343**	**14.532.225**	**(54.412.626)**	**1.000.375**

(1) Non-performing loans are presented in the "Non-Interest Bearing" column after being offset against expected loss provisions.
(2) Shareholders' equity is presented under "Non interest bearing"

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

4.2. Average interest rates for monetary financial instruments:

The following average interest rates of the Group are calculated by weighting the rates with their principal amounts outstanding as of the balance sheet date.

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets(1)				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,60	0,30	-	8,44
Financial assets at fair value through profit/loss	3,78	6,24	-	15,36
Receivables from money markets	-	-	-	-
Financial assets at fair value through other comprehensive income	3,35	5,41	-	11,40
Loans	4,34	6,34	5,15	13,82
Financial assets measured at amortised cost	2,01	6,31	-	11,85
Liabilities(1)				
Bank deposits	-	0,12	-	8,04
Other deposits	0,24	0,79	0,01	7,81
Funds from money market	1,59	2,79	-	6,98
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,71	4,38	-	11,17
Funds borrowed from other financial institutions	2,17	3,15	2,64	10,31

Prior Period	EUR	USD	Yen	TL
	%	%	%	%
Assets(1)				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	10,00
Banks	1,11	1,74	-	11,08
Financial assets at fair value through profit/loss	3,38	5,96	-	15,71
Money market placements	-	-	-	9,63
Available-for-sale financial assets	3,34	5,37	-	13,32
Loans	4,73	6,94	5,15	16,81
Held-to-maturity investments	2,64	5,55	-	13,46
Liabilities(1)				
Bank deposits	0,14	2,01	-	11,31
Other deposits	0,66	2,18	0,30	10,96
Funds from money market	1,90	2,50	-	10,11
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,68	5,10	-	11,87
Funds borrowed from other financial institutions	2,19	4,07	2,64	13,08

(1) Does not include demand/non-interest transactions.

5. Explanation on share certificates position risk from banking book:

None.

6. Explanations on consolidated liquidity risk management and liquidity coverage ratio:

Liquidity risk is defined as risk of unexpected loss to be occurred or bank to have difficulties in raising funds while meeting maturing liabilities. Liquidity management is daily monitored before the Bank under Treasury Management, Risk Management and Capital Management. The liquidity policy of the Bank is approved by the Bank's Board of Directors. Treasury Management is responsible for carrying out transactions which are appropriate to Bank's policy, monitoring of liquidity position and submitting necessary reports to executives. Capital management contributes to determine strategies and operating actions for the management of the liquidity position in addition to prepare funding plan and contingency plan of the Bank in cooperation with Treasury Management. Liquidity risk is evaluated with liquidity gap analysis, liquidity stress tests and supplementary precautions/measurements. Liquidity Gap analysis are performed for two different periods as short-term and long-term. Going concern scenario and structural positions are reported monthly. This reporting constitutes the basis of monitoring and management of liquidity position.

The Parent Bank doesn't function as a central funding institution in its relations with its subsidiaries. Intra-group liquidity management and funding strategies are limited with related legal boundaries.

The Parent Bank issues an annual funding plan in order to sustain funding in a consistent and balanced way. Funding plan have to be updated at least annually and approved by the Executive Committee since it is complied with budgeting process and risk appetite frameworks. The primary purpose of the funding plan is to provide a reliable balance between assets and liabilities.

Both short-term liquidity and long-term (structural) liquidity measurement and reporting for all types of currencies are periodically made in the Bank and its subsidiaries. There are limits which are predetermined and approved by the Board of Directors on the basis of all currencies for each period.

The Parent Bank mainly uses derivative transactions as managing liquidity risk and monitors cash inflow and outflow periods in the framework of funding plan balancing the distribution among currencies.

The Parent Bank aims to reduce the risks to the lowest level if required via measuring possible risks in liquidity with stress tests. Stress tests make it possible for the Parent Bank to reinterpret analysis of its liquidity position according to scenarios depending on possible cases and tail risks except for crisis situations. Liquidity Stress Test methodology makes a similar approach with LCR template and hence allows the overview of the results in line with Basel approaches. The Parent Bank applies and reports liquidity stress tests consisting of different scenarios and maturity segments both on solo and consolidated level and the results are compared with limit and trigger levels set, with different frequencies (weekly, monthly etc.) according to the scenarios.

"Liquidity Contingency Plan" is applied if the Bank needs more liquidity than its daily liquidity need because of possible financial events in future. Duties and responsibilities are defined in detail in the aforementioned plan. Both the liquidity policy and liquidity contingency policy are in line with UniCredit group policies and BRSA best practice documents on liquidity risk management. The abovementioned policies and the thresholds (limits etc.) covered within liquidity risk management framework are updated and approved at least annually.

Funding sources of the Group mainly consist of deposits which constitute 56% of total liabilities of the Bank (December 31, 2019 – 56%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent Bank calculates and reports the Liquidity Coverage Ratio (LCO) in full compliance with the regulations. LCO is a metric measuring the adequacy of unencumbered free liquid assets owned by banks (called high quality liquid assets) to meet expected net cash outflows over the next 30 days. The metric is an important Basel regulation that measures short-term liquidity and is closely monitored in the Parent Bank. In addition to the Bank LCO, the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium / long-term liquidity risk measurement, has also begun internally. These two metrics are also included within the Risk Appetite Indicators and closely monitored at the Bank.

High quality liquid assets mentioned in LCR calculation consist of cash, effective money, Central Bank of the Republic of Turkey ("CBRT") accounts and reserves and debt instruments issued by Treasury of the Republic of Turkey. are treated as high quality liquid assets.

Cash outflows from derivative transactions in liquidity coverage ratio calculation are based on inclusion of net cash flows with maturity of 30 days in the calculation. Additionally, transactions having a margin possibility are included in liquidity coverage ratio calculation by taking the largest amount according to absolute value of net margin flows realized in the last 24 months in respect of 30 days period or for liability into consideration as cash outflow.

Secured funding consists of repo and secured borrowing transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Turkey and transactions are carried out both in CBRT market and interbank market.

The Parent Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables below.

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

Simple arithmetic average calculated for the last three months liquidity coverage ratio by using the amounts calculated based on simple arithmetic averages

	Unweighted Amounts		Weighted Amounts	
Current Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			96.332.460	47.446.345
Cash Outflows				
Retail and Small Business Customers Deposits	**157.579.042**	**83.312.105**	**14.046.883**	**8.331.175**
Stable deposits	34.220.425	706	1.711.021	35
Less stable deposits	123.358.617	83.311.399	12.335.862	8.331.140
Unsecured Funding other than Retail and Small Business Customers Deposits	**102.209.656**	**52.443.705**	**56.207.605**	**26.506.862**
Operational deposits	-	-	-	-
Non-Operational deposits	77.872.514	44.885.698	34.953.816	19.029.003
Other Unsecured funding	24.337.142	7.558.007	21.253.789	7.477.859
Secured funding			**25.211**	**3.155**
Other Cash Outflows	**2.176.093**	**2.176.093**	**2.176.093**	**2.176.093**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.176.093	2.176.093	2.176.093	2.176.093
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	**109.102.970**	**76.988.764**	**5.455.148**	**3.849.438**
Other irrevocable or conditionally revocable commitments	**90.148.918**	**14.916.140**	**8.856.027**	**4.612.380**
Total Cash Outflows			**86.766.967**	**45.479.103**
Cash Inflows				
Secured Lending Transactions	-	-	850	-
Unsecured Lending Transactions	32.481.290	20.622.401	26.604.550	18.558.553
Other contractual cash inflows	650.072	11.403.807	650.072	11.403.807
Total Cash Inflows	**33.131.362**	**32.026.208**	**27.255.472**	**29.962.360**
			Capped Amounts	
Total High Quality Liquid Assets			**96.332.460**	**47.446.345**
Total Net Cash Outflows			**59.511.485**	**15.516.743**
Liquidity Coverage Ratio (%)			**161,87**	**305,78**

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of the Parent Bank are explained in the table below.

Current Period	**Minimum FC (%)**	**Minimum TL+FC (%)**	**Maximum FC (%)**	**Maximum TL+FC (%)**
Week	May 8, 2020	May 1, 2020	April 3, 2020	April 10, 2020
Ratio(%)	221,30	140,03	518,14	186,45

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

Simple arithmetic average calculated for the last three months of 2019 liquidity coverage ratio by using the amounts calculated based on simple arithmetic averages

	Unweighted Amounts		Weighted Amounts	
Prior Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			87.661.333	44.566.242
Cash Outflows				
Retail and Small Business Customers Deposits	**138.109.713**	**71.559.646**	**12.280.972**	**7.155.880**
Stable deposits	30.599.984	1.683	1.529.999	84
Less stable deposits	107.509.729	71.557.963	10.750.973	7.155.796
Unsecured Funding other than Retail and Small Business Customers Deposits	**90.172.839**	**48.305.280**	**50.585.312**	**24.298.061**
Operational deposits	-	-	-	-
Non-Operational deposits	67.057.937	41.881.649	30.795.420	17.874.430
Other Unsecured funding	23.114.902	6.423.631	19.789.893	6.423.631
Secured funding			**40.724**	**20.838**
Other Cash Outflows	**2.163.856**	**2.442.546**	**2.163.856**	**2.442.546**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.163.856	2.442.546	2.163.856	2.442.546
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	**98.352.547**	**67.979.626**	**4.917.627**	**3.398.981**
Other irrevocable or conditionally revocable commitments	**82.967.517**	**16.614.348**	**8.403.838**	**4.111.332**
Total Cash Outflows			**78.392.329**	**41.427.638**
Cash Inflows				
Secured Lending Transactions	-	-	51.966	-
Unsecured Lending Transactions	38.959.285	24.828.509	31.505.959	22.337.694
Other Contractual Cash Inflows	677.894	25.548.194	677.894	25.548.194
Total Cash Inflows	**39.637.179**	**50.376.703**	**32.235.819**	**47.885.888**
			Capped Amounts	
Total High Quality Liquid Assets			**87.661.333**	**44.566.242**
Total Net Cash Outflows			**46.156.510**	**10.356.909**
Liquidity Coverage Ratio (%)			**189,92**	**430,30**

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2019 for the Parent Bank are explained in the table below.

	Minimum FC (%)	**Minimum TL+FC (%)**	**Maximum FC (%)**	**Maximum TL+FC (%)**
Week	October 11, 2019	November 1, 2019	November 29, 2019	December 20, 2019
Ratio(%)	385,94	165,84	539,87	212,23

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

Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1)(2)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	27.173.125	24.721.347	-	-	-	-	-	51.894.472
Banks	10.472.397	1.599.549	2.466.621	1.506.525	-	-	-	16.045.092
Financial assets at fair value through profit or loss	22.084	-	-	363	58.814	104.049	239.868	425.178
Receivables from money markets	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	115.795	1.917.687	7.719.134	17.313.774	3.010.372	395.466	30.472.228
Loans(1)	-	32.476.261	21.989.004	86.475.502	105.355.851	22.434.273	(2.110.855)	266.620.036
Financial assets measured at amortised cost	-	-	39.016	489.268	21.177.403	21.786.362	-	43.492.049
Other assets	6.497.960	489.550	814.063	1.382.397	2.223.256	1.460.095	22.575.595	35.442.916
Total assets	**44.165.566**	**59.402.502**	**27.226.391**	**97.573.189**	**146.129.098**	**48.795.151**	**21.100.074**	**444.391.971**
Liabilities								
Bank deposits	850.569	3.921.477	27.222	-	-	-	-	4.799.268
Other deposits	84.057.284	130.079.387	20.775.066	7.363.976	1.879.941	222.163	-	244.377.817
Funds borrowed from other financial institutions	-	4.181.208	4.146.377	27.196.343	6.463.108	2.063.496	-	44.050.532
Funds from money market	-	9.233.586	3.040.994	-	-	-	-	12.274.580
Marketable securities issued	-	1.608.251	4.243.411	1.410.876	18.111.583	286.695	-	25.660.816
Miscellaneous payables	968.232	12.614.915	438.103	315.139	-	-	141.444	14.477.833
Other liabilities(2)	3.736.314	576.001	2.424.400	2.265.175	30.312.125	12.067.921	47.369.189	98.751.125
Total liabilities	**89.612.399**	**162.214.825**	**35.095.573**	**38.551.509**	**56.766.757**	**14.640.275**	**47.510.633**	**444.391.971**
Net liquidity gap	**(45.446.833)**	**(102.812.323)**	**(7.869.182)**	**59.021.680**	**89.362.341**	**34.154.876**	**(26.410.559)**	**-**
Net Off-Balance Sheet Position	**-**	**(189.548)**	**(174.993)**	**1.248.557**	**(832.526)**	**1.025.339**	**-**	**1.076.829**
Derivative Financial Assets	-	40.609.650	36.565.651	40.073.979	69.662.258	39.008.267	-	225.919.805
Derivative Financial Liabilities	-	40.799.198	36.740.644	38.825.422	70.494.784	37.982.928	-	224.842.976
Non-Cash Loans	**-**	**3.735.092**	**10.219.650**	**30.733.776**	**17.223.826**	**5.570.812**	**26.764.156**	**94.247.312**

Prior Period	Demand	Up to 1 Month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1)(2)	Total
Total assets	46.494.214	73.055.550	28.370.838	68.237.214	130.270.396	44.472.954	20.293.854	411.195.020
Total liabilities	56.845.460	162.959.959	36.977.117	45.048.597	49.960.949	15.280.121	44.122.817	411.195.020
Liquidity gap	**(10.351.246)**	**(89.904.409)**	**(8.606.279)**	**23.188.617**	**80.309.447**	**29.192.833**	**(23.828.963)**	**-**
Net Off-Balance Sheet Position	**-**	**(206.595)**	**78.957**	**165.459**	**114.246**	**848.308**	**-**	**1.000.375**
Derivative Financial Assets	-	43.907.013	37.444.102	32.460.190	69.759.199	39.707.893	-	223.278.397
Derivative Financial Liabilities	-	44.113.608	37.365.145	32.294.731	69.644.953	38.859.585	-	222.278.022
Non-Cash Loans	**-**	**2.432.558**	**11.994.741**	**31.384.826**	**14.781.144**	**4.932.327**	**24.038.885**	**89.564.481**

(1) Non-performing loans are presented in the "Unclassified" column after being offset against expected loss provisions.
(2) Shareholders’ equity is presented in the “Unclassified” column.

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

7. Explanations on consolidated leverage ratio:

The main reason for decrease in leverage ratio for the current period is the increase in total exposures.

The summary information for the comparison of total assets in consolidated financials prepared in accordance with TAS and total exposures:

		Current Period[2]	Prior Period[2]
1	Total assets in the consolidated financial statements prepared in accordance with TAS[1]	439.944.549	395.781.598
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	2.127.641	1.994.413
3	Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	1.927.662	1.160.136
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(8.573.891)	(2.342.551)
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(22.605.294)	(19.949.270)
6	Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	9.516.746	2.242.640
7	Total Risks	657.534.095	584.950.872

(1) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communique on Preparation of Consolidated Financial Statements of the Banks.
(2) The arithmetic average of the last 3 months in the related periods.

		Current Period[1]	Prior Period[1]
	On-Balance sheet exposures		
1	On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	444.030.896	399.276.954
2	(Asset amounts deducted in determining Tier 1 capital)	(4.034.823)	(3.974.767)
3	Total on-Balance sheet exposures	439.996.073	395.302.187
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	2.692.923	2.668.361
5	Potential credit risk of derivative financial instruments and credit derivatives	1.927.662	1.160.136
6	Total derivative financial instruments and credit derivatives exposure	4.620.585	3.828.497
	Securities financing transaction exposure		
7	Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.048.057	448.597
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	1.048.057	448.597
	Off-balance sheet items		
10	Off-balance sheet exposure at gross notional amount	234.474.674	205.320.860
11	(Adjustments for conversion to credit equivalent amounts)	(22.605.294)	(19.949.270)
12	Total risk of off-balance sheet items	211.869.380	185.371.590
	Capital and total exposure		
13	Tier 1 capital	47.691.773	44.368.728
14	Total exposures	657.534.095	584.950.872
15	**Leverage ratio (%)**	**7,25**	**7,60**

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

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

8. Explanations on hedge accounting:

The Group applies the following hedge accounting models as of June 30, 2020:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

If the fair value of the hedging instrument within fair value hedge ("FVH") is positive it is classified under, "Derivative financial assets at fair value through profit or loss"; if the fair value is negative, it is classified under "Derivative financial liabilities at fair value through profit or loss".

If the fair value of the hedging instrument under hedge of cash flow hedge ("CFH") is positive, it is classified under " Derivative financial assets at fair value through other comprehensive income " if the fair value is negative, it is classified under "Derivative financial liabilities at fair value through other comprehensive income ".

Cross currency interest rate swaps and interest rate swaps are used as hedging instrument in FVH. Interest rate swaps, currency swaps and cross currency swaps are used as hedging instrument in CFH.

International Accounting Standards Board ("IASB") published in September 2019 the regulation titled "Changes in TAS 39, TFRS 9 and TFRS 7 Benchmark Interest Rate Reform" which is effective for annual periods beginning after January 1, 2020. Specific exceptions are made for the hedge accounting transactions with the related changes. As a result of evaluations made, by taking the reliefs provided by the amendments into the consideration, no major impact is expected on Financial statements due to related change and there is no hedge relation discontinued due to this reform.

Contractual amounts and the fair values as at June 30, 2020 of these hedging instruments are presented in the table below:

			Current Period			**Prior Period**
	Notional[1]	**Asset**	**Liability**	**Notional[1]**	**Asset**	**Liability**
Hedging instrument						
Interest rate swaps/ currency swaps/cross currency swaps (CFH)	49.530.560	505.046	3.433.111	49.943.888	297.126	2.891.167
Interest rate swaps/Cross currency interest rate swaps (FVH)	2.283.094	38.341	401.391	2.049.160	36.266	316.376
Total	**51.813.654**	**543.387**	**3.834.502**	**51.993.048**	**333.392**	**3.207.543**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 51.346.359 (December 31, 2019 - TL 51.474.952) the total notional of derivative financial assets amounting to TL 103.160.013 (December 31, 2019 - TL 103.468.000) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

The fair valuation methodology of the derivatives presented in the above table is disclosed in detail in the accounting principles section of these financial statements in Section 3. Part 4.

8.1. Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using cross-currency interest rate swaps.

Starting from July 28, 2015, the Parent Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using interest rates swaps and cross-currency interest rate swaps.

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

The Bank selected to apply macro FVH accounting for such relationship in accordance with "TAS 39- Financial Instruments: Recognition and Measurement".

The impact of application of FVH accounting is summarized below;

Current Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Fair value difference / adjustment of the hedged item(1)**	**Net fair value of the hedging instrument(2)**		**Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)**
				Asset	**Liability**	
Interest rate swaps/ Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	681	378	401.391	(23.848)

Prior Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Fair value difference / adjustment of the hedged item(1)**	**Net fair value of the hedging instrument(2)**		**Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)**
				Asset	**Liability**	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	24.529	1.690	316.376	(15.879)

(1) The amount refers to the fair value of the hedged item calculated for some of fixed interest loan portfolios in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
(3) The ineffective portion of the mentioned hedging transaction is TL 13.004 loss (June 30 2019- TL 3.309 loss).

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with "TAS 39- Financial Instruments: Recognition and Measurement" and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with "TAS 39- Financial Instruments: Recognition and Measurement", the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis and the effectiveness of risk relationships are measured. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts within the remaining maturity. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method within the remaining maturity.

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

8.2. Cash flow hedge accounting:

The Parent Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps, currency swaps and cross currency swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL deposits, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Net fair value of the hedging instrument**		**Net gain/(loss) recognized in hedging funds(1)**	**Net gain/(loss) reclassified to equity(2)(3)**
			Asset	**Liability**		
Interest rate swaps/ currency swaps/Cross currency interest rate swaps	Customer deposits, repos and borrowings	Cash flow risk due to the changes in the interest rates	505.046	3.433.111	(1.700.647)	(237.855)

Prior Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Net fair value of the hedging instrument**		**Net gain/(loss) recognized in hedging funds(1)**	**Net gain/(loss) reclassified to equity(2)(3)**
			Asset	**Liability**		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, repos and borrowings	Cash flow risk due to the changes in the interest rates	297.126	2.891.167	(1.462.792)	(3.206.096)

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 107.273 income (June 30, 2019 – TL 244.007 income).

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with "TAS 39- Financial Instruments: Recognition and Measurement" and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with "TAS 39- Financial Instruments: Recognition and Measurement", the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis and the effectiveness of risk relationships are measured. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. When the hedged forecasted transactions are no longer expected to occur, the net cumulative gain or loss is reclassified from other comprehensive income to profit and loss.

8.3. Hedge From Foreign Net Investment Risk:

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at June 30, 2020 is EUR 462 million (December 31, 2019 - EUR 452 million).

9. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no fiduciary transactions.

10. Explanations on consolidated operating segments:

The Group carries out its banking operations through two main business units:

- Retail Banking
- Corporate and Commercial Banking.

The Parent Bank's Retail Banking activities include card payment systems, individual, individual portfolio, blue class, private banking, ME and SME banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, SME loans, SME Banking Packages, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. In addition, customers who receive their monthly salary/SSI payments through our bank are offered privileges covering various banking transactions. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Parent Bank. Through its Blue Class and Private Banking activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, mutual funds, foreign exchange, gold and equity trading. Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory, education and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

Corporate and Commercial Banking segment is organized into three subgroups: Corporate Banking for large-scale companies, Commercial Banking for medium-sized enterprises and Multinational Companies Banking for multinational companies. Corporate and Commercial Banking, has a product range of working capital finance, trade finance, project finance, domestic and international non-cash loans such as letters of credit and letters of guarantee, cash management, internet banking, financial advisory and equity management advisory.

The Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Treasury, Asset – Liability Management and other operations, mainly consist of treasury management's results, operations of supporting business units and other unallocated transactions.

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

Major balance sheet and income statement items based on operating segments:

The below table is prepared in accordance with the Management Information System (MIS) data of the Bank.

Current Period	**Retail banking**	**Corporate and commercial banking**	**Other foreign operations**	**Other domestic operations**	**Treasury, Asset-Liability Management and Other**	**Consolidation adjustments [1]**	**Total operations of the Group**
Operating revenue continuing	4.447.485	4.041.619	201.626	703.352	2.919.510	(3.264)	12.310.328
Operating expenses continuing	(4.067.421)	(2.602.825)	(102.305)	(311.243)	(2.147.860)	3.264	(9.228.390)
Net operating income continuing	**380.064**	**1.438.794**	**99.321**	**392.109**	**771.650**	**-**	**3.081.938**
Dividend income [2]	-	-	-	-	15.600	-	15.600
Income/Loss from Investments accounted based on equity method[2]	-	-	-	-	41.914	-	41.914
Profit before tax	**380.064**	**1.438.794**	**99.321**	**392.109**	**829.164**	**-**	**3.139.452**
Tax expense [2]	-	-	-	-	(678.595)	-	(678.595)
Net period income from continuing operations	**380.064**	**1.438.794**	**99.321**	**392.109**	**150.569**	**-**	**2.460.857**
Minority interest (-)	-	-	-	-	(83)	-	(83)
Group income/loss	**380.064**	**1.438.794**	**99.321**	**392.109**	**150.486**	**-**	**2.460.774**
Segment assets	83.684.489	150.470.124	14.571.628	19.835.736	177.184.055	(2.756.103)	442.989.929
Investments in associates, subsidiaries and joint ventures	-	-	-	-	1.402.042	-	1.402.042
Total assets	**83.684.489**	**150.470.124**	**14.571.628**	**19.835.736**	**178.586.097**	**(2.756.103)**	**444.391.971**
Segment liabilities	171.247.241	70.829.293	10.634.502	16.344.095	133.966.835	(2.756.103)	400.265.863
Shareholders' equity	-	-	-	-	44.126.108	-	44.126.108
Total liabilities	**171.247.241**	**70.829.293**	**10.634.502**	**16.344.095**	**178.092.943**	**(2.756.103)**	**444.391.971**

Prior Period [3]	**Retail banking**	**Corporate and commercial banking**	**Other foreign operations**	**Other domestic operations**	**Treasury, Asset-Liability Management and Other**	**Consolidation adjustments [1]**	**Total operations of the Group**
Operating revenue continuing	4.831.892	5.313.574	197.932	573.496	(490.849)	(2.518)	10.423.527
Operating expenses continuing	(3.375.395)	(2.145.250)	(83.874)	(211.168)	(1.780.412)	2.518	(7.593.581)
Net operating income continuing	**1.456.497**	**3.168.324**	**114.058**	**362.328**	**(2.271.261)**	**-**	**2.829.946**
Dividend income [2]	-	-	-	-	15.514	-	15.514
Income/Loss from Investments accounted based on equity method[2]	-	-	-	-	46.145	-	46.145
Profit before tax	**1.456.497**	**3.168.324**	**114.058**	**362.328**	**(2.209.602)**	**-**	**2.891.605**
Tax expense [2]	-	-	-	-	(530.589)	-	(530.589)
Net period income from continuing operations	**1.456.497**	**3.168.324**	**114.058**	**362.328**	**(2.740.191)**	**-**	**2.361.016**
Minority interest (-)	-	-	-	-	(69)	-	(69)
Group income/loss	**1.456.497**	**3.168.324**	**114.058**	**362.328**	**(2.740.260)**	**-**	**2.360.947**
Segment assets	82.232.054	130.014.639	13.018.351	18.215.607	167.422.208	(957.164)	409.945.695
Investments in associates, subsidiaries and joint ventures	-	-	-	-	1.249.325	-	1.249.325
Total assets	**82.232.054**	**130.014.639**	**13.018.351**	**18.215.607**	**168.671.533**	**(957.164)**	**411.195.020**
Segment liabilities	154.441.907	69.577.123	9.688.309	14.964.122	122.289.143	(957.164)	370.003.440
Shareholders' equity	-	-	-	-	41.191.580	-	41.191.580
Total liabilities	**154.441.907**	**69.577.123**	**9.688.309**	**14.964.122**	**163.480.723**	**(957.164)**	**411.195.020**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(2) Related items expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
(3) Prior period presents profit / loss information of June 30, 2019.

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

Section five - Explanations and notes related to consolidated financial statements

1. Explanations and notes related to consolidated assets:

1.1. Information related to cash and the account of the Central Bank:

1.1.1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.541.748	4.214.712	1.489.030	3.103.669
The CBRT(1)	3.706.516	40.484.645	999.602	35.841.927
Other	-	1.946.851	-	2.051.702
Total	**5.248.264**	**46.646.208**	**2.488.632**	**40.997.298**

(1) The balance of gold amounting to TL 4.901.790 is accounted for under the Central Bank foreign currency account (December 31, 2019 – TL 2.092.586).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount (1)	3.706.516	15.808.494	999.602	21.554.089
Time unrestricted amount	-	-	-	-
Time restricted amount	-	3.468.690	-	-
Reserve requirement(2)	-	21.207.461	-	14.287.838
Total	**3.706.516**	**40.484.645**	**999.602**	**35.841.927**

(1) The TL reserve requirement has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA letter as of January 3, 2008.
(2) The Group keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits".

1.2. Information on financial assets at fair value through profit and loss:

The Group does not have financial assets at fair value through profit and loss subject to repo transactions and there is no financial assets at fair value through profit and loss given as collateral/blocked (December 31, 2019 - None).

1.3. Information on derivative financial assets:

1.3.1 Positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	443.851	12.583	443.084	80
Swap transactions	3.038.195	1.628.646	2.844.864	1.072.784
Futures transactions	49	-	563	-
Options	50.343	32.246	37.260	17.547
Other	-	16	-	7
Total	**3.532.438**	**1.673.491**	**3.325.771**	**1.090.418**

1.3.2 Positive differences related to derivative financial assets held for hedging:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges (1)	378	37.963	1.690	34.576
Cash flow hedges (1)	505.046	-	254.687	42.439
Hedges for investments made in foreign countries	-	-	-	-
Total	**505.424**	**37.963**	**256.377**	**77.015**

(1) Explained in Note 8 of section 4.

1.4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	2.462.343	2.290.532	3.862.175	3.390.558
Foreign(1)	9	11.292.208	264	19.958.791
Headquarters and branches abroad	-	-	-	-
Total	**2.462.352**	**13.582.740**	**3.862.439**	**23.349.349**

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 48.307 (December 31, 2019 –TL 12.157).

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

1.5. Information on financial assets at fair value through other comprehensive income which are subject to repurchase agreements and given as collateral / blocked:

As of June 30, 2020 financial assets at fair value through other comprehensive income given as collateral/blocked amount to TL 931.605 (December 31, 2019 -TL 1.540.466) and subject to repo transactions amounts to TL 2.683.605 (December 31, 2019 -TL 3.069.033).

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

	Current Period	**Prior Period**
Debt securities	30.408.449	26.962.313
Quoted on stock Exchange	30.112.893	26.665.302
Not quoted	295.556	297.011
Share certificates	440.903	125.783
Quoted on stock Exchange	312.026	237
Not quoted	128.877	125.546
Impairment provision (-)[1]	377.124	187.484
Total	**30.472.228**	**26.900.612**

(1) Includes the negative differences between the acquisition cost and the market price, related to the securities portfolio.

1.7. Explanations on loans:

1.7.1 Information on all types of loans or advance balances given to shareholders and employees of the Group:

	Current Period		**Prior Period**	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Direct loans granted to shareholders	**-**	**-**	**-**	**-**
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**31.283**	**1.153.668**	**35.013**	**1.199.169**
Loans granted to employees	**212.130**	**473**	**220.797**	**561**
Total	**243.413**	**1.154.141**	**255.810**	**1.199.730**

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

1.7.2 Information on the first and second group loans and other receivables and loans and other receivables that have been restructured or rescheduled:

Cash Loans	Standard loans	Loans under close monitoring		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	**215.231.257**	**16.838.786**	**1.537.454**	**21.099.840**
Loans given to enterprises	94.981.775	13.049.664	1.282.135	11.939.739
Export loans	18.569.538	355.971	154.187	5.940.838
Import loans	-	-	-	-
Loans given to financial sector	8.125.610	16.372	-	-
Consumer loans	39.136.456	1.289.024	815	1.136.265
Credit cards	25.630.077	918.377	-	584.439
Other(1)	28.787.801	1.209.378	100.317	1.498.559
Specialized loans	**-**	**-**	**-**	**-**
Other receivables	**12.964.837**	**1.058.164**	**553**	**-**
Total	**228.196.094**	**17.896.950**	**1.538.007**	**21.099.840**

(1) Fair value differences of the hedged items amounting to TL 21.060 are classified in other loans as explained in Note 8, Section 4.

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	1.712.225	-
Significant increase in credit risk	-	6.589.923
Total	**1.712.225**	**6.589.923**

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

1.7.3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and long-term	Total
Consumer loans-TL	**515.043**	**39.051.453**	**39.566.496**
Real estate loans	3.102	11.050.571	11.053.673
Automotive loans	21.097	642.444	663.541
Consumer loans	490.844	27.358.438	27.849.282
Other	-	-	-
Consumer loans-FC indexed	**-**	**15.929**	**15.929**
Real estate loans	-	15.929	15.929
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	**9.478**	**99.586**	**109.064**
Real estate loans	318	36.046	36.364
Automotive loans	60	209	269
Consumer loans	6.866	56.762	63.628
Other	2.234	6.569	8.803
Individual credit cards-TL	**18.900.055**	**530.430**	**19.430.485**
With installments	9.137.549	151.041	9.288.590
Without installments	9.762.506	379.389	10.141.895
Individual credit cards-FC	**54.098**	**20.615**	**74.713**
With installments	45.738	20.615	66.353
Without installments	8.360	-	8.360
Personnel loans-TL	**13.663**	**85.769**	**99.432**
Real estate loans	-	1.788	1.788
Automotive loans	81	46	127
Consumer loans	13.582	83.935	97.517
Other	-	-	-
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**161**	**1.602**	**1.763**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	161	1.602	1.763
Other	-	-	-
Personnel credit cards-TL	**107.378**	**479**	**107.857**
With installments	48.657	313	48.970
Without installments	58.721	166	58.887
Personnel credit cards-FC	**406**	**221**	**627**
With installments	266	221	487
Without installments	140	-	140
Credit deposit account-TL (Real Person)[(1)]	**1.769.869**	**-**	**1.769.869**
Credit deposit account-FC (Real Person)	**7**	**-**	**7**
Total	**21.370.158**	**39.806.084**	**61.176.242**

(1) TL 2.451 of the credit deposit account belongs to the loans used by personnel.

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

1.7.4. Information on commercial installment loans and corporate credit cards:

	Short- term	Medium and long-term	Total
Commercial installments loans-TL	**7.396.868**	**13.826.548**	**21.223.416**
Business loans	1.642	835.821	837.463
Automotive loans	45.292	802.844	848.136
Consumer loans	7.349.934	12.187.883	19.537.817
Commercial installments loans-FC indexed	**-**	**20.694**	**20.694**
Business loans	-	2.565	2.565
Automotive loans	-	8.584	8.584
Consumer loans	-	9.545	9.545
Corporate credit cards-TL	**7.442.724**	**75.882**	**7.518.606**
With installment	4.841.485	63.953	4.905.438
Without installment	2.601.239	11.929	2.613.168
Corporate credit cards-FC	**605**	**-**	**605**
With installment	-	-	-
Without installment	605	-	605
Credit deposit account-TL (legal person)	**770.654**	**-**	**770.654**
Total	**15.610.851**	**13.923.124**	**29.533.975**

1.7.5. Distribution of domestic and foreign loans:

Distribution has been disclosed based on the location where the customers operate:

	Current Period	Prior Period
Domestic loans	261.428.079	236.169.712
Foreign loans	7.302.812	7.121.178
Total	**268.730.891**	**243.290.890**

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	2.613	4.654
Indirect loans granted to associates and subsidiaries	-	-
Total	**2.613**	**4.654**

1.7.7. Information on credit-impaired (Stage 3):

	Current Period	Prior Period
Loans and other receivables with limited collectability	27.981	1.896.265
Loans and other receivables with doubtful collectability	2.388.816	1.999.521
Uncollectible loans and other receivables	10.233.925	8.203.687
Total	**12.650.722**	**12.099.473**

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

1.7.8. Information on non-performing loans (net):

1.7.8.1 Information on non-performing loans restructured or rescheduled, and other receivables:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
(Gross amounts before specific reserves)	-	**369.368**	**983.444**
Restructured loans	-	369.368	983.444
Prior Period			
(Gross amounts before specific reserves)	**187.399**	**238.221**	**930.876**
Restructured loans	187.399	238.221	930.876

1.7.8.2. Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period	**3.633.128**	**3.772.031**	**11.957.178**
Additions (+)	683.375	282.378	243.849
Transfers from other categories of non-performing loans (+)	-	4.170.501	3.543.482
Transfer to other categories of non- performing loans (-)	4.170.501	3.543.482	-
Collections (-)	92.325	375.793	481.463
FX valuation differences	14	59	57.540
Write-offs (-)[2]	-	-	600.116
Sold (-)	-	-	237.840
Corporate and commercial loans	-	-	237.840
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	**53.691**	**4.305.694**	**14.482.630**
Provision (-)	27.981	2.388.816	10.233.925
Net balance on balance sheet	**25.710**	**1.916.878**	**4.248.705**

As of June 30, 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Group has written off SME, credit cards and consumer loans amounting to TL 596.118 that are classified under Group 5, more than 540 days overdue and after collaterals deducted approximately 100% provisioned hence there is no reasonable expectation of recovery. After the loans had written off within the period in accordance with the changes on Provisioning Regulation, non performing loan ratio decreased from 6,75% to 6,55%.

1.7.8.3. Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	7.504	2.158.345	6.311.666
Provision amount(-)	5.016	1.150.410	3.736.794
Net balance on-balance sheet	**2.488**	**1.007.935**	**2.574.872**
Prior Period			
Period end balance	2.052.238	1.878.526	4.470.186
Provision amount(-)	1.061.495	760.092	2.425.448
Net balance on-balance sheet	**990.743**	**1.118.434**	**2.044.738**

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

1.7.8.4. Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	**25.710**	**1.916.878**	**4.248.705**
Loans granted to real persons and corporate entities (gross)	53.691	4.305.694	14.369.547
Provision amount (-)	27.981	2.388.816	10.120.842
Loans granted to real persons and corporate entities (net)	25.710	1.916.878	4.248.705
Banks (gross)	-	-	29.183
Provision amount (-)	-	-	29.183
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	**1.736.863**	**1.772.510**	**3.753.491**
Loans granted to real persons and corporate entities (gross)	3.633.128	3.772.031	11.844.095
Provision amount (-)	1.896.265	1.999.521	8.090.604
Loans granted to real persons and corporate entities (Net)	1.736.863	1.772.510	3.753.491
Banks (gross)	-	-	29.183
Provision amount (-)	-	-	29.183
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

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

	III. Group Loans with limited collectibility	IV. Group Loans with doubtful collectibility	V. Group Uncollectible loans
Current Period (net)	**219**	**93.557**	**162.900**
Interest accruals and rediscounts and valuation differences	728	352.457	902.293
Provision amount (-)	509	258.900	739.393
Prior Period (net)	**77.251**	**72.178**	**133.953**
Interest accruals and rediscounts and valuation differences	266.994	245.097	689.893
Provision amount (-)	189.743	172.919	555.940

1.7.9. Explanation on liquidation policy for uncollectible loans and receivables:

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected as "loans and other receivables with limited collectability" and "loans and other receivables with doubtful collectability" by restructuring and/or voluntary payments and liquidation of collaterals through legal follow-up.

1.7.10. Explanation on "Write-off" policies:

In order to ensure the liquidation of non-performing loans and other receivables related to the liquidation policy, to provide the maximum collection all possible alternatives within the framework of the legislation are applied, and in case of collection, liquidation or receivables with no possibility of restructuring, the legal follow-up and conversion of collaterals into cash method is applied.

The receivables that are determined to be uncollectible in the Legal Follow-up process regarding the write-off policy can be deleted by the resolution of the Board of Directors by fulfilling the requirements in the relevant laws, regulations and internal directives.

Besides, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Parent Bank, in line with TFRS 9, may write off part of the loans for which the Parent Bank has no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5. Write off is only an accounting application in accordance with the related change in the regulation and it does not result in waive from the Parent Bank's right to receive.

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

1.8. Information on financial assets at amortized cost:

1.8.1. Information on Financial assets measured at amortised cost which are subject to repurchase agreements and given as collateral / blocked:

As of June 30, 2020 financial assets measured at amortised cost given as collateral/blocked amounts to TL 22.257.051 (December 31, 2019: TL 14.201.277) and subject to repo transactions amounts to TL 8.621.698 (December 31, 2019: TL 1.163.698)

1.8.2. Information on public sector debt securities measured at amortized cost:

	Current Period	Prior Period
Government bond	42.067.950	28.391.511
Treasury bill	-	-
Other debt securities	1.424.099	1.216.626
Total	**43.492.049**	**29.608.137**

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	44.644.434	30.482.598
Quoted on stock exchange	44.644.434	30.482.598
Not quoted	-	-
Impairment provision (-)(1)	1.152.385	874.461
Total	**43.492.049**	**29.608.137**

(1) Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

1.8.4. Movement of financial assets measured at amortized cost within the period:

	Current Period	Prior Period
Beginning balance	**29.608.137**	**22.805.679**
Foreign currency differences on monetary assets(1)	2.484.962	2.184.664
Purchases during year	14.099.726	5.269.230
Disposals through sales and redemptions	2.422.852	418.016
Impairment provision (-)(2)	277.924	233.420
Period end balance	**43.492.049**	**29.608.137**

(1) Also includes the changes in the interest income accruals.
(2) Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

1.9. Information on investments in associates (net):

1.9.1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu(1)	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş.(1)	Istanbul/Türkiye	9,98	9,98

1.9.2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	364.812	229.265	247.047	1.824	-	11.740	12.147	-
2	147.898	100.459	69.456	863	-	8.961	8.943	-

(1) Financial statement information disclosed above shows March 31, 2020 results.

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

1.9.3. Consolidated investments in associates:

1.9.4. Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)(1)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	-	20,00

(1) The other shareholders represent the consolidated Group companies.

1.9.5. Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	23.424.157	3.852.465	25.367	226.606	34.865	52.935	79.437	-
2	2.466.331	852.551	113.040	121.402	-	198.194	163.757	-

1.9.6. Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	**1.213.609**	**1.046.867**
Movements during the period	**147.265**	**166.742**
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	42.147	92.802
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries(1)	165.401	119.481
Impairment provision (-)(2)	60.283	45.541
Balance at the end of the period	**1.360.874**	**1.213.609**
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes dividend income received in the current period.
(2) Includes the differences in the other comprehensive income related with the equity method accounting

1.9.7. Information on sectors and the carrying amounts of consolidated investments in associates:

	Current Period	Prior Period
Banks	1.047.992	902.257
Insurance companies	312.882	311.352
Total financial investments	**1.360.874**	**1.213.609**

1.9.8. Investments in associates quoted on stock exchange:

None. (December 31, 2019-None)

1.10. Information on subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

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

1.10.1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core capital					
Paid in Capital	98.918	60.714	389.928	7.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other Capital Reserves	95.737	-	(217.104)	-	-
Other comprehensive income that will not be classified under profit or loss	52.493	(2.059)	1.963	(1.119)	-
Other comprehensive income that will be classified under profit or loss	867	-	-	-	1.963.674
Legal Reserves	62.493	8.034	79.305	34.441	-
Extraordinary Reserves	163.710	248.461	659.399	-	923.789
Other Profit Reserves	-	-	-	-	-
Income or Loss	50.253	155.955	1.821.514	38.939	69.685
Current Year Income/Loss	120.199	54.197	183.812	38.939	69.685
Prior Years' Income/Loss	(69.946)	101.758	1.637.702	-	-
Leasehold improvements (-)	180	214	-	227	253
Intangible assets (-)	31.146	3.414	12.760	437	4.679
Total core capital	**493.145**	**467.477**	**2.722.245**	**79.239**	**3.064.658**
Supplementary capital	**22.799**	**739**	**13.802**	**-**	**25.639**
Capital	**515.944**	**468.216**	**2.736.047**	**79.239**	**3.090.297**
Deductions from the capital	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**515.944**	**468.216**	**2.736.047**	**79.239**	**3.090.297**

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of June 30, 2020.

The internal capital adequacy for the subsidiaries is calculated with the model and approaches used in the Parent Bank within the scope of the consolidated ICAAP report.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

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

1.10.2. Unconsolidated subsidiaries:

1.10.2.1. Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
3	Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00

1.10.2.2. Main financial figures of the subsidiaries in order of the above table:

	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	55.815	41.827	1.540	76	-	8.465	4.552	-
2	55.332	42.486	4.770	1.166	-	1.541	9.747	-
3	17.532	13.611	3.897	531	-	1.510	3.055	-

1.10.3. Consolidated subsidiaries:

1.10.3.1. Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Netherlands	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Leasing	Istanbul/Turkey	99,99	99,99
5	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
6	Yapı Kredi NV (1)	Amsterdam/Nederlands	67,24	100,00
7	Yapı Kredi Azerbaycan	Bakü/Azerbaijan	99,80	100,00
8	Yapı Kredi Malta	St.Julian/Malta	-	100,00

(1) Includes the balances for Stiching Custody Services YKB.

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation.

1.10.3.2. Main financial figures of the consolidated subsidiaries in the order of the below table:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value	Required equity
1	236.577	236.199	-	-	-	(42)	(13)	-	-
2	3.894.231	524.471	55.828	89.532	6.060	120.199	91.308	-	-
3	3.877.292	471.105	8.311	152.763	-	54.197	60.049	-	-
4	12.286.889	2.735.005	16.039	418.282	-	183.812	178.662	-	-
5	96.080	79.903	1.446	3.941	-	38.939	16.604	-	-
6	12.459.928	3.069.591	12.826	237.482	10.310	69.685	72.555	-	-
7	1.504.949	379.198	71.324	37.022	1.477	7.471	10.291	-	-
8	590.626	472.590	224	3.607	463	(3.089)	2.227	-	-

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

1.10.4. Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**6.888.953**	**5.971.254**
Movements during the period	**849.011**	**917.699**
Purchases	-	-
Free shares obtained profit from current years share		335
Share of current year income	436.107	760.710
Sales(-)	-	-
Revaluation (decrease) / increase (1)	533.161	324.148
Impairment provision (-)(2)	120.257	167.494
Balance at the end of the period	**7.737.964**	**6.888.953**
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes the differences in the other comprehensive income related with the equity method accounting.
(2) Includes dividend income received in the current period.

1.10.5. Sectoral information on financial subsidiaries and the related carrying amounts:

Financial Subsidiaries	Current Period	Prior Period
Banks	2.442.530	2.058.889
Insurance companies	-	-
Factoring companies	470.881	417.051
Leasing companies	2.734.839	2.551.230
Finance companies	-	-
Other financial subsidiaries	2.089.714	1.861.783
Total financial subsidiaries	**7.737.964**	**6.888.953**

1.10.6. Subsidiaries quoted on stock exchange:

None. (December 31, 2019-None)

1.11. Information on joint ventures (net):

1.11.1. Unconsolidated joint ventures:

None.

1.11.2. Consolidated joint ventures:

1.11.2.1. Information on consolidated Joint Ventures:

Joint ventures	Bank's Share	Group's share	Total asset	Shareholders' equity	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi – Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	97.533	81.142	39.533	58.000	7.809	26.892	27.066
Total			**97.533**	**81.142**	**39.533**	**58.000**	**7.809**	**26.892**	**27.066**

1.12. Information on lease receivables (net):

1.12.1. Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	4.695.781	3.971.903	4.446.913	3.762.575
Between 1- 4 years	6.137.010	5.158.655	5.899.442	4.950.006
More than 4 years	1.863.873	1.708.799	1.950.347	1.783.191
Total	**12.696.664**	**10.839.357**	**12.296.702**	**10.495.772**

1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	3.727.927	8.968.737	3.117.745	9.178.957
Unearned financial income from leases (-)	731.449	1.125.858	630.276	1.170.654
Amount of cancelled leases (-)	-	-	-	-
Total	**2.996.478**	**7.842.879**	**2.487.469**	**8.008.303**

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

1.13. Information on investment property:

None. (December 31, 2019 - None).

1.14. Information on deferred tax asset

There is a deferred tax asset amounting to TL 3.113.355 and deferred tax liability amounting to TL 11.523 as of June 30, 2020 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2019 – TL 2.129.358 deferred tax asset and TL 8.359 deferred tax liability).

1.15. Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	**331.335**	**298.470**
Additions [1]	694.187	216.814
Disposals (-), net	77.351	186.156
Impairment provision reversal	-	1.087
Impairment provision (-)	-	-
Translation differences	1.434	1.120
Net book value at the end of the period	**949.605**	**331.335**
Cost at the end of the period	956.138	338.195
Accumulated depreciation at the end of the period (-)	6.533	6.860
Net book value at the end of the period	**949.605**	**331.335**

(1) As of June 30,2020, the carrying value of asset held for resale with a right of repurchase is TL 644.550 (December 31, 2019 - None).

As of June 30, 2020, the Group booked impairment provision on assets held for resale with an amount of TL 3.602 (December 31, 2019 - TL 3.602)

1.16. Information on other assets:

As of June 30, 2020, other assets do not exceed 10% of the total assets

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

2. Explanations and notes related to consolidated liabilities:

2.1. Information on deposits:

2.1.1. Information on maturity structure of deposits/collected funds:

Current Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	17.404.951	11.971.542	37.369.489	886.796	411.255	609.209	1.224	68.654.466
Foreign currency deposits	45.825.063	13.340.403	49.545.916	4.068.423	4.045.270	3.886.910	-	120.711.985
Residents in Turkey	41.494.524	12.827.174	47.752.847	3.693.650	2.870.121	1.200.922	-	109.839.238
Residents abroad	4.330.539	513.229	1.793.069	374.773	1.175.149	2.685.988	-	10.872.747
Public sector deposits	715.648	92	5.895	405	169	635	-	722.844
Commercial deposits	13.103.312	11.172.943	18.052.936	176.699	437.161	138.985	-	43.082.036
Other institutions deposits	175.015	293.684	1.376.305	80.872	721.837	983	-	2.648.696
Precious metals vault	6.833.295	165.785	525.717	346.503	585.637	100.853	-	8.557.790
Bank deposits	850.569	2.774.095	790.554	309.997	74.053	-	-	4.799.268
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	10.735	2.735.919	634.212	309.997	74.053	-	-	3.764.916
Foreign banks	256.889	38.176	156.342	-	-	-	-	451.407
Participation banks	582.945	-	-	-	-	-	-	582.945
Other	-	-	-	-	-	-	-	-
Total	**84.907.853**	**39.718.544**	**107.666.812**	**5.869.695**	**6.275.382**	**4.737.575**	**1.224**	**249.177.085**

Prior Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	10.548.305	18.808.962	31.453.611	1.075.550	812.427	690.717	1.110	63.390.682
Foreign currency deposits	28.723.896	13.162.882	65.273.909	3.363.494	4.405.123	8.033.848	-	122.963.152
Residents in Turkey	25.828.742	12.451.792	63.502.841	3.032.618	2.310.420	1.447.231	-	108.573.644
Residents abroad	2.895.154	711.090	1.771.068	330.876	2.094.703	6.586.617	-	14.389.508
Public sector deposits	1.293.752	3.080	8.286	878	98	45	-	1.306.139
Commercial deposits	8.682.060	10.987.400	12.238.066	329.005	584.804	92.787	-	32.914.122
Other institutions deposits	156.583	198.278	651.990	402.394	428.821	49.131	-	1.887.197
Precious metals vault	2.362.411	206.884	571.548	95.928	250.328	65.531	-	3.552.630
Bank deposits	1.138.876	2.715.690	847.185	286.875	69.149	-	-	5.057.775
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	7.256	2.536.174	596.437	286.875	57.158	-	-	3.483.900
Foreign banks	208.114	179.516	250.748	-	11.991	-	-	650.369
Participation banks	923.506	-	-	-	-	-	-	923.506
Other	-	-	-	-	-	-	-	-
Total	**52.905.883**	**46.083.176**	**111.044.595**	**5.554.124**	**6.550.750**	**8.932.059**	**1.110**	**231.071.697**

2.1.2. Information on saving deposits insurance:

2.1.2.1. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
Saving deposits(1)	**Current period**	**Prior period**	**Current period**	**Prior period**
Saving deposits	39.091.912	34.895.590	29.550.591	28.488.975
Foreign currency savings deposit	19.994.555	19.119.479	52.560.140	47.850.939
Other deposits in the form of savings deposits	3.688.648	1.642.752	3.696.012	1.544.417
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) The balances from foreign subsidiaries, calculated in accordance with their own regulation, are included.

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

2.1.2.2. Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	11.656	10.094
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	283.054	489.526
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004		-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

2.2. Information on trading derivative financial liabilities:

2.2.1. Negative differences table for derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	204.105	12.258	98.515	53
Swap transactions(1)	2.880.380	2.987.333	2.542.199	1.206.146
Futures transactions	-	-	-	-
Options	20.566	10.461	29.672	17.223
Other	-	3.638	3.006	925
Total	**3.105.051**	**3.013.690**	**2.673.392**	**1.224.347**

2.2.2. Negative differences table for derivative financial liabilities held for hedging:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges (1)	401.391	-	316.376	-
Cash flow hedges (1)	2.278.587	1.154.524	2.579.191	311.976
Hedges for investments made in foreign countries	-	-	-	-
Total	**2.679.978**	**1.154.524**	**2.895.567**	**311.976**

(1) Explained in Note 8 of section 4

2.3. Information on banks and other financial institutions:

2.3.1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	3.024.322	3.173.072	2.440.872	2.309.071
From foreign banks, institutions and funds	29.755	37.823.383	11.503	40.612.049
Total	**3.054.077**	**40.996.455**	**2.452.375**	**42.921.120**

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	3.054.077	11.950.453	2.394.340	12.620.395
Medium and long-term	-	29.046.002	58.035	30.300.725
Total	**3.054.077**	**40.996.455**	**2.452.375**	**42.921.120**

2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	6.148.352	-	5.098.851	-
Asset backed securities (1)	-	3.767.134	-	3.746.311
Bonds (2)	1.579.298	14.166.032	1.642.095	14.733.934
Total	**7.727.650**	**17.933.166**	**6.740.946**	**18.480.245**

(1) The Group obtains borrowings via its structured entity, Diversified Payment Rights Finance Company, with securitization transactions which is founded on its future money transfers within its funding program.
(2) Including mortgage backed securities amounting to TL 2.015.129 as of June 30, 2020 (December 31, 2019 – TL 2.023.673).

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

2.3.4. Information on financial liabilities fair value through profit and loss:

The Group classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TFRS 9. As of June 30, 2020, the total amount of financial liabilities classified as fair value through profit/loss is TL 12.569.383 (December 31, 2019 –TL 13.184.605) with an accrued interest income of TL 1.466.042 (December 31, 2019 - TL 245.152 income) and with a fair value difference of TL 1.201.457 recognized in the income statement as an income (December 31, 2019 - TL 146.197 loss). On the other hand, the buy and sell nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of June 30, 2020 are TL 13.693.315 (December 31, 2019: TL 13.132.747) with a fair value differences amounting to TL 1.406.590 liability (December 31, 2019 –TL 236.129 liability). The mentioned total return swaps have 8 year maturity in average.

2.4. Information on other liabilities:

As of June 30, 2020, other liabilities do not exceed 10% of the total balance sheet commitments.

2.5. Information on lease payables:

	Current Period [1]		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less then 1 year	333.675	209.056	334.032	203.266
Between 1-4 years	680.799	422.344	679.738	409.720
More then 4 years	547.319	338.736	524.214	314.237
Total	**1.561.793**	**970.136**	**1.537.984**	**927.223**

2.6. Information on provisions:

2.6.1. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. "TAS 19- Employee Rights", necessitates actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions were used in the calculation of total liabilities:

	Current Period	Prior Period
Discount rate (%)	4,67	4,67
Possibility of being eligible for retirement (%)	94,85	94,45

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 7.117,17 effective from July 1, 2020 (January 1, 2020 - full TL 6.730,17) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	**537.468**	**463.258**
Changes during the period	40.053	82.369
Recognized in equity	61.275	66.783
Paid during the period	(31.259)	(74.942)
Balance at the end of the period	**607.537**	**537.468**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 238.942 as of June 30, 2020 (December 31, 2019 - TL 243.624).

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

2.6.2. Information on provisions related with the foreign currency difference of foreign currency indexed loans:

As of June 30, 2020, there is no provision amounting in TL related to the foreign currency difference of foreign currency indexed loans amounts (December 31, 2019 - None). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

2.6.3. Information on other provisions:

	Current Period	Prior Period
Pension fund provision	1.178.063	1.178.063
Provisions on unindemnified non cash loans	709.844	772.000
Generic provisions on non cash loans	318.152	155.439
Provision on lawsuits	148.066	130.271
Provisions on credit cards and promotion campaigns related to banking services	67.138	60.428
Other	864.363	664.938
Total	**3.285.626**	**2.961.139**

2.7. Explanations on tax liability:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	1.247.616	316.861
Taxation of Marketable Securities	131.737	189.641
Property Tax	3.845	3.832
Banking Insurance Transaction Tax ("BITT")	150.984	220.637
Foreign Exchange Transaction Tax	31.400	6.999
Value Added Tax Payable	7.930	59.715
Other	46.063	75.095
Total	**1.619.575**	**872.780**

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	608	566
Social security premiums - employer	682	634
Bank pension fund premiums - employee	25.471	23.031
Bank pension fund premiums - employer	35.283	31.892
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	1.819	1.645
Unemployment insurance - employer	3.644	3.291
Other	-	-
Total	**67.507**	**61.059**

2.8. Liabilities for property and equipment held for sale and related to discontinued operations (net):

None. (December 31, 2019- None)

2.9. Information on subordinated debt(1):

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	**-**	**4.721.509**	**-**	**4.098.336**
Subordinated loans	-	-	-	-
Subordinated debt	-	4.721.509	-	4.098.336
Debt instruments to be included in contribution capital calculation	**791.235**	**15.611.890**	**821.340**	**13.660.363**
Subordinated loans	-	5.877.410	-	5.102.941
Subordinated debt	791.235	9.734.480	821.340	8.557.422
Total	**791.235**	**20.333.399**	**821.340**	**17.758.699**

(1) Subordinated loans are explained in detail in the Note "Information on debt instruments included in the calculation of equity" in section four

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

2.10. Information on shareholders' equity:

2.10.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	8.447.051	8.447.051
Preferred stock	-	-

2.10.2. Amount of paid-in capital, disclosure of whether the Bank's registered capital system is applied and if applied registered capital ceiling:

Capital System	Paid-In Capital	Registered Share Capital Ceiling
Registered Capital System	8.447.051	15.000.000

2.10.3. Information on the share capital increases during the period and the sources:

None. (December 31, 2019 - None).

2.10.4. Information on transfers from capital reserves to capital during the current period:

None. (December 31, 2019 - None).

2.10.5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period:

None. (December 31, 2019 - None).

2.10.6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

2.10.7. Privileges on the corporate stock tors:

None. (December 31, 2019 - None).

2.10.8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TP	YP	TP	YP
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Revaluation difference	-	-	-	-
Foreign currency difference	-	-	-	-
Financial assets at fair value through other comprehensive income[(1)]	**495.730**	**(194.460)**	**(118.560)**	**(55.051)**
Revaluation difference	495.730	(194.460)	(118.560)	(55.051)
Foreign currency differences	-	-	-	-
Total	**495.730**	**(194.460)**	**(118.560)**	**(55.051)**

(1) Includes tax effect related to foreign currency valuation differences in TL column.

2.10.9. Information on minority interest:

	Current Period	Prior Period
Period opening balance	**687**	**611**
Current period income/(loss)	83	126
Dividends paid	(45)	(50)
Period ending balance	**725**	**687**

2.10.10. Information on profit distribution:

It was decided to distribute unconsolidated net profit of TL 3.600.060 as of December 31, 2019, in accordance with the General Assembly dated March 13, 2020 as follows: TL 180.004 to be transferred to legal reserves, TL 2.551 to be transferred to special funds account due to the profit from the sale of real estate in accordance with the article No 5 1/e section of the Corporate Tax Law numbered 5520 and the remaining TL 3.417.505 to be transferred to extraordinary reserves.

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

3. Explanations and notes related to consolidated off-balance sheet accounts

3.1. Information on off balance sheet commitments:

3.1.1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	47.606.306	41.380.895
Loan granting commitments	15.447.065	13.669.165
Commitments for cheques	3.356.926	3.389.714
Other irrevocable commitments	64.912.821	14.876.247
Total	**131.323.118**	**73.316.021**

3.1.2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its non-cash loans amounting to TL 318.152 (December 31, 2019 - TL 155.439) and provision amounting to TL 1.160.132 (December 31, 2019 - TL 1.175.798) for non-cash loans which are not indemnified yet amounting to TL 709.844 (December 31, 2019 - TL 772.000).

3.1.2.1. Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	236.650	156.431
Letter of credits	8.220.235	12.486.372
Other guarantees and collaterals	8.722.743	8.019.320
Total	**17.179.628**	**20.662.123**

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	2.204.160	1.311.813
Definite letter of guarantees	44.591.894	41.657.055
Advance letter of guarantees	11.710.991	10.370.952
Letter of guarantees given to customs	3.130.465	2.945.128
Other letter of guarantees	15.430.174	12.617.410
Total	**77.067.684**	**68.902.358**

3.1.3. Information on non-cash loans:

3.1.3.1. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	15.337.417	12.890.158
With original maturity of 1 year or less than 1 year	2.262.486	2.883.023
With original maturity of more than 1 year	13.074.931	10.007.135
Other non-cash loans	78.909.895	76.674.323
Total	**94.247.312**	**89.564.481**

3.2. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 148.066 (December 31, 2019 – TL 130.271) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

3.3. Information on services on behalf of others:

The Bank's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

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

4. Explanations and notes related to consolidated income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans(1)	2.344.192	380.965	4.528.286	346.999
Medium/long-term loans(1)	6.354.730	2.887.567	6.134.743	3.195.197
Interest on loans under follow-up	480.407	-	617.053	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	**9.179.329**	**3.268.532**	**11.280.082**	**3.542.196**

(1) Includes fees and commissions received for cash loans.

4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	1.059	-	33.428	-
From domestic banks	177.780	14.158	304.666	16.883
From foreign banks	56	173.520	1.556	173.595
Headquarters and branches abroad	-	-	-	-
Total	**178.895**	**187.678**	**339.650**	**190.478**

4.1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TP	YP	TP	YP
From financial assets where fair value change is reflected to income statement	2.935	2.559	778	2.298
From financial assets where fair value change is reflected to other comprehensive income statement	1.247.023	101.791	1.659.941	128.132
From financial Assets Measured at Amortised Cost	1.175.785	179.413	959.443	204.732
Total	**2.425.743**	**283.763**	**2.620.162**	**335.162**

4.1.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interests received from associates and subsidiaries	171	1.754
Total	**171**	**1.754**

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	113.012	507.267	122.633	516.641
The CBRT	-	-	-	1.866
Domestic banks	109.723	54.198	120.143	26.817
Foreign banks	3.289	453.069	2.490	487.958
Headquarters and branches abroad	-	-	-	-
Other institutions	-	362.712	-	381.252
Total(1)	**113.012**	**869.979**	**122.633**	**897.893**

(1) Includes fees and commissions related to borrowings.

4.2.2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	2.192	3.239
Total	**2.192**	**3.239**

4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	525.980	1.451.320	532.444	1.373.933
Total	**525.980**	**1.451.320**	**532.444**	**1.373.933**

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

4.2.4. Maturity structure of the interest expense on deposits:

		Time Deposit							
Account name	**Demand deposit**	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 1 year**	**More than 1 year**	**Cumulative deposit**	**Total**	**Prior Period**
TL									
Bank deposit	610	22.954	13.121	-	165	-	-	36.850	113.964
Saving deposit	-	663.025	1.567.271	42.286	34.959	31.170	57	2.338.768	4.697.224
Public sector deposit	-	38	414	27	5	15	-	499	1.154
Commercial deposit	-	477.206	710.104	16.686	36.116	5.083	-	1.245.195	1.957.067
Other deposit	-	11.946	89.944	18.085	58.121	22.103	-	200.199	519.383
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**610**	**1.175.169**	**2.380.854**	**77.084**	**129.366**	**58.371**	**57**	**3.821.511**	**7.288.792**
FC									
Foreign currency deposit	1.440	99.304	304.599	29.742	51.384	32.054	-	518.523	1.380.192
Bank deposit	2.998	11.454	331	-	-	-	-	14.783	13.612
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	1.214	1.147	532	720	581	-	4.194	2.860
Total	**4.438**	**111.972**	**306.077**	**30.274**	**52.104**	**32.635**	**-**	**537.500**	**1.396.664**
Grand total	**5.048**	**1.287.141**	**2.686.931**	**107.358**	**181.470**	**91.006**	**57**	**4.359.011**	**8.685.456**

4.3. Information on trading gain/loss (net):

	Current Period	**Prior Period**
Gain	**34.175.033**	**42.892.792**
Gain from capital market transactions	344.100	151.972
Derivative financial transaction gains	14.342.724	14.923.643
Foreign exchange gains	19.488.209	27.817.177
Loss(-)	**33.757.574**	**43.342.124**
Loss from capital market transactions	38.082	20.792
Derivative financial transaction losses	12.056.864	14.085.485
Foreign exchange loss	21.662.628	29.235.847
Net gain/loss	**417.459**	**(449.332)**

4.4. Information on gain/loss from derivative financial transactions:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 3.203.521 (June 30, 2019 - TL 1.891.710 gain).

4.5. Allowance for expected credit losses and other provisions:

	Current Period	**Prior Period**
Allowance for expected credit losses	**4.718.218**	**3.867.887**
12-month expected credit losses (Stage 1)	730.496	272.905
Significant increase in credit risk (Stage 2)	1.787.253	288.180
Credit-Impaired (Stage 3)	2.200.469	3.306.802
Impairment provisions for financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	**412.841**	**220.368**
Total	**5.131.059**	**4.088.255**

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

4.6. Information on other operating income:

"Other Operating Income" in the Income Statement mainly includes collections from receivables for which Specific / General provision has been allocated in prior periods.

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	7.802	4.512
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	74	-
Depreciation expenses of property and equipment	261.696	227.557
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	96.931	74.994
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	13
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.365.841	1.131.114
lease expenses in the context of TFRS 16 exception	31.661	29.919
Repair and maintenance expenses	64.907	65.777
Advertising expenses	75.579	81.173
Other expense	1.193.694	954.245
Loss on sales of assets	34	180
Other	532.953	423.522
Total	**2.265.331**	**1.861.892**

4.8. Provision for taxes on income from continuing operations and discontinued operations:

Income before tax includes net interest income amounting to TL 8.361.932 (June 30, 2019 -TL 7.525.774), net fee and commission income amounting to TL 2.766.726 (June 30, 2019 - TL 2.595.294), personnel expenses amounting to TL 1.832.000 (June 30, 2019 - TL 1.643.434) and total other operating expense amounting to TL 2.265.331 (June 30, 2019 - TL 1.861.892).

As of June 30, 2020, the Group has no profit before taxes from discontinued operations (June 30, 2019 – None).

4.9. Provision for taxes on income from continuing operations and discontinued operations:

As of June 30, 2020, the Group has current tax expense amounting to TL 1.597.855 (June 30, 2019 - TL 786.702 loss) and deferred tax income amounting to TL 919.260 (June 30, 2019 - TL 256.113 income).

4.10. Information on net income/loss for the period:

4.10.1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.

4.10.2. Information on any change in the accounting estimates concerning the current period or future periods: None

4.11. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	83	69

4.12. Other items in income statement:

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions.

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

5. Explanations and notes related to Group's risk group:

5.1. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

5.1.1. Information on loans of the Group's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	4.654	3.351	815.658	1.199.169	2.568.348	3.147.488
Balance at the end of the period	2.613	3.931	889.675	1.153.668	4.808.816	3.163.389
Interest and commission income received	**171**	**26**	**14.218**	**4.502**	**222.711**	**7.330**

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	8.537	73.717	585.510	1.351.956	3.823.152	4.218.277
Balance at the end of the period	4.654	3.351	815.658	1.199.169	2.568.348	3.147.488
Interest and commission income received(3)	**1.754**	**104**	**20.063**	**4.143**	**240.730**	**15.259**

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.
(2) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.
(3) Prior period presents profit / loss information of June 30, 2019

5.1.2. Information on deposits of the Group's risk group:

Group's risk group (1) (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit(2)	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	96.427	32.007	34.185.545	39.787.874	22.510.602	22.326.048
End of the period	73.391	96.427	25.300.227	34.185.545	26.221.438	22.510.602
Interest expense on deposits(3)	**2.192**	**3.239**	**595.453**	**1.392.324**	**525.025**	**716.482**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.
(3) Prior period presents profit / loss information of June 30, 2019

5.1.3. Information on forward and option agreements and other derivative instruments with the Group's risk group:

Group's risk group (1)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Transactions at fair value through profit or loss						
Beginning of the period(2)	-	-	563.016	3.330.535	10.730.513	983.564
End of the period(2)	-	-	154.602	563.016	8.448.645	10.730.513
Total profit / loss(3)	**-**	**(25)**	**(6.977)**	**80.409**	**(165.463)**	**52.605**
Transactions for hedging purposes						
Beginning of the period(2)	-	-	1.059.016	1.456.586	-	-
End of the period(2)	-	-	1.074.243	1.059.016	-	-
Total profit / loss(3)	**-**	**-**	**24.243**	**35.199**	**-**	**-**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.
(3) Prior period presents profit / loss information of June 30, 2019

5.2. Information regarding benefits provided to the Group's top management:

Salaries and benefits paid to the Group's top management amount to TL 22.150 as of June 30, 2020 (June 30, 2019- TL 52.752).

6. Explanations and notes related to subsequent events :

None.

Section six - Explanations on independent audit review report

1. Explanations on independent auditor's audit review report

The consolidated financial statements for the period ended June 30, 2020 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's audit report dated July 29, 2020 is presented preceding the consolidated financial statements.

2. Explanations and notes prepared by the independent auditor

None.

Section Seven(1)

Interim activity report

1.1. Message from Yapı Kredi's Board of Directors Chairman Y. Ali Koç:

The COVID-19 outbreak that emerged in the beginning of 2020, continued to take its toll on all global markets in the second quarter of the year. Having impacted the whole world severely, changing everyday life to its foundations and causing significant decline in economic activity, the COVID-19 outbreak continues to be the centre of attention by the global authorities such as Central Banks, Banking Regulators, State Treasuries as well as the governments to closely monitor the course of the pandemic.

With the gradual and precautious normalization period started in early June, the governments began to ease the restrictions that put a halt on the global economy. Turkish authorities initiated the normalization period in line with the global course. Besides the relief on banking requirements and additional liquidity provided to the system, the government continued to implement the new Credit Guarantee Funding scheme in order to support the banking sector and to revive the Turkish economy. Having taken the necessary actions to contribute to this support, Turkish banks, started to fully resume their operations and continued to aid their customers in times of need.

Going through these challenging times, health and safety continues to be the first and foremost for Yapı Kredi and the Bank takes a considerable part in the normalization period with the awareness of a public mission.

In the second quarter of the year, total loans in the banking sector reached TL 3.094 billion indicating 21,2% year-to-date growth. During the same period, total deposits reached TL 2.913 billion, indicating 17,9% year-to-date growth. Accordingly, sector's loan to deposit ratio increased by 3 percentage points year-to-date reaching to 103% in the second quarter of 2020. With the revisions in classification rules, the banking sector's non-performing loan ratio improved by 88 basis points year-to-date to 4,4%.

Yapı Kredi continued with its successful external borrowing plan during the second quarter of 2020 with further diversification. Having continued to broaden its sustainable and innovative product portfolio, Yapı Kredi successfully rolled over its syndication of USD 870 million in May 2020, together with a USD 100 million bilateral loan financing from EBRD.

Despite the challenges and uncertainties that we are going through, Yapı Kredi will continue to support the economy and its customers, while preserving its solid fundamentals with special focus on asset quality and a healthy balance sheet.

I would hereby like to extend my thanks to all our customers and shareholders for their continuous support and trust, and our employees for their devoted efforts especially during these hard times.

Y. Ali Koç
Chairman of the Board

(1) Unless otherwise stated, all figures in the section seven are expressed in full TL.

1.2. Message from Yapı Kredi's CEO Gökhan Erün:

Turkish economy carries on with its recovery which initially started in early 2020, but was halted due to the Covid-19 pandemic. While proceeding with the recovery in the new normalization period, the government continues to implement the precautionary measures such as social distancing, mandatory protective masks and new rules for safe travel in public transportation.

Even in the uncertain times that erupted due to the Covid-19 pandemic, thanks to the strong and agile balance sheet structure of the sector with the support from the regulator, as well as the fiscal and monetary authorities, Turkish banking sector continues to maintain its strong fundamentals, to contribute to the normalization period and to provide support to its customers.

As Yapı Kredi, we put utmost effort for the health and safety of our employees with ongoing support to our customers. While continuing the remote working rotationally within the headquarters of the bank, we have implemented a series of social distancing, protective hygiene measures as well as providing protective equipment and gear for all employees of the bank. In line with the gradual normalisation trend in Turkey, we are back to regular working hours at our branches providing full service both through our branches putting utmost effort on digitalisation.

Moreover; in order to support our customers in these difficult times we have postponed the repayments of 470 thousand customers for three months. Equally important, we have taken a leading position in the Credit Guarantee Funding Scheme to support our customers.

Looking at the second quarter of the year, with a slight pick in the volume growth that mainly became visible in June, a sustainable revenue generation, focus on asset liability management and cautious asset quality approach, the Bank's total assets increased to TL 444,4 billion and net income recorded at TL 2.461 million.

Yapı Kredi's strong liquidity, mainly in the foreign currency with a total liquidity coverage ratio at 162% level (foreign currency at 306%), continued to support the Bank's balance sheet in case of further possible volatilities.

Despite the negative impact arising from the macro conditions and volatility, capital adequacy ratio realized at 15,7% and Tier-1 ratio at 13.0% (excluding forbearances) supported by ongoing internal capital generation.

In terms of performing cash loans, Yapı Kredi recorded TL 254,7 billion indicating 16,0% market share among private banks. Growth was driven by Turkish Lira loans and the Bank continued to support companies and exporters. At the same time, the Bank maintained its leadership position in credit cards with 17,8% outstanding volume market share.

In the second quarter of 2020, in terms of funding, the Bank recorded 8.1% customer deposit growth year-to-date, reaching to TL 244,4 billion indicating 15,3% market share among private banks. In line with its strategic targets, the Bank increased its Turkish Lira demand deposit market share by 123 basis points to 16,7% and foreign currency demand deposit market share by 94 basis points to 14,4% on a year-to-date basis, supporting its cost of funding. Loans to deposits ratio including Turkish Lira bonds reached to 99,8%.

I would like to take this opportunity to thank our customers and shareholders for their trust and our employees for their continuous efforts.

Gökhan Erün

CEO

1.3. Overview of Financial Performance:

On 29 July 2020, Yapı Kredi announced its consolidated results for the first six months of 2020 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 349,0 billion while total deposits reached to TL 249,2 billion. The Bank's net income reached TL 2.461 million indicating a return on average tangible equity of 12,1%.

Local currency driven loan and deposit growth with a solid liquidity

In the second quarter, The Bank achieved 11.0% year-to-date growth in loans to TL 254.7 billion, mainly driven by Turkish Lira loans. During the same period, the Bank's customer deposit growth was at 8.1% year-to-date and reached TL 244.4 billion. Also, the Bank increased its Turkish Lira demand deposit market share by 123 basis points to 16.7% and foreign currency demand deposit market share by 94 basis points to 14.4% on a year-to-date basis within the scope of focusing on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio reached to 99.8%. The Bank's total and foreign currency liquidity coverage ratios realized at 162% and 306%, respectively. The Bank had ample level of liquidity as of the end of the second quarter of 2020 corresponding to 3.5 times above the short-term foreign currency debt.

Prudent and conservative asset quality approach

In the second quarter of 2020, Yapı Kredi maintained its precautious approach in terms of asset quality. The Bank's non-performing loan ratio materialized at 6.6%. Non-performing loan inflows declined in all segments with strength in collections resulting in improvement in cost of risk despite increasing coverages. Accordingly, cost of risk (adjusted for hedged foreign currency impact) improved by 40 basis points to 252 basis points year-to-date. With the ongoing conservative provisioning approach of Yapı Kredi, provisions to gross loans further increased to 7.3%.

Strong capital ratios and ongoing internal capital generation

In the second quarter of 2020, despite the negative impact coming from the market volatility the capital ratios of the Bank were supported by ongoing internal capital generation. Hence, consolidated Capital Adequacy Ratio, Tier-1 ratio and Common Equity Tier-1 ratio realised at 15,7%, 13,0%and 11,8%, respectively, excluding regulatory forbearances.

Solid top-line within conservative asset quality approach and liquidity

In the second quarter of 2020, Yapı Kredi increased its core banking revenues by 13.4% year-over-year driven by double-digit growth in net interest income. Thanks to execution of sound asset liability management strategy within the quarter, a successful loan-deposit spread was achieved, resulting in improvement in swap adjusted net interest margin compared to 2019 by 26 basis points to 3.7%. Cost-to-income ratio (income adjusted for trading income to hedge foreign currency expected credit loss and collections, costs adjusted for pension fund provisions) realized at 36.8%. All in all, the Bank achieved a net income of TL 2,461 million and 12.1% return on average tangible equity.

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

1.4. Summary of Consolidated Financials

TL million	30.06.2020	31.12.2019
Total Assets	444.392	411.195
Performing Loans	254.707	229.373
Total Deposits	249.177	231.072
Shareholder's Equity	44.126	41.192
Loans/Assets	57%	56%
Deposits/Assets	56%	56%
Non-performing Loan	6,6%	7,4%
Capital Adequacy Ratio(1)	18,1%	16,7%
TL million	**30.06.2020**	**30.06.2019**
Net Profit	2.461	2.361
Return on Average Tangible Equity	12,1%	12,5%

(1) with forebearances.

1.5. Important Developments and Transactions Affecting the Bank's Financial Performance:

- On 14 May 2020, Yapı Kredi successfully signed a syndicated loan agreement of c. US$ 870 million. On top the syndication, the Bank signed a bilateral loan agreement with European Bank of Reconstruction and Development (EBRD) worth of US$ 100 million with 367 days maturity. The funding supplied from EBRD is going to be used for the financing of small and medium-sized enterprises for their short-term liquidity requirements. The participants in the syndication, are from 18 countries and 38 financial institutions.

1.6. Current Trends and Expectations for the Upcoming Period:

In the second quarter of 2020, Yapı Kredi revised its year-end guidance.

2020 Yapı Kredi Expectations:

- Loan-to-deposit ratio below or equal to 105% level
- Capital Adequacy Ratio: around 16%
- Loans: TL loan growth at high teens
- Net Interest Margin: around +30 basis points
- Fees: single digit contraction
- Costs: Mid-teens
- Non-Performing Loan ratio: around 7%
- Total Cost of Risk: below 300 basis points
- Return on Tangible Equity: low-teens