

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2019 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**(Convenience translation of publicly announced unconsolidated
financial statements, related disclosures and independent auditor's report
originally issued in Turkish, See Note. I.b of Section three)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Akbank T.A.Ş.

A. Audit of the Unconsolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Akbank T.A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2019, unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for the qualified opinion paragraph below, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2019 include a free provision amounting to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Impairment of loans in accordance with TFRS 9

The Bank has total provision for impairment of TL 12.280.581 thousands in respect to loans of TL 203.834.175 thousands which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2019. Explanations and notes related to provision for impairment of loans are presented section III part VII-e, section III part VIII, section IV part II-h, section IV part II-l, section IV part II-j, section IV part X-c, section V part I-f and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2019.

The Bank recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models require large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred.

Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.

Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Bank with respect to classification of loans and estimation of impairment in-line with the TFRS 9 framework. We have tested the design and operating effectiveness of controls implemented by the Bank in line with its governance, policies and procedures.

Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Bank's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macro-economic expectations, life time expected credit losses, losses given default.

We have carried credit review on a selected sample of loans with the objective to identify whether the classification of loans is performed appropriately in line with TFRS 9 staging rules, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.

In addition, we have evaluated the appropriateness of specific impairment provision with supportable input on non-performing loans and on other significant individual loans. Based on our discussions with the Bank management, we evaluated and challenged whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loan and related impairment provision.

Valuation of Pension Fund Obligations

The Bank has booked provision amounting to TL 38.125 thousand for Pension Fund Liabilities in the accompanying unconsolidated financial statements as at 31 December 2019. Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b and section V part II-h in the accompanying unconsolidated financial statements.

The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). Council of Ministers are authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external actuaries for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets.

Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.

In addition to the above procedures we have reviewed disclosures made with respect to pension fund.

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4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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.

Talar Gül, SMMM
Partner

Istanbul, 31 January 2020

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED
DISCLOSURES ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I.b OF SECTION THREE**

THE UNCONSOLIDATED FINANCIAL REPORT OF AKBANK T.A.Ş. AS OF 31 DECEMBER 2019

Address : Sabancı Center 34330, 4. Levent / İstanbul
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E-mail : <http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx>

The unconsolidated financial report, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

- **Section One** - GENERAL INFORMATION ABOUT THE BANK
- **Section Two** - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDITOR'S REPORT

The The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and the related appendices and interpretations on these, and are independently audited.

31 January 2020

Suzan SABANCI DINÇER	Eyüp ENGİN	Ş.Yaman TÖRÜNER	S. Hakan BİNBAŞGİL	Türker TUNALI	Zeynep TERZİOĞLU
Chairman of the Board of Directors	Head of the Audit Committee	Member of the Audit Committee	CEO	Executive Vice President	Senior Vice President

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

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President
Phone No : (0 212) 385 55 55
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AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:

Akbank T.A.Ş. ("the Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

II. EXPLANATION ABOUT THE BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THAT THE BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 31 December 2019, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2018: 51%).

The major shareholder of the Bank, directly or indirectly, is Sabancı Group.

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman:	Suzan SABANCI DİNÇER	Chairman	Graduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Eyüp ENGİN	Executive Board Member	Undergraduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
CEO:	S. Hakan BİNBAŞGİL	CEO	Graduate
Head of Internal Audit:	Savas KÜLCÜ	Head of Internal Audit	Graduate
Executive Vice Presidents:	Bülent OĞUZ	Retail Banking	Graduate
	H.Burcu ÇİVELEK YÜCE	Strategy, Digital Banking and Payment Systems	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Management	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	Pınar ANAPA	People and Culture	Graduate
Internal Audit Committee:	Eyüp ENGİN	Head of the Audit Committee	Undergraduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Bank.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

Eyüp Engin, the Chairman of the Board of Inspectors, was appointed as the new member of the Bank's Board of Directors at the Ordinary General Assembly and Head of the Audit Committee dated 25 March 2019, replacing A. Aykut Demiray. Savaş Külcü was assigned as the Chairman of the Board of Inspection instead of Eyüp Engin.

As of 31 May 2019, Emin Tolga Ulutaş who was an Executive Vice President in charge of the Direct Banking Business Unit resigned from his position. The name of the Direct Banking Business Unit is continuing its operations as "Strategy, Digital Banking and Payment Systems Business Unit and as of 3 June 2019, Burcu Civelek Yüce has been appointed as Executive Vice President of Strategy, Digital Banking and Payment Systems.

The name of the Human Resources and Strategy Business Unit is continuing its operations as "Human Resources Business Unit" and as of 3 June 2019, Pınar Anapa has been appointed as Executive Vice President of the Human Resources.

The name of the Human Resources Business Unit has changed as People and Culture on 29 August 2019.

IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE BANK:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	2.119.027	%40,75	2.119.027	-

V. INFORMATION ON THE BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 31 December 2019, the Bank has 770 branches dispersed throughout the country and 1 branch operating abroad (31 December 2018: 780 branches and 1 branch operating abroad).

As of 31 December 2019, the Bank the Bank has 12.750 employees (31 December 2018: 13.367).

VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF SHAREHOLDER'S EQUITY BETWEEN PARENT BANK AND ITS SUBSIDIARIES OR REPAYMENT OF DEBTS:

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019 (STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira (TL).)

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		50.399.066	84.383.650	134.782.716	47.023.958	73.508.477	120.532.435
1.1 Cash and Cash Equivalents		2.494.673	43.995.536	46.490.209	5.189.272	43.465.853	48.655.125
1.1.1 Cash and Balances with Central Bank	(I-a)	2.243.224	27.650.693	29.893.917	4.725.332	25.388.460	30.113.792
1.1.2 Banks	(I-d)	251.462	16.345.284	16.596.746	463.940	17.538.045	18.001.985
1.1.3 Money Markets		-	-	-	-	539.374	539.374
1.1.4 Expected Loss Provision (-)		13	441	454	-	26	26
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	170.989	7.069.120	7.240.109	6.126	6.827.669	6.833.795
1.2.1 Government Debt Securities		170.486	92.378	262.864	-	-	-
1.2.2 Equity Instruments		-	220.294	220.294	-	137.461	137.461
1.2.3 Other Financial Assets		503	6.756.448	6.756.951	6.126	6.690.208	6.696.334
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	36.087.714	28.554.393	64.642.107	24.621.751	17.751.756	42.373.507
1.3.1 Government Debt Securities		35.534.282	16.168.796	51.703.078	23.928.005	12.574.559	36.502.564
1.3.2 Equity Instruments		15.610	607	16.217	12.848	607	13.455
1.3.3 Other Financial Assets		537.822	12.384.990	12.922.812	680.898	5.176.590	5.857.488
1.4 Derivative Financial Assets	(I-c, I-l)	11.645.690	4.764.401	16.410.291	17.206.809	5.463.199	22.670.008
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		9.551.895	4.731.384	14.283.279	15.470.870	5.209.530	20.680.400
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		2.093.795	33.217	2.127.012	1.735.939	253.669	1.989.608
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		143.880.604	63.238.520	207.119.124	124.113.901	66.550.651	190.664.552
2.1 Loans	(I-f)	142.634.804	61.199.371	203.834.175	125.059.399	61.316.901	186.376.300
2.2 Lease Receivables	(I-k)	-	-	-	-	-	-
2.3 Factoring Receivables	-	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(I-g)	11.814.099	3.760.759	15.574.858	5.942.844	6.320.637	12.263.481
2.4.1 Government Debt Securities		11.479.840	2.379.418	13.859.258	5.942.844	3.811.339	9.754.183
2.4.2 Other Financial Assets		334.259	1.381.341	1.715.600	-	2.509.298	2.509.298
2.5 Expected Credit Loss (-)		10.568.299	1.721.610	12.289.909	6.888.342	1.086.887	7.975.229
III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	636.017	-	636.017	90.305	-	90.305
3.1 Held for Sale Purpose		636.017	-	636.017	90.305	-	90.305
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.625.290	5.111.016	6.736.306	1.209.469	4.248.193	5.457.662
4.1 Investments in Associates (Net)	(I-h)	5.521	-	5.521	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521	5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	1.619.769	5.111.016	6.730.785	1.203.948	4.248.193	5.452.141
4.2.1 Unconsolidated Financial Subsidiaries		1.619.769	5.111.016	6.730.785	1.203.948	4.248.193	5.452.141
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(I-j)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		4.857.006	6.976	4.863.982	3.941.378	7.039	3.948.417
VI. INTANGIBLE ASSETS (Net)		933.963	16	933.979	624.219	24	624.243
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		933.963	16	933.979	624.219	24	624.243
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	262.217	-	262.217
IX. DEFERRED TAX ASSET	(I-n)	-	2.438	2.438	-	23.410	23.410
X. OTHER ASSETS (Net)	(I-p)	1.842.217	3.584.333	5.426.550	2.412.567	3.626.317	6.038.884
TOTAL ASSETS		204.174.163	156.326.949	360.501.112	179.678.014	147.964.111	327.642.125

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

AKBANK T.A.S.
I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019 (STATEMENT OF FINANCIAL POSITION)

(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	96.271.886	127.782.641	224.054.527	81.460.817	106.930.236	188.391.053
II. FUNDS BORROWED	(II-c)	302.890	31.068.206	31.371.096	651.246	39.075.919	39.727.165
III. MONEY MARKETS		612.415	8.199.349	8.811.764	3.852.509	9.209.690	13.062.199
IV. SECURITIES ISSUED (Net)	(II-d)	4.905.531	8.612.669	13.518.200	3.949.642	8.202.364	12.152.006
4.1 Bills		2.372.587	-	2.372.587	2.042.561	-	2.042.561
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.532.944	8.612.669	11.145.613	1.907.081	8.202.364	10.109.445
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(II-b, II-g)	7.203.320	1.655.523	8.858.843	11.333.092	1.623.362	12.956.454
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		6.355.281	1.602.458	7.957.739	10.688.134	1.623.362	12.311.496
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		848.039	53.065	901.104	644.958	-	644.958
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	574.553	-	574.553	25.048	-	25.048
X. PROVISIONS	(II-h)	1.362.723	168.354	1.531.077	1.044.801	250.177	1.294.978
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		434.942	-	434.942	311.510	-	311.510
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		927.781	168.354	1.096.135	733.291	250.177	983.468
XI. CURRENT TAX LIABILITY	(II-i)	735.341	23.651	758.992	442.133	62.261	504.394
XII. DEFERRED TAX LIABILITY		704.309	-	704.309	283.695	-	283.695
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-j)	-	5.381.534	5.381.534	-	4.784.477	4.784.477
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	5.381.534	5.381.534	-	4.784.477	4.784.477
XV. OTHER LIABILITIES	(II-e)	6.917.863	3.635.927	10.553.790	7.461.507	3.190.060	10.651.567
XVI. SHAREHOLDERS' EQUITY	(II-k)	54.116.424	266.003	54.382.427	42.910.657	898.432	43.809.089
16.1 Paid-in capital		5.200.000	-	5.200.000	4.000.000	-	4.000.000
16.2 Capital Reserves		5.400.628	-	5.400.628	3.686.298	-	3.686.298
16.2.1 Share Premium		3.505.742	-	3.505.742	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.894.886	-	1.894.886	1.986.298	-	1.986.298
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.884.029	831.140	3.715.169	1.328.679	2.212.351	3.541.030
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		1.289.985	[565.137]	724.848	[27.703]	[1.313.919]	[1.341.622]
16.5 Profit Reserves		33.924.314	-	33.924.314	28.233.739	-	28.233.739
16.5.1 Legal Reserves		1.532.027	-	1.532.027	1.532.027	-	1.532.027
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		32.128.715	-	32.128.715	26.439.072	-	26.439.072
16.5.4 Other Profit Reserves		263.572	-	263.572	262.640	-	262.640
16.6 Income or (Loss)		5.417.468	-	5.417.468	5.689.644	-	5.689.644
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		5.417.468	-	5.417.468	5.689.644	-	5.689.644
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		173.707.255	186.793.857	360.501.112	153.415.147	174.226.978	327.642.125

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

AKBANK T.A.S.
II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019

(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		160.597.907	479.564.186	640.162.093	216.635.098	509.765.510	726.400.608
I. GUARANTEES AND WARRANTIES	(III-2, 3)	19.912.014	23.535.399	43.447.413	22.150.509	31.187.047	53.337.556
1.1 Letters of Guarantee		16.956.203	14.167.206	31.123.409	19.272.359	15.784.791	35.057.150
1.1.1 Guarantees Subject to State Tender Law		282.800	1.422.854	1.705.654	404.937	2.056.174	2.461.111
1.1.2 Guarantees Given for Foreign Trade Operations		-	2.221.818	2.221.818	-	2.835.700	2.835.700
1.1.3 Other Letters of Guarantee		16.673.403	10.522.534	27.195.937	18.867.422	10.892.917	29.760.339
1.2 Bank Acceptances		-	50.678	50.678	-	2.740.341	2.740.341
1.2.1 Import Letter of Acceptance		-	50.678	50.678	-	2.740.341	2.740.341
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		8.409	4.358.456	4.366.865	47.035	6.515.924	6.562.959
1.3.1 Documentary Letters of Credit		8.409	3.685.663	3.694.072	47.035	5.817.762	5.864.797
1.3.2 Other Letters of Credit		-	672.793	672.793	-	698.162	698.162
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	14.790	14.790	-	24.353	24.353
1.8 Other Guarantees		5.990	4.931.215	4.937.205	32.845	6.113.927	6.146.772
1.9 Other Collaterals		2.941.412	13.054	2.954.466	2.798.270	7.711	2.805.981
II. COMMITMENTS	(III-1)	43.532.774	23.710.713	67.243.487	42.261.467	22.317.747	64.559.214
2.1 Irrevocable Commitments		42.539.957	23.710.713	66.250.670	41.404.186	22.317.747	63.721.933
2.1.1 Asset Purchase Commitments		3.512.234	11.250.734	14.762.968	6.589.831	8.568.468	15.158.299
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		8.228.762	1.423.408	9.652.170	8.203.743	3.133.344	11.337.087
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.632.311	-	2.632.311	2.514.769	-	2.514.769
2.1.8 Tax and Fund Liabilities from Export Commitments		4.430	-	4.430	3.693	-	3.693
2.1.9 Commitments for Credit Card Limits		23.193.073	-	23.193.073	19.788.847	-	19.788.847
2.1.10 Commitments for Credit Cards and Banking Services Promotions		94.381	-	94.381	82.378	-	82.378
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		4.874.766	11.036.571	15.911.337	4.220.925	10.615.935	14.836.860
2.2 Revocable Commitments		992.817	-	992.817	837.281	-	837.281
2.2.1 Revocable Loan Granting Commitments		992.817	-	992.817	837.281	-	837.281
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		97.153.119	432.318.074	529.471.193	152.263.122	456.260.716	608.503.838
3.1 Hedging Derivative Financial Instruments		13.674.935	50.919.357	64.594.292	16.237.238	45.826.317	62.063.555
3.1.1 Fair Value Hedges		4.122.135	22.626.912	26.749.047	4.768.063	16.399.974	21.168.037
3.1.2 Cash Flow Hedges		9.552.800	28.292.445	37.845.245	11.469.175	29.426.343	40.895.518
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		83.478.184	381.398.717	464.876.901	136.005.884	410.434.399	546.440.283
3.2.1 Forward Foreign Currency Buy/Sell Transactions		6.344.720	14.293.529	20.638.249	10.443.845	17.807.630	28.251.475
3.2.1.1 Forward Foreign Currency Transactions-Buy		5.802.042	4.831.696	10.633.738	6.988.529	7.632.814	14.621.343
3.2.1.2 Forward Foreign Currency Transactions-Sell		542.678	9.461.833	10.004.511	3.455.316	10.174.816	13.630.132
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		72.288.056	317.407.670	389.695.726	97.935.885	319.716.819	417.652.704
3.2.2.1 Foreign Currency Swap-Buy		22.894.573	93.779.012	116.673.585	37.673.866	102.692.502	140.366.368
3.2.2.2 Foreign Currency Swap-Sell		47.063.483	72.653.394	119.716.877	57.508.699	82.085.637	139.594.336
3.2.2.3 Interest Rate Swap-Buy		1.165.000	75.487.632	76.652.632	1.376.660	67.469.340	68.846.000
3.2.2.4 Interest Rate Swap-Sell		1.165.000	75.487.632	76.652.632	1.376.660	67.469.340	68.846.000
3.2.3 Foreign Currency, Interest Rate and Securities Options		4.668.517	27.522.912	32.191.429	27.559.961	47.939.566	75.499.527
3.2.3.1 Foreign Currency Options-Buy		1.934.397	3.443.224	5.377.621	12.676.191	15.377.034	28.053.225
3.2.3.2 Foreign Currency Options-Sell		2.734.120	2.804.616	5.538.736	14.883.770	13.150.254	28.034.024
3.2.3.3 Interest Rate Options-Buy		-	10.637.536	10.637.536	-	9.706.139	9.706.139
3.2.3.4 Interest Rate Options-Sell		-	10.637.536	10.637.536	-	9.706.139	9.706.139
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		85.946	85.005	170.951	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		85.946	-	85.946	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	85.005	85.005	-	-	-
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		90.945	22.089.601	22.180.546	66.193	24.970.384	25.036.577
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		856.292.085	337.560.592	1.193.852.677	816.015.391	301.573.528	1.117.588.919
IV. ITEMS HELD IN CUSTODY		47.522.044	24.508.688	72.030.732	39.434.419	19.655.922	59.090.341
4.1 Customer Fund and Portfolio Balances		9.483.940	1.309.375	10.793.315	3.954.484	-	3.954.484
4.2 Investment Securities Held in Custody		3.496.688	2.996.399	6.493.087	2.682.104	2.062.528	4.744.632
4.3 Cheques Received for Collection		28.123.634	3.036.679	31.160.313	26.095.801	2.704.389	28.800.190
4.4 Commercial Notes Received for Collection		6.116.849	3.118.920	9.235.769	6.151.125	3.550.546	9.701.671
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		300.933	14.047.315	14.348.248	550.905	11.338.459	11.889.364
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		208.267.187	102.985.636	311.252.823	202.070.108	82.992.237	285.062.345
5.1 Marketable Securities		785.963	1.137.538	1.923.501	805.358	1.368.190	2.173.548
5.2 Guarantee Notes		652.116	574.500	1.226.616	763.134	565.924	1.329.058
5.3 Commodity		-	135.780	135.780	113.226	7.890	121.116
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		165.999.748	81.577.712	247.577.460	164.735.077	62.749.122	227.484.199
5.6 Other Pledged Items		40.829.360	19.560.106	60.389.466	35.653.313	18.301.111	53.954.424
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		600.502.854	210.066.268	810.569.122	574.510.864	198.925.369	773.436.233
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.016.889.992	817.124.778	1.834.014.770	1.032.650.489	811.339.038	1.843.989.527

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

AKBANK T.A.Ş.
III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL).)

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	PRIOR PERIOD
		(Section Five)	(01/01-31/12/2019)	(01/01-31/12/2018)
I.	INTEREST INCOME	(IV-a)	34.508.262	33.514.562
1.1	Interest on Loans	(IV-a-1)	26.851.805	25.167.595
1.2	Interest on Reserve Requirements		364.578	472.136
1.3	Interest on Banks	(IV-a-2)	667.215	696.817
1.4	Interest on Money Market Transactions		212.788	225.202
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	6.306.863	6.901.394
1.5.1	Fair Value Through Profit or Loss		1.058	-
1.5.2	Fair Value Through Other Comprehensive Income		5.033.578	5.506.934
1.5.3	Measured at Amortised Cost		1.272.227	1.394.460
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		105.013	51.418
II.	INTEREST EXPENSE (-)	(IV-b)	18.795.325	18.948.434
2.1	Interest on Deposits	(IV-b-4)	14.294.413	14.504.876
2.2	Interest on Funds Borrowed	(IV-b-1)	1.495.389	1.499.445
2.3	Interest Expense on Money Market Transactions		953.070	1.561.507
2.4	Interest on Securities Issued	(IV-b-3)	1.949.413	1.377.885
2.5	Interest on Leases		92.719	1.602
2.6	Other Interest Expenses		10.321	3.119
III.	NET INTEREST INCOME (I - II)		15.712.937	14.566.128
IV.	NET FEES AND COMMISSIONS INCOME		4.634.359	3.450.047
4.1	Fees and Commissions Received		5.954.761	4.475.751
4.1.1	Non-cash Loans		568.149	407.054
4.1.2	Other		5.386.612	4.068.697
4.2	Fees and Commissions Paid (-)		1.320.402	1.025.704
4.2.1	Non-cash Loans		3.605	1.825
4.2.2	Other		1.316.797	1.023.879
V.	DIVIDEND INCOME		6.509	4.601
VI.	TRADING INCOME/(LOSS) (Net)	(IV-c)	(709.511)	(335.589)
6.1	Trading Gains / (Losses) on Securities		278.136	(1.105.607)
6.2	Gains / (Losses) on Derivative Financial Transactions		1.513.909	5.051.575
6.3	Foreign Exchange Gains / (Losses)		(2.501.556)	(4.281.557)
VII.	OTHER OPERATING INCOME	(IV-d)	818.844	985.899
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		20.463.138	18.671.086
IX.	EXPECTED CREDIT LOSS (-)	(IV-e)	6.661.947	6.367.623
X.	OTHER PROVISION EXPENSES (-)		1.091.259	102.920
XI.	PERSONNEL EXPENSE (-)		2.589.571	2.123.197
XII.	OTHER OPERATING EXPENSES (-)	(IV-f)	3.959.397	3.406.449
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		6.160.964	6.670.897
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED		-	-
	BASED ON EQUITY METHOD		640.370	304.959
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		6.801.334	6.975.856
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-g)	1.383.866	1.286.212
18.1	Current Tax Provision		1.609.738	818.761
18.2	Deferred Tax Income Effect (+)		583.474	967.998
18.3	Deferred Tax Expense Effect (-)		809.346	500.547
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(IV-h)	5.417.468	5.689.644
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXI.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXIV.	NET INCOME/(LOSS) (XIX+XXIV)		5.417.468	5.689.644
Earning/(Loss) per share (in TL full)			0,01082	0,01422

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

AKBANK T.A.Ş.**IV. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Amounts are expressed in thousands of Turkish Lira (TL).)

	CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (31/12/2018)
I. CURRENT PERIOD INCOME/LOSS	5.417.468	5.689.644
II. OTHER COMPREHENSIVE INCOME	2.240.548	(1.201.290)
2.1 Not Reclassified Through Profit or Loss	174.078	392.840
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(88.706)	6.579
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	243.269	387.708
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	19.515	(1.447)
2.2 Reclassified Through Profit or Loss	2.066.470	(1.594.130)
2.2.1 Foreign Currency Translation Differences	255.024	789.507
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	3.842.412	(2.878.494)
2.2.3 Cash Flow Hedge Income/Loss	(1.321.165)	315.637
2.2.4 Foreign Net Investment Hedge Income/Loss	(198.880)	(493.088)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(510.921)	672.308
III. TOTAL COMPREHENSIVE INCOME (I+II)	7.658.016	4.488.354

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

AKBANK T.A.S.
V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not			Accumulated Other Comprehensive Income or Expense Reclassified through			Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity	
						Accumulated Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Differences				Profit Reserves
CURRENT PERIOD															
(31/12/2019)															
I.	Prior Period End Balance	4.000.000	1.700.000	-	1.986.298	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.809.089
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
III.	Adjusted Beginning Balance (I+II)	4.000.000	1.700.000	-	1.894.886	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.717.677
IV.	Total Comprehensive Income	-	-	-	-	-	169.191	243.269	255.024	2.997.081	(1.185.635)	-	-	5.417.468	7.658.016
V.	Capital Increase by Cash	1.200.000	1.805.742	-	-	-	-	-	-	-	-	-	-	-	3.005.742
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	-	61	-	-	-	-	-	931	-	-	992
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	5.689.644	-	(5.689.644)	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	5.689.644	-	(5.689.644)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+III+...+X+XI)		5.200.000	3.505.742	-	1.894.886	2.207.594	(178.102)	1.685.677	1.879.830	85.691	(1.240.673)	33.926.314	-	5.417.468	54.382.427

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

AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not							Accumulated Other Comprehensive Income or Expense Reclassified through					Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Property and Equipment	Accumulated Revaluation Increase/Decrease of	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves			
PRIOR PERIOD (31/12/2018)																
I. Prior Period End Balance		4.000.000	1.700.000	-	1.405.892	2.348.962	(114.043)	1.113.024	835.299	(777.134)	83.374	23.790.063	-	6.039.069	40.424.506	
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051	
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies		-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051	
III. Adjusted Beginning Balance (I+II)		4.000.000	1.700.000	-	1.986.298	2.348.962	(114.043)	1.054.700	835.299	(666.165)	83.374	23.790.063	-	6.039.069	41.057.557	
IV. Total Comprehensive Income		-	-	-	-	-	5.132	387.708	789.507	(2.245.225)	(138.412)	-	-	5.689.644	4.488.354	
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes		-	-	-	-	(141.429)	-	-	-	-	-	-	4.607	-	(136.822)	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	4.439.069	-	(1.600.000)	
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	(1.600.000)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	4.439.069	-	(4.439.069)	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period-End Balance (I+II+III+...+X+XI)		4.000.000	1.700.000	-	1.986.298	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.809.089	

The accompanying explanations and notes form an integral part of these financial statements

AKBANK T.A.Ş.**VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	CURRENT PERIOD (31/12/2019)	PRIOR PERIOD (30/09/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		14.470.417	10.052.201
1.1.1		29.530.019	27.999.682
1.1.2		(19.396.760)	(18.569.345)
1.1.3		3.747	1.789
1.1.4		5.898.799	4.479.655
1.1.5		2.213.821	(29.036)
1.1.6		1.762.278	1.834.700
1.1.7		(2.808.592)	(2.309.288)
1.1.8		(220.989)	(198.154)
1.1.9		(2.511.906)	(3.157.802)
1.2		34.910	(13.135.684)
1.2.1		(404.180)	(143.111)
1.2.2		593.035	(579.437)
1.2.3		(19.692.589)	(4.643.223)
1.2.4		134.589	(1.180.848)
1.2.5		(274.810)	(5.511.414)
1.2.6		36.578.843	8.586.740
1.2.7		-	-
1.2.8		(8.321.114)	9.980.005
1.2.9		-	-
1.2.10		(8.578.864)	(19.644.396)
I.		14.505.327	(3.083.483)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(23.616.873)	5.807.094
2.1		(139.981)	(62.000)
2.2		-	-
2.3		(1.220.779)	(1.040.588)
2.4		22.779	5.176
2.5		(30.331.630)	(13.948.570)
2.6		9.540.856	15.145.839
2.7		(5.397.163)	(1.654.189)
2.8		3.214.762	10.713.907
2.9		694.283	(3.352.481)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		4.671.741	(411.491)
3.1		32.641.782	23.214.725
3.2		(30.681.560)	(22.007.068)
3.3		3.005.742	-
3.4		-	(1.600.000)
3.5		(294.223)	(19.148)
3.6		-	-
IV.		2.795.591	4.232.846
V.		(1.644.214)	6.544.966
VI.	(V-a)	17.480.198	10.935.232
VII.	(V-a)	15.835.984	17.480.198

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

AKBANK T.A.Ş.**VII. PROFIT APPROPRIATION STATEMENT**

(Amounts are expressed in thousands of Turkish Lira (TL)).

	CURRENT PERIOD	PRIOR PERIOD
	(31/12/2019)	(31/12/2018)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	6.801.334	6.975.856
1.2	1.383.866	1.286.212
1.2.1	1.609.738	818.761
1.2.2	-	-
1.2.3	[225.872]	467.451
A. NET INCOME FOR THE YEAR (1.1-1.2)	5.417.468	5.689.644
1.3	-	-
1.4	-	-
1.5	[225.872]	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	5.191.596	5.689.644
1.6	-	-
1.6.1	-	-
1.6.2	-	-
1.6.3	-	-
1.6.4	-	-
1.6.5	-	-
1.7	-	-
1.8	-	-
1.9	-	-
1.9.1	-	-
1.9.2	-	-
1.9.3	-	-
1.9.4	-	-
1.9.5	-	-
1.10	-	-
1.11	-	-
1.12	-	5.689.644
1.13	-	-
1.14	-	-
II. DISTRIBUTION OF RESERVES		
2.1	-	-
2.2	-	-
2.3	-	-
2.3.1	-	-
2.3.2	-	-
2.3.3	-	-
2.3.4	-	-
2.3.5	-	-
2.4	-	-
2.5	-	-
III. EARNINGS PER SHARE (*)		
3.1	0,011	0,014
3.2	1,1	1,4
3.3	-	-
3.4	-	-
IV. DIVIDEND PER SHARE		
4.1	-	-
4.2	-	-
4.3	-	-
4.4	-	-

(*) Amounts are expressed in TL.

NOTES:

(1) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(2) Profit appropriation is being done according to unconsolidated financial statements.

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

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS ON BASIS OF PRESENTATION:

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

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

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

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

b. Explanation for convenience translation to English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated 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.

c. Accounting policies and valuation principles used in the preparation of the financial statements:

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/TFRS (together "BRSA Accounting and Financial Reporting Legislation) put into force by Public Oversight. As per the TFRS 16 provisions related to the transition, financial statements and footnotes of previous periods have not readjusted. Impact and application of TFRS 16 concerning the transition have been explained in Section three, footnote XXIX.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:

The Bank's core business activities include retail banking, commercial banking, and corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. By nature, the Bank's activities are principally related to the use of financial instruments. As the main funding source, the Bank accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Bank's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The Asset-Liability Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee ("ERC").

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange gains/losses".

As of 31 December 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,9200 and TL 6,6397 for USD and EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard" ("TAS 27").

Financial associates and subsidiaries are accounted by using the equity method as described in the "Turkish Accounting Standard for Investments in Associates and Joint Ventures" ("TAS 28"). The carrying value of financial subsidiaries with the equity method is reflected to the financial statements considering the Bank's share of the net assets of the subsidiary. While the Bank's share on profits or losses of financial subsidiaries are accounted in the Bank's income statement, the Bank's share in other equity of financial subsidiaries are reflected in the Bank's shareholders' equity. Dividend income from those subsidiaries are accounted by reducing the book value of the subsidiary.

Non-financial associates and subsidiaries are stated with their cost values at the financial statements in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard" ("TAS 27"). The right to receive dividends from non-financial subsidiaries is reflected to the income statement.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

The Bank's major derivative instruments consists of foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Derivative Financial Assets and Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" in accordance with "IFRS 9 Financial Instruments" (IFRS 9).

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 31 December 2019, the Bank has no embedded derivatives.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, the Bank has started to calculate interest accrual on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted with effective interest rate and recognized with the gross book value of the non-performing loan.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest rate method" and TFRS 15 "Revenue from Contracts with Customers" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

Classification and measurement of financial assets

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest:

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, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include 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 Bank consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

The Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss, amortised cost or fair value through other comprehensive income.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

The Bank recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

When the business model determined by the bank management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In this case, no adjustment is made for the gain, loss or interest rates previously recognized in the financial statements.

a. Financial assets at the fair value through profit or loss:

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

b. Financial Assets at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

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

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition the Bank can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

c. Financial Assets Measured at Amortized Cost:

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

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

"Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Bank include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

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d. Derivative Financial Assets:

The major derivative instruments utilized by the Bank are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

Derivative financial instruments of the Bank are classified under "IFRS 9 Financial Instruments" ("IFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss".

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes are disclosed in the note numbered XI of Section Four. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model. When inactive market conditions exist, observable inputs used in the determination of fair values are adjusted using appropriate assumptions and considering the volume and level of activity in the markets.

e. Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortised cost using the "Effective Interest Rate (internal rate of return) Method".

1. Loans measured at amortised cost:

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

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

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

2. Loans measured at fair value through profit or loss:

Loans at fair value through profit and loss, terms of the contract for loans, if at certain dates it does not result in cash flows involving interest payments arising from the principal and principal balances, it is recorded at fair value and is subject to fair value assessment following the recognition. Gains and losses resulting from the valuation are included in profit/loss accounts.

In certain circumstances cases, restructuring or altering the contractual cash flows of a financial instrument may result in the disposal of the existing financial asset in accordance with IFRS 9. A revised financial asset is considered as a new financial asset when the change in the financial asset is once excluded from the financial statement and the revised financial asset is recognized in accordance with IFRS 9.

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The Bank assesses whether the new financial asset contains solely payments of principal and interest when the new conditions for the instrument have determined that there are significant changes compared to the initial conditions in the relevant contracts.

In the event that the contractual conditions for the financial asset do not result in cash flows that include solely payments of principal and interest on certain dates, the related financial asset is recognized with its fair value and is subject to valuation.

Significant increase in credit risk:

If the credit risk of financial assets determined to be significantly increasing, afore-mentioned assets are transferred to the stage II. For stage I loans expected loss (provision) amounts are calculated for 1-year and for stage II loans expected loss (provision) is calculated for the remaining life of the loan.

In addition, the key considerations in determining whether a significant increase in the credit risk of financial asset and transferring it to stage 2, but are not limited with these, the following;

- Past due date is 30 or more
- Restructuring of loans
- If the loan classified as under follow-up
- Assessment of significant increase in the probability of impairment based on rating notes.

Definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from bank's internal rating-based credit rating models and probability of default on reporting date. If the loan's estimated probability of default on reporting date exceeds the threshold values determined, it is considered to be worsening of the probability of default.

Definition of Default:

The Bank considers that there is a default on the relevant debt in the following two cases:

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days.
2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Write-off Policy:

Loans and provision ratio of a financial asset in the Bank, which have been completely write-off, do not have any expectation that it will be recovered, are applied in cases where these expectations are documented by legal means or are not classified under the 5th group and do not have reasonable expectations for recovery. It is a transaction applied to all 100% fraud and fraud-based follow-up accounts.

Partial write-off transactions mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered from the financial statements.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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Expected Credit Loss (ECL) Calculation – Input and Forecasting Methodologies

Expected Credit Loss (ECL) is calculated as 12 months or lifetime, depending on whether there is a significant increase in credit risk after initial recognition or whether an asset is considered as a credit loss. Expected Credit Loss is calculated by using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components.

- Exposure at Default: Specifies the amount of risk that the borrower should pay in case of default. It is kept in the system by constantly calculated until the maturity of the borrower. The amount of extra risk that can be incurred in the event of default is included in the calculations by using the credit conversion rate (CCR) calculated for the irrevocable commitment products.

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk. In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance.

- Loss Given Default (LGD): In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance. Calculated LGD remains constant until its overdue.

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period.

However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

Within the scope of TFRS 9, models of Probability of default (PD), Lost given default (LGD) and Exposure at default (EAD) have been developed. The models used by the IRB "(Internal Rating Based Approach)" are taken into account when creating these models. The models developed under TFRS 9 have a detailed segment structure. Loans that have similar characteristics are segmented in order to reflect the expected credit losses collectively in financial reports. When creating the segmentation structure, the following information of the loans is taken into consideration.

1. Customer type (retail or corporate / commercial)
2. Product type
3. IRB rating notes /scores
4. Customer credit performance
5. Collateral type
6. Collection Period
7. Exposure at default

Macro-economic indicators are taken into account in determining the PD component in the expected credit loss calculation. Macro-economic indicators vary on a product-by-product basis for individual products and on a segment basis for commercial products. Future macroeconomic forecasts are reflected in the ECLs using more than one scenario.

The risk parameters used in the IFRS 9 calculations include prospective macroeconomic information. While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) growth rate and the policy interest rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

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The ECL calculations are reviewed once a year. After the last review during the reporting period;

- There has been no change in the assumptions in forecasting techniques.
- Model risk parameters and macroeconomic forecast models have been updated with recent data.
- The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

Within the scope TFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Bank moves the default rate calculated for each maturity up or down. The main parameters of default ratio model are "Growth Rate" and "Policy Interest". Therefore, the calculated provisions can change when the macroeconomic expectations are taken into consideration.

The PD values subject to the ECL calculation have been obtained for the following portfolios.

Consumer/Commercial	Portfolio
Retail	Consumer
Retail	Automotive
Retail	Mortgage
Retail	Credit Card
Retail	Overdraft Account
Commercial	Micro
Commercial	Company
Commercial	Commercial
Commercial	Corporate

In forward-looking expectations, 3 scenarios are being used: the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

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

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Financial assets at fair value difference through other comprehensive income" and "Measured at amortized cost" in the balance sheet according to the investment purposes and measured according to the portfolio of the Bank to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from money market" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

As of 31 December 2019, the Bank has marketable securities amounting to TL 474.457 (31 December 2018: TL 335.021).

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET):

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

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The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Bank has no goodwill.

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 depreciation and the provision for value decreases.

Intangibles are amortized over three to fifteen years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

XIII. 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. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

Where the carrying amount of an asset is greater than its estimated "Net realizable value amount", it is written down to its "Net realizable value amount" and the impairment loss is charged to the income statement.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Buildings	50 years
Vault	5-50 years
Transportation Vehicles	5 years
Other property and equipments	3-15 years

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 revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

With the "IFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Impact and application of IFRS 16 concerning the transition were explained in Section three, footnote XXIX.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Bank 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. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a

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present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in notes.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

Obligations related to employment termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

b. Retirement Rights:

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund") established in accordance with the Social Security Law numbered 506, temporary article No.20. The financial statements of the Pension Fund have been audited as of year ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no. 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 30 June 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette numbered 28156 dated 28 December 2011.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no.

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5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published in the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

The Bank has made a provision in the financial statements for the technical deficit amounted 38.125 TL determined by the report prepared by an actuary registered in the actuaries register.

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

In Turkey, corporate tax rate is 20%. Corporate tax rate will be applied as 22% for a period of three years in 2018, 2019 and 2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The corporate tax rate is applied to tax base which is calculated by adding certain non deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are 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 thus does not incur withholding tax.

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period.

Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their 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 a 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 fund account under liability 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. Tax 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. Companies file their tax returns until the last day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing 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.

Current tax, related to items recognized directly in equity is also credited or charged directly to equity.

b. Deferred Tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is

realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

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Deferred tax asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

Deferred tax assets and liabilities are presented on a net basis by considering the domestic and foreign branches' financial statements separately.

Deferred tax, related to items recognized directly in equity is also credited or charged directly to equity.

XIX. EXPLANATIONS ON BORROWINGS:

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated by using the "Effective interest rate method".

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Issued capital of the bank was increased by TL 1.200.000.000 (full TRY) from TL 4.000.000.000 (full TL) to TL 5.200.000.000 (full TL).

Within this scope,

- The total of funds earned were TL 3.005.741.611,22 (full TL) and TL 2.996.306.795,62 (full TL) of this amount results from using right of purchasing amounting TL 2.5 for each stock with a nominal value of TL 1 with the usage period of right of purchasing new stocks between 3 January 2019 and 17 January 2019, and TL 9.434.815,60 (full TL) results from the sales of the stock, which were left after using the right of purchasing new stocks, at the primary market of Borsa İstanbul A.Ş.

- Rights issue was completed on 28 February 2019 through completing registration and announcements pursuant to receiving the approvals from Capital Markets Board and Banking Regulation and Supervision Agency.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2019 and 31 December 2018, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and,
- for which discrete financial information is available.

Reporting according to the operational segments is presented in Note XIII of Section Four.

XXIV. 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.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve,

appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

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The Ordinary General Assembly Meeting of the Bank was held on 25 March 2019. In the General Assembly Meeting, it was decided to allocate the entire unconsolidated net profit amounting TL 5.689.644, which was earned from activities in 2018, as extraordinary legal reserve.

XXV. EARNINGS PER SHARE:

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

	Current Period	Prior Period
	31 December 2019	31 December 2018
Net Profit for the Period	5.417.468	5.689.644
Average Number of Issued Common Shares (Thousand)	500.602.740	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,01082	0,01422

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

The number of rights issued in 2019 is 120.000.000.000 (2018: None).

XXVI. RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411 are deemed as related parties. Transactions with related parties are presented in Note VII of Section Five.

XXVII. CASH AND CASH EQUIVALENT ASSETS:

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

XXVIII. RECLASSIFICATIONS:

Within the scope of "The Communiqué On The Amendments To The Communiqué Regarding Disclosures about Financial Statements and Related Notes to be Announced to Public by Banks " published in the Official Gazette No. 30673 dated 1 February 2019, the Bank made some classifications on statement of financial position dated 31 December 2018 and profit or loss statement, other comprehensive income, statement of changes in shareholders' equity and cash flow dated 31 December 2018 to be in compliance with the presentation of financial statements dated 31 December 2019.

XXIX. DISCLOSURES OF TFRS 16 LEASES:

The group has implemented accounting policy changes resulting from the initial implementation of the "TFRS 16 Leases" standard from the new standard, amendments and interpretations effective from 1 January 2019 in accordance with the transitional provisions of the relevant standard.

TFRS 16 "Leases" Standard

Bank – lessee :

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

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Right of use assets:

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

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

When applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

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

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

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

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

First Transition to TFRS 16 Leasing Standard

"TFRS 16 Leases" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Bank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the said transition on the equities were classified under "Other Capital Reserves" in expense equities amounting TL 117.195. Within this scope, deferred tax asset amounting TL 25.783 was reflected in the financial figures of 31 December 2019 and classified under "Other Capital Reserves" in equities. The Bank re-arranged the comparable amounts for the previous year by using the retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

During the first implementation, the Bank recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments on 1 January 2019.

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Details based on the asset with regard to the recognised right of use is as follows:

	31 December 2019	1 January 2019
Real estate	767.786	740.988
Total right of use asset	767.786	740.988

Details of depreciation expense based on the asset with regard to the recognised asset tenure is as follows:

	31 December 2019	1 January 2019
Real estate	308.558	290.240
Total right of use asset depreciation expense	308.558	290.240

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 112.417 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

	1 January 2019
Operational leasing commitments	1.034.810
- Contracts that are excluded from the scope of TFRS 16 (-)	113.106
Low value leases (-)	113.106
Total leasing liability	921.704
Discounted lease liability (1 January 2019)	567.944

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**SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK**

I. EXPLANATIONS ON EQUITY:

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks"

As of 31 December 2019, the current period equity of the Bank has been calculated as TL 62.933.513 (31 December 2018: TL 50.058.868), the capital adequacy ratio is 20,97% (31 December 2018: 18,16%). This ratio is above the minimum ratio required by the legislation.

a. Information about total capital items:

	Current Period 31 December 2019	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.094.886	
Share issue premiums	3.505.742	
Reserves	33.924.314	
Gains recognized in equity as per TAS	5.852.352	
Profit	5.417.468	
Current Period Profit	5.417.468	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
Common Equity Tier 1 Capital Before Deductions	55.801.202	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	717.837	
Improvement costs for operating leasing	40.431	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	760.999	760.999
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.519.353	
Total Common Equity Tier 1 Capital	54.281.849	

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	Current Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be 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 (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	54.281.849	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.325.313	
Tier II Capital Before Deductions	8.653.313	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	8.653.313	
Total Capital (The sum of Tier I Capital and Tier II Capital)	62.935.162	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
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	-	
Other items to be defined by the BRSA (-)	1.649	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be 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	-	
The Sum of net long positions of 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, where the bank does not own more than 10% of the issued common share capital of the entity which will not be 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	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be 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	-	

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	Current Period 31 December 2019	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	62.933.513	
Total risk weighted amounts	300.070.001	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio(%)	18,09%	
Tier 1 Capital Adequacy Ratio(%)	18,09%	
Capital Adequacy Ratio(%)	20,97%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,07%	
c) Systemic significant bank buffer ratio (**) (%)	0,00%	
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	10,09%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(701.871)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.384.835	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (***)	3.325.313	
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	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

(**) Systemically Important Bank Buffer ratio represented as 0.00% since it is necessary to fill systemically Important Bank Buffer Ratio for systematic important banks that are not obligated to prepare consolidated financial statements in accordance with the "Systemically Important Banks Regulation, Article 4 paragraph 4".

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	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.233.739	
Gains recognized in equity as per TAS	5.268.307	
Profit	5.689.644	
Current Period Profit	5.689.644	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
Common Equity Tier 1 Capital Before Deductions	46.884.428	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.404.909	
Improvement costs for operating leasing	32.437	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	548.673	548.673
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	3.986.314	
Total Common Equity Tier 1 Capital	42.898.114	

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	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be 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 (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	42.898.114	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.430.262	
Tier II Capital Before Deductions	7.164.262	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	7.164.262	
Total Capital (The sum of Tier I Capital and Tier II Capital)	50.062.376	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immoveables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	3.508	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be 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	-	
The Sum of net long positions of 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, where the bank does not own more than 10% of the issued common share capital of the entity which will not be 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	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be 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	-	

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	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	50.058.868	
Total risk weighted amounts	275.675.906	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio(%)	15,56%	
Tier 1 Capital Adequacy Ratio(%)	15,56%	
Capital Adequacy Ratio(%)	18,16%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	1,93%	
a) Capital conservation buffer requirement (%)	1,88%	
b) Bank specific counter-cyclical buffer requirement (%)	0,05%	
c) Systemic significant bank buffer ratio (**) (%)	0,00%	
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	7,56%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(260.285)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.799.798	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.430.262	
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	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

(**) Systemically Important Bank Buffer ratio represented as 0.00% since it is necessary to fill systemically Important Bank Buffer Ratio for systematic important banks that are not obligated to prepare consolidated financial statements in accordance with the "Systemically Important Banks Regulation, Article 4 paragraph 4".

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b. Information about instruments that will be included in total capital calculation:

**Current Period
31 December 2019**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş.
Identifier(s) [CUSIP, ISIN vb.]	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.960 million TL (in full TL amount)
Nominal value of instrument	2.960 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.960 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

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**Current Period
31 December 2019**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.368 million TL (in full TL amount)
Nominal value of instrument	2.368 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans [347011 Accounting Number]
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.368 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

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- c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is 100% less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON CREDIT RISK:

- a. Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

For daily treasury operations limit allocation and follow-up is performed by the Treasury.Business Unit.

Credit worthiness of loan and other receivable debtors are watched regularly and in line with related regulations. In case of an increase in credit debtor's risk level credit limits are re-determined or additional guarantee is taken. For new credit accounts, account follow-up documents are taken in accordance with the related regulation.

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note X-c-4-a of Section Four

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	94.188.039	87.426.881
Conditional and unconditional receivables from regional or local governments	46.956	35.285
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	71.982	65.033
Conditional and unconditional receivables from multilateral development banks	308.019	75.974
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	80.920.611	99.276.347
Conditional and unconditional receivables from corporates	167.008.804	166.187.101
Conditional and unconditional receivables from retail portfolios	97.287.600	90.883.515
Conditional and unconditional receivables secured by mortgages	18.843.239	25.126.028
Past due receivables	6.510.244	4.486.889
Receivables defined under high risk category by BRSA	297.191	24.766
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	309.776	620.906
Equity security investments	6.988.179	6.411.937
Other receivables	10.316.599	10.372.519
Total	483.097.239	490.993.181

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

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- b. Control limits exist on forward transaction and option agreements and other positions that are held in terms of similar other agreements. Credit risk born out of these types of instruments is managed together with market risk.
- c. The risks of the forward, option and other similar type agreements are followed regularly and as deemed necessary based on the credit risk, the risks are tried to be minimized.
- d. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk. Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

- e. The Bank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market is not exposed to significant credit risk concentration.

As seen in the Bank's balance sheet, the ratio of loans under follow-up to total loans is 7,3% (31 December 2018: 4,1%).

- f. 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 37% and 44% respectively. (31 December 2018: 35% and 42%).
2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 60% and 74%. (31 December 2018: 65% and 80%)
3. The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 21% and 26% respectively. (31 December 2018: 22% and 28%)
- g. The Bank provided a general expected credit loss provision (Stage 1 and Stage 2) amounting to TL 3.933.745 (31 December 2018: TL 3.799.798).

h. Information on loan types and expected credit loss provisions:

Current Period- 31.12.2019	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss
Loans	152.967.779	9.956.090	33.717.006	1.362.081	17.149.390	962.410	203.834.175	12.280.581
Stage 1	115.596.640	461.462	28.687.077	59.540	14.579.181	57.358	158.862.898	578.360
Stage 2	25.146.235	3.188.194	3.427.255	100.130	1.540.707	67.061	30.114.197	3.355.385
Stage 3	12.224.904	6.306.433	1.602.674	1.202.411	1.029.502	837.992	14.857.080	8.346.836
Financial Assets	97.563.655	165.955	-	-	-	-	97.563.655	165.955
Other	12.222.080	52.821	-	-	-	-	12.222.080	52.821
Non-Cash Loans	43.447.413	297.102	-	-	-	-	43.447.413	297.102
Stage 1 and 2	43.188.907	232.314	-	-	-	-	43.188.907	232.314
Stage 3	258.506	64.788	-	-	-	-	258.506	64.788
Total	306.200.927	10.471.968	33.717.006	1.362.081	17.149.390	962.410	357.067.323	12.796.459

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i. Information on the expected credit loss of loans: (*)**

	Stage 1	Stage 2	Stage 3
Opening (31 December 2018)	637.503	2.741.613	4.562.848
Additions (*)	314.341	1.389.772	2.386.509
Disposal (**)	(185.125)	(1.060.401)	(213.161)
Effect of change in foreign exchange	22.911	171.669	-
Stage 1 and 2 movement			
Loans classified under Stage 1 in two periods (Model effect)	(126.320)	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	17.445	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(104.044)	318.245	-
Loans classified under Stage 2 in two periods (Model effect)	-	(108.630)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	713.700	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	17.661	(208.278)	-
Stage 3 movement			
Transfers from Stage 1 to Stage 3	(16.012)	-	514.129
Transfers from Stage 2 to Stage 3	-	(602.305)	2.169.800
Loans classified under Stage 2 in two periods (Change in balance and model effect)	-	-	623.981
Write-offs	-	-	(1.091.163)
Sold Portfolio effect	-	-	(606.107)
Closing (31 December 2019)	578.360	3.355.385	8.346.836

(*) Loans which are not included in the loan portfolio as of 31 December 2018 and included in the credit portfolio and calculated provisions as of 31 December 2019

(**) Loans which are included in the credit portfolio and calculated provisions as of 31 December 2018 but which are not included in the loan portfolio as of 31 December 2019.

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

j. Information on movement of loans ():**

	Stage 1	Stage 2	Stage 3	Total
Opening (31 December 2018)	149.667.846	28.869.833	7.838.621	186.376.300
Additions	50.684.488	2.941.401	1.353.391	54.979.280
Disposals	(37.908.001)	(4.378.804)	(1.638.032)	(43.924.837)
Sold portfolio	-	-	(617.451)	(617.451)
Write-offs	-	-	(1.138.189)	(1.138.189)
Transfers to Stage 1	1.883.098	(1.883.098)	-	-
Transfers to Stage 2	(9.159.968)	9.159.968	-	-
Transfers to Stage 3	(1.862.000)	(7.196.740)	9.058.740	-
Foreign exchange effect	5.557.435	2.601.637	-	8.159.072
Closing (31 December 2019)	158.862.898	30.114.197	14.857.080	203.834.175

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k. Information on debt securities, treasury bills and other eligible bills:

Current Period - 31 December 2019	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
Moody's Rating				
Aaa	170.485	2.319.297	334.259	2.824.041
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	-	-	-
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	125.408	61.997.320	15.240.599	77.363.327
Total	295.893	64.316.617	15.574.858	80.187.368

Prior Period - 31 December 2018	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
Moody's Rating				
Aaa	-	-	-	-
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	-	-	-
Ba1	-	840	-	840
Ba2	-	484	-	484
Ba3	-	37.161.069	9.754.326	46.915.395
B1, B2, B3	-	4.960.074	2.509.155	7.469.229
Total	-	42.122.467	12.263.481	54.385.948

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I. Profile on significant risks in significant regions:

Current Period 31 December 2019	Risk Categories [*]																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	91.571.228	46.956	40.896	-	-	14.699.478	135.050.020	61.571.724	18.274.516	6.143.345	121.833	-	-	-	309.776	241.426	10.316.599	338.387.797
European Union Countries	292.107	-	-	125.617	-	17.961.219	7.387.677	20.510	16.018	366.875	-	-	-	-	-	607	-	26.170.630
OECD Countries(**)	-	-	-	-	-	1.236.537	13.336	1.903	2.048	-	-	-	-	-	-	-	-	1.253.824
Off- Shore Regions	-	-	-	-	-	195.389	35.709	57	171	-	-	-	-	-	-	-	-	231.326
USA, Canada	2.321.359	-	-	-	-	8.311.142	435	2.665	986	1	-	-	-	-	-	-	-	10.636.588
Other Countries	-	-	-	182.402	-	766.566	650.227	8.979	3.529	23	-	-	-	-	-	-	-	1.611.726
Investment and associates, subsidiaries and joint ventures	2.094	-	26.802	-	-	10.549.918	8.252.491	106.701	-	-	-	-	-	-	-	6.746.146	-	25.684.152
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	94.186.788	46.956	67.698	308.019	-	53.720.249	151.389.895	61.712.539	18.297.268	6.510.244	121.833	-	-	-	309.776	6.988.179	10.316.599	403.976.043
Prior Period	Risk Categories [*]																	
31 December 2018	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	76.949.745	26.833	10.949	-	-	12.884.517	124.831.371	55.459.737	27.395.994	2.758.130	-	-	-	-	458.683	18.369	9.216.778	310.011.106
European Union Countries	388.749	-	-	-	-	20.981.857	6.397.193	20.618	11.903	519.818	-	-	-	-	-	607	-	28.320.745
OECD Countries(**)	-	-	-	-	-	3.530.073	24.590	1.853	3.047	5	-	-	-	-	-	-	-	3.559.568
Off- Shore Regions	-	-	-	-	-	117.626	-	86	228	-	-	-	-	-	-	-	-	117.940
USA, Canada	-	-	-	-	-	9.477.127	336.350	2.861	1.464	9	-	-	-	-	-	-	-	9.817.810
Other Countries	-	-	-	-	-	664.063	849.481	9.270	5.044	24	-	-	-	-	-	-	-	1.527.882
Investment and associates, subsidiaries and joint ventures	36.045	-	-	-	-	9.534.064	11.255.069	47.242	-	-	-	-	-	-	-	5.443.234	-	26.315.654
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	77.374.539	26.833	10.949	-	-	57.189.327	143.694.054	55.541.667	27.417.680	3.277.986	-	-	-	-	458.683	5.462.209	9.216.778	379.670.705

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- | | |
|--|--|
| 1. Conditional and unconditional receivables from central governments and Central Banks | 9. Conditional and unconditional receivables secured by mortgages |
| 2. Conditional and unconditional receivables from regional or local governments | 10. Past due receivables |
| 3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. Receivables defined under high risk category by BRSA |
| 4. Conditional and unconditional receivables from multilateral development banks | 12. Securities collateralized by mortgages |
| 5. Conditional and unconditional receivables from international organizations | 13. Securitization positions |
| 6. Conditional and unconditional receivables from banks and brokerage houses | 14. Short-term receivables from banks, brokerage houses and corporates |
| 7. Conditional and unconditional receivables from corporates | 15. Investments similar to collective investment funds |
| 8. Conditional and unconditional receivables from retail portfolios | 16. Equity security transactions |
| | 17. Other receivables |

(**) EU countries, OECD countries other than USA and Canada

(***) Assets and liabilities that are not distributed according to a consistent principle

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m. Risk Profile according to sectors and counterparties:

Current Period 31 December 2019	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	-	-	-	-	-	-	55.624	291.381	76.017	12.521	101	-	-	-	-	-	-	435.604	40	435.644
Farming and raising livestock	-	-	-	-	-	-	27.201	212.557	52.540	9.246	27	-	-	-	-	-	-	301.531	40	301.571
Forestry	-	-	-	-	-	-	28.274	75.001	22.375	3.265	67	-	-	-	-	-	-	128.982	-	128.982
Fishing	-	-	-	-	-	-	149	3.823	1.102	10	7	-	-	-	-	-	-	5.091	-	5.091
Manufacturing	-	-	-	-	-	-	48.780.825	5.905.182	2.997.518	1.413.443	14.431	-	-	-	-	-	-	58.609.961	501.438	59.111.399
Mining	-	-	-	-	-	-	1.554.184	187.701	100.491	301.965	246	-	-	-	-	-	-	2.136.642	7.945	2.144.587
Production	-	-	-	-	-	-	27.767.365	5.606.591	2.824.952	618.519	7.596	-	-	-	-	-	-	36.345.453	479.570	36.825.023
Electricity, Gas, Water	-	-	-	-	-	-	19.459.276	110.890	72.075	492.959	6.589	-	-	-	-	-	-	20.127.866	13.923	20.141.789
Construction	-	-	63	-	-	-	24.785.377	2.073.890	2.228.573	2.140.426	75.727	-	-	-	-	-	-	31.241.403	62.653	31.304.056
Services	1.145	46.956	18.057	308.019	-	53.558.792	70.392.971	15.655.321	6.236.244	2.260.538	28.591	-	-	-	-	6.755.629	-	155.047.855	214.408	155.262.263
Wholesale and Retail Trade	-	-	83	-	-	-	19.634.115	12.576.900	3.825.132	1.115.233	23.779	-	-	-	-	-	-	37.028.378	146.864	37.175.242
Hotel, Food, Beverage	-	-	-	-	-	-	3.509.563	830.378	1.093.099	360.592	930	-	-	-	-	-	-	5.742.444	52.118	5.794.562
Transportation and Telecommunication	1.123	-	-	-	-	-	12.049.037	1.042.438	369.762	55.996	1.094	-	-	-	-	-	-	13.506.381	13.069	13.519.450
Financial Institutions	-	-	-	308.019	-	53.558.792	26.211.352	55.243	38.880	474.731	691	-	-	-	-	6.753.805	-	87.401.313	200	87.401.513
Real Estate and Lending Services	-	-	-	-	-	-	6.442.888	93.139	395.312	147.240	46	-	-	-	-	-	-	7.078.614	11	7.078.625
Self employment Service	-	-	276	-	-	-	623.835	139.393	30.847	718	18	-	-	-	-	-	-	794.896	191	795.087
Education Service	22	-	551	-	-	-	307.040	239.567	155.596	68.367	411	-	-	-	-	-	-	771.487	67	771.554
Health and social Services	-	46.956	17.147	-	-	-	1.615.141	678.263	327.616	37.661	1.622	-	-	-	-	1.824	-	2.724.342	1.888	2.726.230
Other	94.185.643	-	49.578	-	-	161.457	7.375.098	37.786.765	6.758.916	683.316	2.983	-	-	-	309.776	232.550	10.316.599	157.815.453	47.228	157.862.681
Total	94.186.788	46.956	67.698	308.019	-	53.720.249	151.389.895	61.712.539	18.297.268	6.510.244	121.833	-	-	-	309.776	6.988.179	10.316.599	403.150.276	825.767	403.976.043

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- | | |
|--|--|
| 1. Conditional and unconditional receivables from central governments and Central Banks | 9. Conditional and unconditional receivables secured by mortgages |
| 2. Conditional and unconditional receivables from regional or local governments | 10. Past due receivables |
| 3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. Receivables defined under high risk category by BRSA |
| 4. Conditional and unconditional receivables from multilateral development banks | 12. Securities collateralized by mortgages |
| 5. Conditional and unconditional receivables from international organizations | 13. Securitization positions |
| 6. Conditional and unconditional receivables from banks and brokerage houses | 14. Short-term receivables from banks, brokerage houses and corporates |
| 7. Conditional and unconditional receivables from corporates | 15. Investments similar to collective investment funds |
| 8. Conditional and unconditional receivables from retail portfolios | 16. Equity security transactions |
| | 17. Other receivables |

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Prior Period 31 December 2018	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	-	-	-	-	-	-	43.725	305.395	80.214	3.985	-	-	-	-	-	-	-	421.421	11.898	433.319
Farming and raising livestock	-	-	-	-	-	-	29.786	220.086	59.031	2.812	-	-	-	-	-	-	-	311.596	119	311.715
Forestry	-	-	-	-	-	-	2.247	81.484	20.330	1.155	-	-	-	-	-	-	-	104.889	327	105.216
Fishing	-	-	-	-	-	-	11.692	3.825	853	18	-	-	-	-	-	-	-	4.936	11.452	16.388
Manufacturing	-	-	105	-	-	-	49.829.140	5.217.197	3.764.681	728.105	-	-	-	-	-	-	-	27.592.753	31.946.475	59.539.228
Mining	-	-	-	-	-	-	1.891.408	177.317	124.645	4.106	-	-	-	-	-	-	-	770.658	1.426.818	2.197.476
Production	-	-	105	-	-	-	29.171.236	4.909.748	3.488.272	279.590	-	-	-	-	-	-	-	21.200.579	16.648.372	37.848.951
Electricity, Gas, Water	-	-	-	-	-	-	18.766.496	130.132	151.764	444.409	-	-	-	-	-	-	-	5.621.516	13.871.285	19.492.801
Construction	-	-	-	-	-	-	25.843.910	2.592.153	3.967.062	427.263	-	-	-	-	-	-	-	16.693.889	16.136.499	32.830.388
Services	1.142	26.833	3.109	-	-	57.186.227	61.452.235	15.612.086	11.192.281	1.640.197	-	-	-	-	-	5.449.954	-	71.925.306	80.638.758	152.564.064
Wholesale and Retail Trade	-	-	86	-	-	-	19.046.877	12.623.710	4.548.214	633.237	-	-	-	-	-	-	-	30.843.224	6.008.900	36.852.124
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.569.950	666.634	1.757.253	276.561	-	-	-	-	-	-	-	3.610.290	2.660.108	6.270.398
Transportation and	1.123	-	-	-	-	-	10.338.488	1.123.025	255.169	45.894	-	-	-	-	-	-	-	2.195.551	9.568.148	11.763.699
Financial Institutions	-	-	-	-	-	57.186.214	21.062.447	37.238	3.696.818	526.883	-	-	-	-	-	5.448.130	-	30.999.221	56.958.509	87.957.730
Real Estate and Lending Services	-	-	-	-	-	-	5.242.827	97.499	250.625	63.633	-	-	-	-	-	-	-	1.115.004	4.539.580	5.654.584
Self employment Service	-	-	168	-	-	-	675.867	120.492	128.713	905	-	-	-	-	-	-	-	375.876	550.269	926.145
Education Service	18	-	864	-	-	-	260.522	232.330	231.679	54.601	-	-	-	-	-	-	-	681.741	98.273	780.014
Health and social Services	1	26.833	1.991	-	-	13	1.255.257	711.158	323.810	38.483	-	-	-	-	-	1.824	-	2.104.399	254.971	2.359.370
Other	77.373.397	-	7.735	-	-	3.100	6.525.044	31.814.836	8.413.442	478.436	-	-	-	-	458.683	12.255	9.216.778	90.570.064	43.733.642	134.303.706
Total	77.374.539	26.833	10.949	-	-	57.189.327	143.694.054	55.541.667	27.417.680	3.277.986	-	-	-	-	458.683	5.462.209	9.216.778	207.203.433	172.467.272	379.670.705

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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|--|--|
| 1. Conditional and unconditional receivables from central governments and Central Banks | 9. Conditional and unconditional receivables secured by mortgages |
| 2. Conditional and unconditional receivables from regional or local governments | 10. Past due receivables |
| 3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. Receivables defined under high risk category by BRSA |
| 4. Conditional and unconditional receivables from multilateral development banks | 12. Securities collateralized by mortgages |
| 5. Conditional and unconditional receivables from international organizations | 13. Securitization positions |
| 6. Conditional and unconditional receivables from banks and brokerage houses | 14. Short-term receivables from banks, brokerage houses and corporates |
| 7. Conditional and unconditional receivables from corporates | 15. Investments similar to collective investment funds |
| 8. Conditional and unconditional receivables from retail portfolios | 16. Equity security transactions |
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n. Term distribution of risks with term structure:

31 December 2019 Risk Categories	Time to Maturity					Unallocated
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional receivables from central governments and Central Banks	869.311	28.455.450	8.529.381	7.366.038	48.966.608	-
Conditional and unconditional receivables from regional or local governments	-	-	5.864	-	41.092	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	6.186	25.411	622	10	35.469	-
Conditional and unconditional receivables from multilateral development banks	33.893	-	182.402	91.724	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	21.093.570	1.361.012	4.086.018	841.344	26.338.305	-
Conditional and unconditional receivables from corporates	12.900.196	10.098.511	11.573.202	25.391.467	91.426.519	-
Conditional and unconditional receivables from retail portfolios	1.127.711	1.732.151	18.218.809	6.772.292	33.861.576	-
Conditional and unconditional receivables secured by mortgages	468.617	648.035	1.069.552	2.127.032	13.984.032	-
Past due receivables	-	-	-	-	-	6.510.244
Receivables defined under high risk category by BRSA	5.745	16.318	7.792	17.651	74.327	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	309.273	503	-	-	-	-
Equity security investments	-	-	-	-	-	6.988.179
Other Receivables	-	-	-	-	-	10.316.599
Total	36.814.502	42.337.391	43.673.642	42.607.558	214.727.928	23.815.022

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o. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. Countries' credit note is considered all risk class of receivables from central governments and Central Banks. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

Ratings to be matched	Credit Quality Degrees	Fitch
Ratings of long-term credits	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
Ratings of short-term credits	1	F1+ and F1
	2	F2
	3	F3
	4	F3 below
	5	---
	6	---
Long-term securitization position ratings	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and below
Short-term securitization position ratings	1	F1+ and F1
	2	F2
	3	F3
	Others	F3 below
Matchings regarding collective investment institutes	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

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p. Risk amounts according to risk weights:

31 December 2019	0%	%2	%4	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights														
Amount Before														
Credit Risk														
Mitigation	79.314.299	82.372	487.106	-	21.691.647	-	28.596.122	71.772.403	200.892.593	1.139.501	-	-	-	1.649
Amount After														
Credit Risk														
Mitigation	82.301.515	82.372	487.106	-	21.321.440	8.223.761	28.399.539	59.162.859	193.853.809	846.617	-	-	-	1.649

(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

q. Miscellaneous information regarding important sectors or counterparty type:

31 December 2019 Sectors/Counterparties	Loans (*)		Provisions (*)
	Impaired Receivables		Expected Credit Loss Provisions
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)	
Agricultural	58.081	33.783	24.226
Farming and raising livestock	51.186	26.011	19.337
Forestry	6.374	7.698	4.761
Fishing	521	74	128
Manufacturing	4.585.872	2.780.458	2.239.216
Mining	128.493	420.559	131.614
Production	2.197.495	1.502.867	1.093.654
Electricity, Gas, Water	2.259.884	857.032	1.013.948
Construction	6.231.546	4.708.895	3.098.728
Services	3.710.442	4.687.589	2.985.281
Wholesale and Retail Trade	2.065.502	2.779.322	1.847.716
Hotel, Food, Beverage Services	482.168	449.266	135.267
Transportation and			
Telecommunication	274.054	145.985	111.821
Financial Institutions	113.462	997.002	535.348
Real Estate and Lending Service	55.289	99.131	95.581
Self Employment Service	9.834	4.391	4.213
Education Service	86.745	115.569	56.515
Health and social services	623.388	96.923	198.820
Other	15.528.256	2.646.355	3.354.770
Total	30.114.197	14.857.080	11.702.221

(*) Breakdown of cash loans

(**) Loans classified at Fair Value Through Profit or Loss are not included.

r. Information related to impairment and loan loss provisions:

31 December 2019	Opening Balance	Provisions recognised during the period	Provision reversal	Other measurements (*)	Closing Balance
Specific Provisions (Stage 3)	4.562.848	7.210.636	(1.729.378)	(1.697.270)	8.346.836
General Loan Loss Provisions (Stage 1 and 2)	3.379.116	554.629	-	-	3.933.745

(*) Consists of write-offs and sold portfolio from non-performing loans.

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s. Risk involved in counter-cyclical capital buffer calculation:

31 December 2019

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	203.959.504	6.584.206	210.543.710
Ireland	5.724.999	-	5.724.999
Holland	1.085.889	-	1.085.889
Germany	540.107	-	540.107
Russian Federation	441.317	-	441.317
Great Britain	302.990	-	302.990
Croatia	178.647	-	178.647
Singapore	35.791	-	35.791
Marshall Islands	21.452	-	21.452
France	17.774	-	17.774
Other	37.814	-	37.814

III. EXPLANATIONS ON CURRENCY RISK

The difference between the Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure.

Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,9200	TL 6,6397
1.Day bid rate	TL 5,9200	TL 6,6397
2.Day bid rate	TL 5,9402	TL 6,6506
3.Day bid rate	TL 5,9370	TL 6,6117
4.Day bid rate	TL 5,9370	TL 6,6117
5.Day bid rate	TL 5,9370	TL 6,6117

The simple arithmetic average of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD : TL 5,8408

EURO : TL 6,4922

As of 31 December 2018;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182

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Information related to Bank's Currency Risk:

The table below summarizes the Bank's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period – 31 December 2019	EURO	USD	Other FC	Total
Assets				
Cash and Balances with Central Bank (*)	9.942.555	16.281.123	1.427.015	27.650.693
Banks	3.621.656	10.362.563	2.361.065	16.345.284
Financial Assets at Fair Value through Profit or Loss	76.564	6.992.556	-	7.069.120
Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4.523.543	23.075.038	955.812	28.554.393
Loans and Lease Receivables (**)	33.840.589	28.244.563	50.697	62.135.849
Investments in Associates, Subsidiaries and Joint Ventures	5.111.016	-	-	5.111.016
Other financial assets measured at amortised cost	34.448	3.726.311	-	3.760.759
Hedging Derivative Financial Assets	83.764	35.024	65.807	184.595
Tangible Assets (Net)	-	6.976	-	6.976
Intangible Assets (Net)	-	16	-	16
Other Assets (***)	1.426.358	4.935.404	2.321	6.364.083
Total Assets	58.660.493	93.659.574	4.862.717	157.182.784
Liabilities				
Bank Deposits (****)	2.190.715	1.128.900	2.466.356	5.785.971
Foreign Currency Deposits (****)	40.538.898	74.102.555	7.355.217	121.996.670
Money Markets	336.824	7.862.525	-	8.199.349
Borrowings	5.451.856	25.616.350	-	31.068.206
Securities Issued (Net) (*****)	67.154	13.927.049	-	13.994.203
Miscellaneous Payables	2.442.704	1.093.350	5.640	3.541.694
Hedging Derivative Financial Liabilities	-	244.871	-	244.871
Other Liabilities	659.706	998.755	38.429	1.696.890
Total Liabilities	51.687.857	124.974.355	9.865.642	186.527.854
Net on Balance Sheet Position	6.972.636	(31.314.781)	(5.002.925)	(29.345.070)
Net off-Balance Sheet Position (*****)	(4.202.223)	31.635.898	4.974.513	32.408.188
Financial Derivative Assets	35.152.740	85.357.790	7.202.967	127.713.497
Financial Derivative Liabilities	39.354.963	53.721.892	2.228.454	95.305.309
Non-cash Loans	11.695.617	11.330.391	509.391	23.535.399
Prior Period - 31 December 2018				
Total Assets	57.458.155	87.452.157	5.909.483	150.819.795
Total Liabilities	39.104.415	127.285.799	6.938.332	173.328.546
Net on-Balance Sheet Position	18.353.740	(39.833.642)	(1.028.849)	(22.508.751)
Net off-Balance Sheet Position (*****)	(16.122.157)	39.852.964	804.793	24.535.600
Financial Derivative Assets	31.450.484	107.136.471	3.339.712	141.926.667
Financial Derivative Liabilities	47.572.641	67.283.507	2.534.919	117.391.067
Non-cash Loans	14.405.397	16.299.783	481.867	31.187.047

[*] Of the Cash Equivalents and Central Bank and Other FC, TL 1.224.161 (31 December 2018: TL 3.490.205) are precious metal deposit account in demand.

[**] The foreign currency indexed loans balance in the Turkish Lira accounts is TL 936.478 (31 December 2018: TL 3.062.779).

[***] Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 17.794 (31 December 2018: TL 120.518). Prepaid assets amounted TL 62.849 (31 December 2018: TL 86.577) is excluded in the financial statements.

[****] Of the foreign currency deposits TL 4.491.847 (31 December 2018: TL 2.484.399) and Bank Deposits Other FC of the TL 3.314 (31 December 2018: TL 1.892) are precious metal deposit account in demand.

[*****] Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

[*****] Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

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Currency risk sensitivity analysis:

The following table details the Bank's sensitivity to a 10% change in exchange rates.

	Effect on Profit/Loss (*)
Change in exchange rate	Current Period
	31 December 2019
(+) 10%	19.963
(-) 10%	(19.963)

(*) Presents amounts before Tax..

	Effect on Profit/Loss (*)
Change in exchange rate	Prior Period
	31 December 2018
(+) 10%	(14.551)
(-) 10%	14.551

(*) Presents amounts before Tax.

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IV. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Bank. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

The Bank manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short or long-term positions are applied actively.

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

Current Period – 31 December 2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with Central Bank	726.416	-	-	-	-	29.167.501	29.893.917
Banks	3.979.324	-	1.193.354	-	-	11.424.068	16.596.746
Financial assets at fair value through profit or loss (Net)	9.925	529	6.860.315	121.421	27.121	220.798	7.240.109
Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.617.995	5.476.910	20.781.475	22.820.519	9.619.718	325.490	64.642.107
Loans and Lease Receivables (*)	62.395.237	22.648.615	44.723.561	53.352.076	5.857.606	14.857.080	203.834.175
Other financial assets measured at amortised cost	2.843.838	1.155.013	6.008.502	4.907.947	659.558	-	15.574.858
Other Assets (**)	5.387.843	6.120.417	4.844.638	2.849.011	1.066.276	2.451.015	22.719.200
Total Assets	80.960.578	35.401.484	84.411.845	84.050.974	17.230.279	58.445.952	360.501.112
Liabilities							
Bank Deposits	3.974.517	1.381.058	258.941	-	-	1.547.408	7.161.924
Other Deposits	131.177.949	31.545.296	6.070.321	27.154	3	48.071.880	216.892.603
Money Markets	2.846.632	3.738.623	2.226.509	-	-	-	8.811.764
Miscellaneous Payables	656.743	1.362.641	1.111.224	176.860	2.155	5.116.395	8.426.018
Securities Issued (Net) (***)	4.455.944	1.136.243	246.560	4.878.114	8.182.873	-	18.899.734
Borrowings	10.436.203	20.093.515	615.878	221.321	4.179	-	31.371.096
Other Liabilities (****)	1.899.570	3.668.212	3.277.469	646.475	496.092	58.950.155	68.937.973
Total Liabilities	155.447.558	62.925.588	13.806.902	5.949.924	8.685.302	113.685.838	360.501.112
Balance Sheet Long Position	-	-	70.604.943	78.101.050	8.544.977	-	157.250.970
Balance Sheet Short Position	[74.486.980]	[27.524.104]	-	-	-	[55.239.886]	(157.250.970)
Off-balance Sheet Long Position	6.094.495	8.848.980	-	1.853.963	921.275	-	17.718.713
Off-balance Sheet Short Position	-	-	[7.839.876]	-	-	-	(7.839.876)
Total Position	(68.392.485)	(18.675.124)	62.765.067	79.955.013	9.466.252	(55.239.886)	9.878.837

(*)Non-performing loans are presented in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(**)Derivative financial assets and expected credit losses are classified under other assets.

(***) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included

(****) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

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Prior Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with Central Bank	14.451.277	-	-	-	-	15.662.515	30.113.792
Banks	6.075.151	685.932	300.997	-	-	10.939.905	18.001.985
Financial assets at fair value through profit or loss (Net)	-	-	6.690.208	-	-	143.587	6.833.795
Money Markets	539.374	-	-	-	-	-	539.374
Financial Assets at Fair Value Through Other Comprehensive Income	3.678.380	4.887.321	13.359.043	13.580.275	6.617.448	251.040	42.373.507
Loans and Lease Receivables (*)	55.087.838	21.142.152	40.875.569	53.797.444	7.634.676	7.838.621	186.376.300
Other financial assets measured at amortised cost	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	12.263.481
Other Assets (**)	6.104.539	10.197.376	5.470.269	2.639.713	2.176.093	4.551.901	31.139.891
Total Assets	88.422.665	38.397.772	70.916.152	72.985.451	17.532.516	39.387.569	327.642.125
Liabilities							
Bank Deposits	4.705.106	860.447	406.303	-	-	1.477.434	7.449.290
Other Deposits	109.552.447	22.853.750	10.806.988	54.868	12	37.673.698	180.941.763
Money Markets	6.282.201	4.659.775	2.120.223	-	-	-	13.062.199
Miscellaneous Payables	760.770	1.263.581	730.525	186.714	4.232	4.459.366	7.405.188
Securities Issued (Net) (***)	513.813	1.840.644	466.547	6.802.095	7.313.382	-	16.936.483
Borrowings	5.189.460	27.458.373	6.896.462	171.731	11.139	-	39.727.165
Other Liabilities (****)	3.363.061	5.593.390	3.404.785	953.110	18.968	48.786.723	62.120.037
Total Liabilities	130.366.858	64.529.962	24.831.833	8.168.518	7.347.733	92.397.221	327.642.125
Balance Sheet Long Position	-	-	46.084.319	64.816.933	10.184.783	-	121.086.035
Balance Sheet Short Position	(41.944.193)	(26.132.190)	-	-	-	(53.009.652)	(121.086.035)
Off-balance Sheet Long Position	9.508.780	12.014.068	-	1.746.729	1.699.121	-	24.968.698
Off-balance Sheet Short Position	-	-	(11.680.714)	-	-	-	(11.680.714)
Total Position	(32.435.413)	(14.118.122)	34.403.605	66.563.662	11.883.904	(53.009.652)	13.287.984

(*) Non-performing loans are presented in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(**) Derivative financial assets and expected credit losses are classified under other assets.

(***) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included

(****) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

b. Average interest rates for monetary financial instruments (%):

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 31 December 2019	EURO	USD	Yen	TL
Assets				
Cash and Balances with Central Bank	-	-	-	10,00
Banks	0,01	1,39	-	10,50
Financial Assets at Fair Value Through Profit or Loss (Net)	0,90	5,62	-	11,20
Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	2,86	5,22	3,09	14,19
Loans and Lease Receivables	4,85	7,45	7,19	15,40
Other financial assets measured at amortised cost	3,46	5,22	-	14,74
Liabilities				
Bank Deposits (*)	0,05	1,92	-	9,43
Other Deposits (*)	0,21	1,57	0,01	8,40
Money Markets	2,39	2,34	-	9,33
Miscellaneous Payables	-	2,16	-	-
Securities Issued (Net) (**)	4,00	5,68	-	12,18
Borrowings	1,72	4,03	-	12,29

(*) Demand deposit balances are included in average interest rate calculation.

(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

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Prior Period – 31 December 2018	EURO	USD	Yen	TL
Assets				
Cash and Balances with Central Bank	-	2,00	-	13,00
Banks	0,42	2,34	-	24,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Money Markets	-	2,27	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	2,55	4,60	3,09	20,97
Loans and Lease Receivables	4,72	7,87	9,06	18,70
Other financial assets measured at amortised cost	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (*)	0,21	3,34	-	22,55
Other Deposits (*)	1,00	3,44	0,01	17,20
Money Markets	2,39	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Securities Issued (Net) (**)	4,00	5,63	1,29	18,62
Borrowings	2,40	4,55	-	13,51

(*) Demand deposit balances are included in average interest rate calculation.

(**) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

The Bank doesn't have any subsidiaries and affiliates that are traded on the "BIST".

VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities.

Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

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

The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet Bank's liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has capacity to meet a high risk with broad and stable deposit, strong base capital structure and diversified foreign borrowing sources and is capable of providing additional liquidity with high quality liquid securities in its portfolio and available limits at both the Central Bank of Turkey and other Money markets.

Management of liquidity risk is shared by the ERC, ALCO, Treasury Department and Risk Management Department. The ERC determines the liquidity management policies and the appropriate liquidity risk level in line with the Bank's risk appetite and monitors whether the liquidity risk is managed under the framework of determined policies and within the defined limits.

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment

ALCO takes decision to use alternative funding sources, pricing of obtained funds and granted loans, and other decisions of Daily liquidity management. Treasury Department ensures that the Bank meets its short, middle and long term liabilities, with the transactions made in accordance with ALCO decisions order to utilize excess funding or close the funding gap, occurring on foreign currencies or maturity terms. Risk Management Department measures and monitors the liquidity risk, with the reports prepared and analyses made, and informs the top management. Liquidity risk reporting consists of periodic and special purpose

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reports prepared to be discussed in the ERC and ALCO meetings, stress tests, scenario analyses, risk limit compliance reports and legal liquidity reports.

b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries:

Each of the Bank's subsidiaries within the consolidation scope manages its own liquidity. Nevertheless, there are defined limits related to the funding amount that the Bank will provide to a subsidiary, in case of liquidity issues. Cumulative liquidity gap resulted in stress scenarios of subsidiaries, should not exceed the fund limits provided by the Bank.

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

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposit, share of borrowings made from the market in total market volume are monitored and limited with the applied risk limits. Treasury Unit performs necessary work to obtain long term foreign funding.

d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:

Almost all of the Bank's liabilities are in TL, USD or EUR currencies and TL funds comprise of mainly equity and deposits. The Bank's liquidity in TL is managed with repurchase agreements made at CBRT/BIST using high quality securities owned by the Bank. Together with keeping the main purpose as using liabilities in TL in funding assets in TL, foreign currency liabilities are used in creating assets in TL using foreign exchange swaps, when necessary. Liquidity management is performed in the scope of internal risk limits, such as short term borrowing limits from markets determined by the Bank, market concentration limits, liquidity stress scenario, and cumulative liquidity gap.

Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based, foreign currency loans, securities issued and repurchase agreements. Foreign currency liquidity management is performed using internal risk limits defined for liquidity buffer kept at correspondent banks and monitored daily in the scope of the Bank's risk limits, and cumulative gap in the scope of liquidity stress scenario, and other risk limits defined for wholesale funding and concentration. The Bank has available foreign currency borrowing limits at CBRT/BIST and other banks.

e) Information on liquidity risk mitigation techniques:

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposit.

f) Information on the use of stress tests:

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units.

g) General information on urgent and unexpected liquidity situation plans:

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the ERC. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. In case one or several emergency situations occur, Bank's Liquidity Contingency Plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

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Liquidity Coverage Ratio:

Current Period – 31.12.2019	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			78.871.351	36.994.257
CASH OUTFLOWS				
2 Retail and Customers Deposits	148.574.144	80.759.264	13.484.808	8.075.926
3 Stable deposits	27.452.122	-	1.372.606	-
4 Less stable deposits	121.122.022	80.759.264	12.112.202	8.075.926
5 Unsecured Funding other than Retail and Small Business Customers Deposits	78.674.112	49.981.150	41.660.832	26.802.191
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	70.275.142	45.964.848	34.547.992	22.786.173
8 Other Unsecured Funding	8.398.970	4.016.302	7.112.840	4.016.018
9 Secured funding	-	-	504.452	504.452
10 Other Cash Outflows	85.563.903	53.290.693	76.402.345	44.735.234
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	75.377.691	43.786.831	75.377.691	43.786.831
12 Debts related to the structured financial products	10.980	-	10.980	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	10.175.232	9.503.862	1.013.674	948.403
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.003.538	-	50.177	-
15 Other irrevocable or conditionally revocable commitments	56.282.290	10.549.964	2.814.115	527.498
16 TOTAL CASH OUTFLOWS			134.916.729	80.645.301
CASH INFLOWS				
17 Secured Lending Transactions	994.368	352.830	-	-
18 Unsecured Lending Transactions	28.057.223	12.455.922	20.971.133	11.643.168
19 Other contractual cash inflows	71.575.077	53.064.819	71.574.708	53.064.794
20 TOTAL CASH INFLOWS	100.626.668	65.873.571	92.545.841	64.707.962
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			78.871.351	36.994.257
22 TOTAL NET CASH OUTFLOWS			42.370.888	20.260.773
23 Liquidity Coverage Ratio (%)			186,92	183,29

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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Prior Period – 31.12.2018	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			60.025.493	39.034.305
CASH OUTFLOWS				
2 Retail and Customers Deposits	132.751.704	67.576.217	12.206.839	6.757.622
3 Stable deposits	21.366.636	-	1.068.332	-
4 Less stable deposits	111.385.068	67.576.217	11.138.507	6.757.622
5 Unsecured Funding other than Retail and Small Business Customers Deposits	73.951.844	52.982.997	36.477.135	25.690.445
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	70.967.382	52.694.173	34.741.930	25.403.022
8 Other Unsecured Funding	2.984.462	288.824	1.735.205	287.423
9 Secured funding	-	-	49.042	49.042
10 Other Cash Outflows	62.451.184	40.437.642	52.745.407	31.431.163
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.672.308	30.432.582	51.672.308	30.432.582
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	10.778.876	10.005.060	1.073.099	998.581
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	835.255	-	41.763	-
15 Other irrevocable or conditionally revocable commitments	62.212.690	17.395.360	3.110.634	869.768
16 TOTAL CASH OUTFLOWS			104.630.820	64.798.040
CASH INFLOWS				
17 Secured Lending Transactions	3.797.452	3.797.452	-	-
18 Unsecured Lending Transactions	38.549.640	26.912.078	32.293.832	25.922.641
19 Other contractual cash inflows	45.627.671	29.869.981	45.624.117	29.869.903
20 TOTAL CASH INFLOWS	87.974.763	60.579.511	77.917.949	55.792.544
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			60.025.493	39.034.305
22 TOTAL NET CASH OUTFLOWS			28.620.215	16.258.677
23 Liquidity Coverage Ratio (%)			212,05	241,44

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits, bank deposits, foreign funds and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 172% during the period and remain at a quite higher level that the legal lower limit.

Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions, especially in foreign exchange swaps cause the foreign currency liquidity coverage ratio to be affected.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 39% and securities issued by Undersecretariat of the Treasury by 57%. Funding sources are mainly distributed between individual and retail deposits by 65%, corporate deposits by 26%, and borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 1%.

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Cash outflow amounting to TL 1.755 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

The Bank follows up and manages the liquidity coverage ratio including its foreign branch. There is no limitation which avoids liquidity transfer between the Bank and the foreign branch. In this context, the foreign branch does not create any additional liquidity risk for the Bank. The Bank follows up and manages the liquidity coverage ratio including its foreign branch. There is no limitation which avoids liquidity transfer between the Bank and the foreign branch. In this context, the foreign branch does not create any additional liquidity risk for the Bank.

In accordance with the "Regulation On Calculation of Bank's Liquidity Coverage Ratio", published in Official Gazette no. 28948, dated 21 March 2014, the weeks in which the highest and the lowest liquidity coverage ratio is calculated over the last three months are presented below.

	Current Period – 31.12.2019	
	TL+FC	FC
Lowest	172,33	152,05
Week	4.10.2019	13.12.2019
Highest	207,73	208,93
Week	20.12.2019	18.10.2019

	Prior Period - 31.12.2018	
	TL+FC	FC
Lowest	180,81	189,41
Week	21.12.2018	28.12.2018
Highest	257,19	286,89
Week	9.11.2018	9.11.2018

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2019	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash and Balances with Central Bank	17.359.118	12.527.839	6.960	-	-	-	-	29.893.917
Banks	11.424.068	3.979.324	-	1.193.354	-	-	-	16.596.746
Financial Assets at Fair Value Through Profit or Loss (Net)	220.798	9.925	529	6.860.315	121.421	27.121	-	7.240.109
Money Markets	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	325.490	444.121	1.976.941	13.599.629	36.459.844	11.836.082	-	64.642.107
Loans and Lease Receivables (*)	-	47.707.426	21.266.437	33.380.638	65.182.311	21.440.283	14.857.080	203.834.175
Other financial assets measured at amortised cost	-	147.301	280.173	3.752.287	10.735.539	659.558	-	15.574.858
Other Assets (**)	-	1.566.834	1.090.950	1.258.955	11.667.813	4.683.633	2.451.015	22.719.200
Total Assets	29.329.474	66.382.770	24.621.990	60.045.178	124.166.928	38.646.677	17.308.095	360.501.112
Liabilities								
Bank Deposits	1.547.408	3.974.329	1.381.245	258.942	-	-	-	7.161.924
Other Deposits	48.071.880	131.178.074	31.545.171	6.070.321	27.154	3	-	216.892.603
Borrowings	-	115.416	2.570.797	13.034.139	12.078.634	3.572.110	-	31.371.096
Money Markets	-	1.058.899	-	1.763.946	4.236.210	1.752.709	-	8.811.764
Securities Issued (Net) (***)	-	4.455.943	1.136.243	246.560	4.878.115	8.182.873	-	18.899.734
Miscellaneous Payables	-	182.712	139.429	282.834	2.001.634	703.013	5.116.396	8.426.018
Other Liabilities (****)	434.942	2.204.085	394.051	1.060.124	5.530.837	2.372.071	56.941.863	68.937.973
Total Liabilities	50.054.230	143.169.458	37.166.936	22.716.866	28.752.584	16.582.779	62.058.259	360.501.112
Net Liquidity Excess/ (Gap)	(20.724.756)	(76.786.688)	(12.544.946)	37.328.312	95.414.344	22.063.898	(44.750.164)	-
Net off-balance sheet position	-	443.279	518.593	226.870	5.843.566	2.846.529	-	9.878.837
Financial Derivative Assets	-	56.730.752	27.319.181	43.838.394	92.859.957	56.042.115	-	276.790.399
Financial Derivative Liabilities	-	56.287.473	26.800.588	43.611.524	87.016.391	53.195.586	-	266.911.562
Non-cash loans (*****)	-	2.453.295	193.530	6.944.422	12.452.299	21.403.867	-	43.447.413
Prior Period - 31 December 2018								
Total Assets	30.157.222	55.863.956	25.660.302	49.954.105	113.297.191	41.904.217	10.805.132	327.642.125
Total Liabilities	39.151.131	124.745.358	31.275.409	35.173.053	30.931.885	18.096.834	48.268.455	327.642.125
Net Liquidity Gap	(8.993.909)	(68.881.402)	(5.615.107)	14.781.052	82.365.306	23.807.383	(37.463.323)	-
Net Off-balance sheet Position	-	73.346	(1.322.979)	378.942	8.484.122	5.674.553	-	13.287.984
Financial Derivative Assets	-	72.069.893	34.473.264	45.284.995	100.845.307	65.710.763	-	318.384.222
Financial Derivative Liabilities	-	71.996.547	35.796.243	44.906.053	92.361.185	60.036.210	-	305.096.238
Non-cash Loans (*****)	-	4.242.599	5.288.100	16.489.306	5.188.166	22.129.385	-	53.337.556

[*]The non-performing loans are stated in the "Unallocatable" column.

[**] Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, prepaid expenses and loans under follow-up, are shown in this column. Expected credit losses are included.

[***] Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

[****] Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

[*****] Amounts related to Letters of Guarantee represent contractual maturity and related amounts. Amounts are demand and can be withdrawn optional.

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Breakdown of liabilities due to their remaining contractual maturities:

Current Period - 31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	195.989.603	22.158.415	6.380.719	24.166	-	224.552.903
Funds borrowed from other financial institutions	150.864	2.783.066	13.739.547	13.508.496	3.739.573	33.921.546
Funds from interbank money market	1.061.990	26.686	1.879.297	4.455.719	1.877.196	9.300.888
Marketable Securities Issued (Net)	4.486.959	1.359.497	673.624	6.451.999	9.075.598	22.047.677

Prior Period - 31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	156.062.209	21.884.822	11.858.623	71.083	13	189.876.750
Funds borrowed from other financial institutions	910.096	3.121.590	18.738.970	14.722.072	6.077.360	43.570.088
Funds from interbank money market	3.875.769	528.167	1.643.042	5.876.437	2.077.886	14.001.301
Marketable Securities Issued (Net)	511.523	1.997.344	1.058.604	14.146.698	2.880.523	20.594.692

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period - 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	54.507.035	43.609.273	34.202.837	39.690.336	4.701.584
- Outflow	(54.413.827)	(41.780.092)	(39.152.616)	(39.911.194)	(4.522.722)
Interest rate derivatives:					
- Inflow	13.350	184.020	744.423	1.590.614	674.261
- Outflow	(16.355)	(200.312)	(675.235)	(1.472.925)	(619.052)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	1.060.768	1.652.945	1.219.583	10.321.428	6.065.938
- Outflow	(470.411)	(1.506.372)	(1.626.145)	(8.640.972)	(6.010.963)
Interest rate derivatives:					
- Inflow	21.023	133.207	350.280	956.429	330.113
- Outflow	(10.739)	(155.873)	(543.982)	(1.460.833)	(606.411)
Total Inflow	55.602.176	45.579.445	36.517.123	52.558.807	11.771.896
Total Outflow	(54.911.332)	(43.642.649)	(41.997.978)	(51.485.924)	(11.759.148)

Prior Period - 31 December 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	68.081.776	57.377.916	49.536.435	50.281.971	6.755.663
- Outflow	(61.098.552)	(52.829.804)	(59.930.379)	(48.013.822)	(6.584.737)
Interest rate derivatives:					
- Inflow	61.529	183.594	901.960	2.343.810	1.115.964
- Outflow	(75.433)	(184.524)	(867.651)	(2.201.565)	(1.028.432)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	25.513	113.065	5.367.326	8.792.627	5.741.823
- Outflow	(50.097)	(545.377)	(4.720.895)	(7.728.482)	(6.325.470)
Interest rate derivatives:					
- Inflow	34.067	194.215	596.537	1.648.309	443.294
- Outflow	(9.489)	(116.505)	(552.176)	(1.806.111)	(680.984)
Total Inflow	68.202.885	57.868.789	56.402.258	63.066.717	14.056.744
Total Outflow	(61.233.571)	(53.676.209)	(66.071.101)	(59.749.980)	(14.619.623)

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VII. EXPLANATIONS ON LEVERAGE RATIO:

a. Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 December 2019, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 11,08% (31 December 2018: 9,37%). This ratio is above the minimum ratio which is 3%.

b. Disclosure of Leverage ratio template:

	Current Period	Prior Period
	31 December 2019 (*)	31 December 2018 (*)
Balance sheet Assets		
1		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	342.271.786	317.742.753
2		
(Assets deducted from Core capital)	-	-
3		
Total risk amount of balance sheet assets (sum of lines 1 and 2)	342.271.786	317.742.753
Derivative financial assets and credit derivatives		
4		
Cost of replenishment for derivative financial assets and credit derivatives	12.596.877	16.039.665
5		
Potential credit risk amount of derivative financial assets and credit derivatives	4.879.314	4.898.308
6		
Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	17.476.191	20.937.973
Financing transactions secured by marketable security or commodity		
7		
Risk amount of financing transactions secured by marketable security or commodity	1.559.964	3.296.687
8		
Risk amount arising from intermediary transactions	-	-
9		
Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	1.559.964	3.296.687
Off-balance sheet transactions		
10		
Gross notional amount of off-balance sheet transactions	122.150.500	132.769.389
11		
(Correction amount due to multiplication with credit conversion rates)	(886.628)	(1.189.952)
12		
Total risk of off-balance sheet transactions (sum of lines 10 and 11)	121.263.872	131.579.437
Capital and total risk		
13		
Core Capital	53.421.955	44.231.597
14		
Total risk amount(sum of lines 3, 6, 9 and 12)	482.571.813	473.556.850
Leverage ratio		
15		
Leverage ratio	11,08	9,37

(*) Three months average values.

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VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Calculations of financial assets and liabilities at their fair values:

The fair values of financial assets measured at amortised cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand deposit represents the amount to be paid upon request. The fair value of the overnight deposit represents the carrying value. The expected fair value of the fixed rate deposit is calculated by discounted cash flow with the use of the market interest rates of similar liabilities and loans.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019	Prior Period 31 December 2018
Financial Assets	300.647.886	258.302.891	305.745.175	248.746.694
Money Markets	-	539.374	-	537.746
Banks	16.596.746	18.001.985	16.573.613	17.988.838
Financial Assets at Fair Value Through Other Comprehensive Income	64.642.107	42.373.507	64.642.107	42.373.507
Other Financial Assets Measured at Amortised Cost	15.574.858	12.263.481	15.786.054	11.858.083
Loans	203.834.175	185.124.544	208.743.401	175.988.520
Financial Liabilities	284.879.147	250.921.791	285.064.708	249.776.110
Bank Deposits	7.161.925	7.449.290	7.156.449	7.439.337
Other Deposits	216.892.602	180.941.763	216.957.038	181.064.826
Borrowings	31.371.096	39.727.165	30.873.454	38.897.661
Securities Issued (Net)	18.899.734	12.152.006	19.523.977	11.722.721
Miscellaneous Payables	10.553.790	10.651.567	10.553.790	10.651.565

(*) 31 December 2018 loan balances have shown with their net balances.

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- Quoted market prices (non-adjusted) (1st level).
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level).
- Data not based on observable data regarding assets or liabilities (3rd level).

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Fair value hierarchy of the financial assets and liabilities of the Bank according to the foregoing principles is given in the table below:

Current Period - 31 December 2019	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	262.864	-	-	262.864
- Share Certificates	220.294	-	-	220.294
- Other Financial Assets (*)	33.532	-	6.723.419	6.756.951
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	51.703.078	-	-	51.703.078
- Share Certificates	-	-	-	-
- Other Financial Assets	11.020.651	1.902.161	-	12.922.812
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	774	14.282.505	-	14.283.279
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2.127.012	-	2.127.012
Loans	-	208.743.401	-	208.743.401
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	14.030.740	-	-	14.030.740
- Other Financial Assets	1.755.313	-	-	1.755.313
Total Assets	79.027.246	227.055.079	6.723.419	312.805.744
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	311	7.957.428	-	7.957.739
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	901.104	-	901.104
Deposits	-	224.113.486	-	224.113.486
Funds Borrowed	-	30.873.454	-	30.873.454
Money Markets	-	8.046.234	-	8.046.234
Securities Issued (Net)	-	19.523.977	-	19.523.977
Total Liabilities	311	291.415.683	-	291.415.994

(*) Fair value of the financial assets at fair value through profit or loss classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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Prior Period - 31 December 2018	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	-	-	-	-
- Share Certificates	137.461	-	-	137.461
- Other Financial Assets	6.126	-	-	6.126
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	36.502.564	-	-	36.502.564
- Share Certificates	-	-	-	-
- Other Financial Assets	4.671.110	1.186.378	-	5.857.488
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.371	20.679.029	-	20.680.400
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1.989.608	-	1.989.608
Loans (*)	-	169.298.312	6.690.208	175.988.520
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	9.411.205	-	-	9.411.205
- Other Financial Assets	2.446.878	-	-	2.446.878
Total Assets	53.176.715	193.153.327	6.690.208	253.020.250
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	248	12.311.248	-	12.311.496
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	644.958	-	644.958
Deposits	-	188.504.163	-	188.504.163
Funds Borrowed	-	38.897.661	-	38.897.661
Money Markets	-	12.195.466	-	12.195.466
Securities Issued (Net)	-	16.722.168	-	16.722.168
Total Liabilities	248	269.275.664	-	269.275.912

(*) Fair value of the loans classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan. Loan balances have shown with their net balances.

As explained in the note of VII-b of the Third Section, share certificates classified as financial assets at fair value through other comprehensive income are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably.

There are no transfers between the 1st and the 2nd levels in the current year.

The movement of financial assets in Level 3 is presented below:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Balances at Beginning of Period	6.690.208	-
Purchases During the Period	-	-
Disposals Through Sale/Redemptions	-	-
Valuation Effect	759.654	-
Transfers	[726.443]	6.690.208
Balances at the End of Period	6.723.419	6.690.208

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IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

a. Explanations on Risk Management and Risk Weighted Amount (RWA)

1. The Bank's risk management approach:

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

- Effective risk management within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors fulfills its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors regularly reviews and approves Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Executive Risk Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner. The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Presidency which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyze the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. 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, are not presented.

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2. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement	
	Current Period	Prior Period	Current Period	
	31 December 2019	31 December 2018	31 December 2019	
1	Credit risk (excluding counterparty credit risk) (CCR)	249.073.962	226.613.119	19.925.917
2	Standardized approach (SA)	249.073.962	226.613.119	19.925.917
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	16.641.838	22.406.964	1.331.347
5	Standardized approach for counterparty credit risk (SA-CCR)	16.641.838	22.406.964	1.331.347
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	309.273	237.585	24.742
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	6.775.331	5.071.915	542.026
17	Standardized approach (SA)	6.775.331	5.071.915	542.026
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	27.269.597	21.346.323	2.181.568
20	Basic Indicator Approach	27.269.597	21.346.323	2.181.568
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	300.070.001	275.675.906	24.005.600

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b. Linkages between financial statements and regulatory exposures:

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

	Carrying values of items					
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
Current Period - 31.12.2019						
Assets						
Cash and balances at central bank	29.893.917	29.893.917	-	-	-	-
Banks	16.596.292	16.596.292	-	-	-	-
Receivables from money markets	-	-	-	-	-	-
Financial assets at fair value through P&L	7.240.109	6.943.419	-	-	296.690	-
Financial assets at fair value through other comprehensive income	64.642.107	64.642.021	-	-	-	86
Derivative financial assets	16.410.291	-	16.410.291	-	3.636.926	-
Loans (net)	191.553.594	191.551.945	-	-	-	1.649
Lease Receivables (net)	-	-	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	15.565.530	15.565.530	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	636.017	636.017	-	-	-	-
Investments in associates (net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (net)	6.730.785	6.730.785	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	4.863.982	4.823.551	-	-	-	40.431
Intangible assets (net)	933.979	-	-	-	-	933.979
Investment properties (net)	-	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Deferred tax assets	2.438	2.438	-	-	-	-
Other assets	5.426.550	5.426.550	-	-	-	-
Total assets	360.501.112	342.817.986	16.410.291	-	3.933.616	976.145
Liabilities						
Deposits	224.054.527	-	-	-	-	224.054.527
Loans	31.371.096	-	-	-	-	31.371.096
Debt to money markets	8.811.764	-	8.811.764	-	-	8.811.764
Debt securities in issue	13.518.200	-	-	-	-	13.518.200
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	8.858.843	-	8.858.843	-	3.225.422	8.858.843
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	574.553	-	-	-	-	574.553
Provisions	1.531.077	-	-	-	-	1.531.077
Tax liability	758.992	-	-	-	-	758.992
Deferred tax liability	704.309	-	-	-	-	704.309
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	5.381.534	-	-	-	-	5.381.534
Other liabilities	10.553.790	-	-	-	-	10.553.790
Equity	54.382.427	-	-	-	-	54.382.427
Total liabilities	360.501.112	-	17.670.607	-	3.225.422	360.501.112

(*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

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Prior Period - 31.12.2018	Carrying values of items					
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances at central bank	30.113.792	30.113.792	-	-	-	-
Banks	18.001.985	18.001.985	-	-	-	-
Receivables from money markets	539.374	539.374	-	-	-	-
Financial assets at fair value through P&L	143.587	143.587	-	-	-	-
Financial assets at fair value through other comprehensive income (net)	42.373.507	42.192.471	-	-	180.741	295
Financial assets measured at amortised cost (net)	12.263.481	12.263.481	-	-	-	-
Derivative financial assets	22.670.008	-	22.670.008	-	6.342.908	-
Loans (net)	185.124.544	185.121.036	-	-	-	3.508
Non-current assets and disposal groups classified as held for sale (net)	90.305	90.305	-	-	-	-
Investments in associates (net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (net)	5.452.141	5.452.141	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	3.948.417	3.915.980	-	-	-	32.437
Intangible assets (net)	624.243	-	-	-	-	624.243
Investment properties (net)	-	-	-	-	-	-
Tax assets	262.217	262.217	-	-	-	-
Deferred tax assets	23.410	23.410	-	-	-	-
Other assets	6.005.592	6.005.592	-	-	-	-
Total assets	327.642.124	304.130.892	22.670.008	-	6.523.649	660.483
Liabilities						
Deposits	188.391.053	-	-	-	-	188.391.053
Loans	39.727.165	-	-	-	-	39.727.165
Debt to money markets	13.062.199	-	13.062.199	-	-	13.062.199
Debt securities in issue	12.152.006	-	-	-	-	12.152.006
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	12.956.454	-	12.956.454	-	3.469.022	12.956.454
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	25.048	-	-	-	-	25.048
Provisions	1.294.978	-	-	-	-	1.294.978
Tax liability	504.394	-	-	-	-	504.394
Deferred tax liability	283.695	-	-	-	-	283.695
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	4.784.477	-	-	-	-	4.784.477
Other liabilities	10.651.565	-	-	-	-	10.651.565
Equity	43.809.090	-	-	-	-	43.809.090
Total liabilities	327.642.124	-	26.018.653	-	3.469.022	327.642.124

(*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

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2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework[*]
Current Period - 31.12.2019					
1 Asset carrying value amount under scope of regulatory consolidation	359.524.967	342.817.986	-	16.410.291	3.933.616
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	17.670.607	3.225.422
3 Total net amount under regulatory scope of consolidation	359.524.967	342.817.986	-	34.080.898	7.159.038
4 Off-balance sheet amounts	377.058.995	30.712.212	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	8.412.429	-	-	-
8 Differences due to prudential filters	-	-	-	-	(383.707)
9 Differences due to risk reduction	-	(4.753.987)	-	(16.590.519)	-
10 Exposure amounts considered for regulatory purposes		377.188.640	-	17.490.379	6.775.331

[*]The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework[*]
Prior Period - 31.12.2018					
1 Asset carrying value amount under scope of regulatory consolidation	326.981.641	304.130.892	-	22.670.008	6.523.649
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	26.018.653	3.469.022
3 Total net amount under regulatory scope of consolidation	326.981.641	304.130.892	-	48.688.661	9.992.671
4 Off-balance sheet amounts	424.882.542	36.612.060	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	5.306.509	-	-	-
8 Differences due to prudential filters	-	-	-	-	(4.920.756)
9 Differences due to risk reduction	-	(2.981.492)	-	(25.680.584)	-
10 Exposure amounts considered for regulatory purposes		343.067.969	-	23.008.077	5.071.915

[*] The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

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3. Explanations of differences between accounting and regulatory exposure amounts:

a) Differences between accounting and regulatory exposure amounts

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

b) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

c. Credit risk explanations:

1. General qualitative information about credit risk:

Risk limits are defined by Board of Directors in a such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. During the process of credit risk management, the Risk Management Presidency conducts measurement, monitoring and reporting activities of the credit risk using statistical models. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

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Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are carried out by the Board of Directors, the Audit Committee, the Executive Risk Committee, Internal Audit, Internal Control, Risk Management activities and Internal Systems Responsible.

The Board of Directors is responsible for determining the risk baseline of the Bank, the risk approach and the level of risk taking. The Board of Directors manages the risks through the Executive Risk Committee. The committee is responsible for establishing risk policies, determining methods for measuring and managing risks, and establishing and monitoring appropriate risk limits. All risk policies established by the Executive Risk Committee are written and integrated into the Bank's long-term general strategy.

2. Credit quality of assets:

		Gross carrying values of (according to TAS)			Net values
		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	
Current Period - 31.12.2019					
1	Loans	14.857.080	188.977.095	12.280.581	191.553.594
2	Debt Securities	-	86.910.787	64.477	86.846.310
3	Off-balance sheet exposures	258.506	109.439.577	304.813	109.393.270
4	Total	15.115.586	385.327.459	12.649.871	387.793.174
		Gross carrying values of (according to TAS)			
Prior Period - 31.12.2018					
1	Loans	7.838.621	185.230.425	7.944.502	185.124.544
2	Debt Securities	-	54.385.948	33.265	54.352.683
3	Off-balance sheet exposures	258.445	116.801.044	388.224	116.671.265
4	Total	8.097.066	356.417.417	8.365.991	356.148.492

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

	Current Period 31 December 2019	Prior Period 31 December 2018
Defaulted loans and debt securities at end of the previous reporting period	8.097.066	4.713.388
Loans and debt securities that have defaulted since the last reporting period	10.503.539	9.746.074
Returned to non-defaulted status	24.193	26.935
Amounts written off	1.755.640	4.583.196
Other changes	1.705.186	1.752.265
Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	15.115.586	8.097.066

4. Additional disclosure related to the credit quality of assets:

a) Definitions of overdue and provision allocated receivables are presented below:

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired / specific provision reserved loans."

The Bank calculates general loan loss provision for "overdue loans" and specific provision for "impaired loans" in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

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b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2018.

c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of Section Three.

d) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enhance customer's ability to repay the loan. Besides, it involves changes in the contractual conditions with the demand of customer. While Non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

e) Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

	Current Period 31.12.2019	Prior Period 31.12.2018
Domestic	182.910.135	172.311.041
European Union Countries	5.628.672	5.637.163
OECD Countries (*)	3.386	4.404
Off-Shore Banking Regions	-	-
USA, Canada	2.472	24.550
Other	432.430	560.521
Total	188.977.095	178.537.679

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period 31.12.2019	Prior Period 31.12.2018
Agricultural	263.225	293.227
Farming and raising livestock	181.652	215.889
Forestry	78.221	69.567
Fishing	3.352	7.771
Manufacturing	42.557.754	40.762.014
Mining	1.546.784	1.799.420
Production	24.701.130	23.240.616
Electricity, Gas, Water	16.309.840	15.721.978
Construction	29.916.673	29.147.206
Services	49.834.766	63.361.759
Wholesale and Retail Trade	25.177.866	24.022.734
Hotel, Food, Beverage Services	4.093.195	4.539.682
Transportation and Telecommunication	4.366.481	2.760.280
Financial Institutions	12.882.063	22.303.280
Real Estate and Lending Services	483.730	266.968
Self employment Service	530.682	700.741
Education Service	629.549	646.936
Health and social Services	1.671.200	1.430.930
Other	66.404.677	51.663.681
Total	188.977.095	178.537.679

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Breakdown by outstanding maturity:

Current Period - 31.12.2019	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Total
Loans	47.707.426	14.543.019	40.104.056	65.182.311	21.440.283	188.977.095

Prior Period - 31.12.2018	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Total
Loans	35.366.453	21.848.892	32.887.071	65.117.392	23.317.871	178.537.679

f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

	Current Period - 31.12.2019		Prior Period - 31.12.2018	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Domestic	14.134.481	7.991.135	7.255.168	4.486.916
European Union Countries	722.400	355.524	583.164	75.672
OECD Countries (*)	-	-	-	-
Off-Shore Banking Regions	30	29	30	28
USA, Canada	39	39	164	146
Other	130	109	95	86
Total	14.857.080	8.346.836	7.838.621	4.562.848

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period- 31.12.2019		Prior Period - 31.12.2018	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Agricultural	33.783	21.262	11.781	7.767
Farming and raising livestock	26.011	16.765	8.549	5.714
Forestry	7.698	4.433	3.060	1.899
Fishing	74	64	172	154
Manufacturing	2.780.458	1.367.017	1.650.303	911.347
Mining	420.559	118.595	31.584	27.478
Production	1.502.867	884.349	837.649	557.990
Electricity, Gas, Water	857.032	364.073	781.070	325.879
Construction	4.708.895	2.421.621	942.587	515.273
Services	4.687.589	2.564.664	3.162.657	1.534.905
Wholesale and Retail Trade	2.779.322	1.663.965	1.731.592	1.098.623
Hotel,Food,Beverage Services	449.266	88.674	352.695	76.042
Transportation and				
Telecommunication	145.985	89.989	114.479	68.556
Financial Institutions	997.002	522.271	607.349	92.797
Real Estate and Lending Services	99.131	89.629	144.627	81.011
Self employment Service	4.391	3.673	4.632	3.689
Education Service	115.569	47.202	104.043	49.439
Health and social Services	96.923	59.261	103.240	64.748
Other	2.646.355	1.972.272	2.071.293	1.593.556
Total	14.857.080	8.346.836	7.838.621	4.562.848

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g) Aging analysis for overdue receivables:

	Current Period 31.12.2019	Prior Period 31.12.2018
30-60 days overdue	1.202.049	3.939.002
60-90 days overdue	1.394.265	1.522.542
Total	2.596.314	5.461.544

h) Breakdown of restructured receivables based on whether or not provisions are allocated:

Restructured Receivables	Current Period 31.12.2019	Prior Period 31.12.2018
Loans restructured from Loans under Follow-up and Other Receivables	17.737.321	12.113.776
Loans restructured from Non-Performing Loans	749.792	252.881

General provision is allocated for the loans restructured from standard loans and loans under follow-up and other receivables, specific provision is allocated for the loans restructured from non-performing loans.

i) Credit risk mitigation techniques:

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The risk amount and the amount of collateral are also compared against the value losses that may occur in the collateral, and in case of gap between risk and collateral, the Bank Monitoring System automatically generates "Risky Transaction Registration".

In the calculation of capital adequacy ratio, real estate mortgages are subject to valuation process in accordance with the related legislation. There is no physical collateral used for risk reduction other than real estate. Financial guarantees used in capital adequacy calculations are blocked deposits held at the bank and there is no netting other than these.

Collateral management processes are written in credit policies and checks are made to ensure that there is no concentration of third party guarantor type and collateral.

5. Credit risk mitigation techniques – overview:

Current Period - 31.12.2019	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	188.729.079	2.824.515	1.450.932	4.223.971	3.254.282	-	-
2 Debt Securities	86.846.310	-	-	-	-	-	-
3 Total	275.575.389	2.824.515	1.450.932	4.223.971	3.254.282	-	-
4 Of which defaulted	15.115.586	-	-	-	-	-	-

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		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
Prior Period - 31.12.2018								
1	Loans	181.440.771	3.683.773	1.633.274	9.910.626	8.818.566	-	-
2	Debt Securities	54.352.683	-	-	-	-	-	-
3	Total	235.793.454	3.683.773	1.633.274	9.910.626	8.818.566	-	-
4	Of which defaulted	8.097.066	-	-	-	-	-	-

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

The ratings given by the international credit rating agency Fitch Ratings are used to determine the risk weights to be applied in the calculation of capital adequacy. Fitch Ratings are limited to the receivables of the counterparty residing abroad; central government or central banks, banks and corporate receivables.

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

Current Period - 31.12.2019		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off- balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	93.879.245	308.794	97.166.640	7.362	18.880.934	%19,43
2	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	%50,00
3	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	%100,00
4	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	32.305.576	48.615.035	32.305.576	13.743.906	23.886.860	%51,87
7	Exposures to corporates	122.067.679	44.941.125	120.934.615	29.197.468	145.032.696	%96,60
8	Retail exposures	56.885.229	40.402.371	54.643.744	4.519.115	44.372.144	%75,00
9	Exposures secured by residential property	8.096.458	317.711	8.090.022	133.739	2.878.316	%35,00
10	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	%65,02
11	Past-due loans	6.510.244	-	5.788.591	-	4.790.239	%82,75
12	Higher-risk categories by the Agency Board	-	297.191	-	121.440	171.601	%141,31
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short- term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	309.776	-	309.776	-	309.776	%100,00
16	Other assets	10.316.599	-	10.316.599	-	6.964.430	%67,51
17	Investments in equities	6.988.179	-	6.988.179	-	6.988.179	%100,00
18	Total	346.823.663	136.273.576	345.938.648	48.740.371	260.859.385	%66,09

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Prior Period - 31.12.2018		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		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	73.950.587	3.425.166	82.640.747	149.220	16.719.246	20,19%
2	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	50,00%
3	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	31.212.428	53.213.263	31.212.428	17.279.457	23.012.356	47,46%
7	Exposures to corporates	106.630.637	58.727.937	101.860.561	36.789.511	134.723.138	97,17%
8	Retail exposures	51.076.840	35.511.909	46.502.203	4.190.708	38.019.683	75,00%
9	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	35,00%
10	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	72,35%
11	Past-due loans	3.277.986	-	3.277.986	-	3.416.959	104,24%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	243.711	214.972	243.711	4.472	248.183	100,00%
16	Other assets	9.216.778	-	9.216.778	-	5.536.732	60,07%
17	Investments in equities	5.462.209	-	5.462.209	-	5.462.209	100,00%
18	Total	307.299.601	153.123.573	306.455.908	59.620.138	242.638.371	66,28%

8. Standardised Approach – Exposures by asset classes and risk weights:

Current Period - 31.12.2019		0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weights	Total risk amount (*)
Asset classes / Risk weight												
1	Exposures to central governments or central banks	76.870.228	-	289.669	-	2.321.359	-	17.661.053	-	-	31.693	97.174.002
2	Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956
3	Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946
4	Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	30.709	-	19.969.201	-	12.368.873	-	13.624.930	55.769	-	-	46.049.482
7	Exposures to corporates	1.740.401	-	1.062.556	-	3.982.041	-	142.809.301	-	-	537.784	150.132.083
8	Retail exposures	-	-	-	-	-	59.162.859	-	-	-	-	59.162.859
9	Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761
10	Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326
11	Past-due loans	-	-	-	-	2.686.235	-	2.412.825	689.531	-	-	5.788.591
12	Higher-risk categories by the Agency Board	-	-	-	-	996	-	19.127	101.317	-	-	121.440
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	309.776	-	-	-	309.776
16	Investments in equities	-	-	-	-	-	-	6.988.179	-	-	-	6.988.179
17	Other assets	3.352.158	-	14	-	-	-	6.964.427	-	-	-	10.316.599
18	Total	82.301.515	-	21.321.440	8.223.761	28.399.541	59.162.859	193.853.809	846.617	-	569.477	394.679.019

(*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

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	Prior Period - 31.12.2018										Other risk weights	Total risk amount (*)
Asset classes / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%			
1 Exposures to central governments or central banks	65.777.893	-	366.035	-	-	-	16.646.039	-	-	-	-	82.789.967
2 Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	-	26.833
3 Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	-	7.372
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	228.628	-	23.508.508	-	12.888.191	-	11.866.558	-	-	-	-	48.491.885
7 Exposures to corporates	1.988.832	-	83.905	-	3.741.956	-	132.835.379	-	-	-	-	138.650.072
8 Retail exposures	-	-	-	-	-	50.692.911	-	-	-	-	-	50.692.911
9 Exposures secured by residential property	-	-	-	11.266.220	-	-	-	-	-	-	-	11.266.220
10 Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	-	15.945.630
11 Past-due loans	-	-	-	-	1.051.695	-	896.650	1.329.641	-	-	-	3.277.986
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	248.183	-	-	-	-	248.183
16 Investments in equities	-	-	-	-	-	-	5.462.209	-	-	-	-	5.462.209
17 Other assets	3.680.042	-	5	-	-	-	5.536.731	-	-	-	-	9.216.778
18 Total	71.675.395	-	23.958.453	11.266.220	26.528.135	50.692.911	180.625.291	1.329.641	-	-	-	366.076.046

[*] Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

d. Counterparty Credit Risk (CCR) Explanations:

1. Qualitative disclosure related to counterparty credit risk:

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies, corporate segment, micro segment customers, private banking customers and individual customers. The products are grouped as interest swap transactions, foreign currency option transactions (plain vanilla), foreign exchange option transactions (exotic), interest option transactions, commodity Transactions, credit derivatives and repo transactions.

"Conformity Test" is applied to the customers to determine whether the products to be presented to the customers are in compliance with the customers' financial status and their knowledge and experience. The tests to be applied are prepared in a way that bank can evaluate the information received from the customers with the method including "risk and return preference" and knowledge and experience" classifications determined by the Bank.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For the transactions within the scope of the CCR, appropriate limits to the risk appetite, policies and strategies of the Bank are determined. The determined limits are approved by the Board of Directors for the banks. For the firms and individuals apart from banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined separately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of dweterioration of credit quality of some counterparties, limits are reviewd and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

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In counterparty credit risk management of financial institutions, risk mitigation methods such as netting agreements, collateral and "margin" agreements are used. Collateralization principles and procedures are applied for companies and individuals other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

The risk of reverse tendency within the scope of the CCR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

- Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.
- It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

To avoid the risk of specific counter trend risk;

- In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.
- In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

For the actions taken under the CCR, the obligation to provide additional collateral due to the possible decline in the credibility of the Bank is followed.

2. Analysis of counterparty credit risk exposure by approach:

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Current Period - 31.12.2019							
1	Standardised Approach (for derivatives) Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	11.466.931	4.574.336	-	1,4	15.966.340	10.728.429
2	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	1.524.037	727.857
5		-	-	-	-	1.524.037	727.857
6	Total						11.456.286

(*) Effective Expected Positive Exposure

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		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Prior Period - 31.12.2018							
1	Standardised Approach (for derivatives) Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	14.558.995	5.274.323	-	1,4	19.833.318	14.363.501
2	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	3.174.759	1.424.166
5		-	-	-	-	3.174.759	1.424.166
6	Total						15.787.667

(*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

	Current Period - 31.12.2019		Prior Period - 31.12.2018	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	16.504.125	5.165.689	19.833.318	6.596.521
4 Total subject to the CVA capital charge	16.504.125	5.165.689	19.833.318	6.596.521

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

Current Period - 31.12.2019									
Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.277.140	8.184.318	-	120.618	-	-	4.668.205
Corporates	88.613	-	-	58	-	6.676.710	-	-	6.676.739
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	92.737	-	2.277.140	8.184.376	109.825	6.826.301	-	-	11.456.286

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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Prior Period - 31.12.2018									
Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	76.180	-	-	-	-	1.994	-	-	1.994
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	112	-	-	112
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.741.323	9.422.582	-	2.558	-	-	5.262.114
Corporates	226.517	-	-	444	-	10.479.324	-	-	10.479.547
Retail portfolios	-	-	-	-	52.570	-	-	-	39.428
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	4.472	-	-	4.472
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	302.697	-	2.741.323	9.423.026	52.570	10.488.460	-	-	15.787.667

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

5. Composition of collateral for CCR exposure:

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

6. Credit derivatives exposures:

	Current Period- 31.12.2019		Prior Period - 31.12.2018	
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	1.018.240	29.600	5.917.500	26.300
Index credit default swaps	-	-	-	-
Total return swaps	-	7.633.926	-	7.603.757
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	1.018.240	7.663.526	5.917.500	7.630.057
Fair values				
Positive fair value (asset)	71.879	2.704.586	642.017	2.607.339
Negative fair value (liability)	-	(34)	-	(1.235)

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7. Exposures to central counterparties (CCP):

		Current Period - 31.12.2019		Prior Period - 31.12.2018	
Current Period - 31.12.2019		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		21.132		22.777
	Exposures for trades at QCCPs				
2	(excluding initial margin and default fund contributions); of which	537.785	19.864	571.403	22.759
3	(i) OTC Derivatives	537.785	19.864	571.403	22.759
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product ting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	31.693	1.268	7.655	18
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)	-	-	-	-
	Exposures for trades at non-QCCPs				
12	(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 ting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

e. Securitization explanations: The Bank has no securitization transactions.

f. Explanations on market risk:

1. Qualitative disclosure requirements related to market risk:

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.

Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-

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probability events which have significant impact and the effects of market fluctuations. Retrospective tests of the model outputs are performed regularly. The standard method is used for the legal reporting.

The following table indicates the details of the market risk calculation as of 31 December 2018, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

	Current Period 31.12.2019	Prior Period 31.12.2018
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	2.385.200	2.635.025
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	4.316.356	2.404.065
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	73.775	32.825
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	6.775.331	5.071.915

Outright products refer to positions in products that are not optional.

g. Explanations on operational risk:

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of 31 March 2016 is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2019 is calculated once a year by using the gross income of the Bank in 2016, 2017 and 2018.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2016	31.12.2017	31.12.2018	Total/Positive GI year number	Ratio (%)	Total
Gross income	11.216.375	13.270.197	19.144.784	3	15	2.181.586
Amount subject to Operational Risk (Amount*12,5)						27.269.597

h. Interest rate risk related to banking book:

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

In addition to interest rate sensitivities measured and reported weekly, daily and transaction-based analyses are also performed when significant fluctuations occur in markets.

Repricing term mismatch and duration mismatch analyses, net economic value change analyses under different interest rate stress scenarios and income simulations are used for interest rate risk management. Repricing risk, yield curve risk, basis risk and optionality are considered under interest rate risk scope.

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The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no. 28034 on 23 August 2011.

Calculation of the interest rate risk derived from banking books is presented below:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	3.555.552	%5,65
TL	500	(3.992.463)	(%6,34)
USD	(200)	665.453	%1,06
USD	200	(598.799)	(%0,95)
EURO	(200)	(18.322)	(%0,03)
EURO	200	(689.551)	(%1,10)
Total (for negative shocks)		4.202.682	%6,68
Total (for positive shocks)		(5.280.813)	(%8,39)

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XI. EXPLANATIONS ON HEDGE TRANSACTIONS:

The Bank hedges its TL and foreign denominated fixed rate financial assets with cross currency swaps and interest rate swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. As long as the hedge relationship is effective, fair value change of the hedged item is disclosed together with its related asset in the balance sheet for TL denominated fixed rate mortgage loans. Fair value changes which have already been booked in equity, have been reclassified from equity to income statement for TL and FC denominated fixed rate available-for-sale financial assets.

The Bank hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

Prospective tests are performed at the inception of the hedge relationships and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked due to ineffectiveness of efficiency tests;

- The hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized,
- Adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

The replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

The Bank also applies net investment risk hedging in order to hedge its foreign currency risk from its investments abroad. The effective part of the fair value change of the hedging instrument in the hedging transaction in question was accounted in the "Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss" account under equity.

According to the Financial Stability Board's report of "Major Indicator Interest Rates Reform" which was dated July 2014, the Bank evaluates the transition effects related to hedging transactions within the scope of the 'Indicator Interest Rate Reform' which expresses the market-wide reform regarding the interest rate.

As of 31 December 2019, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

	Current Period 31 December 2019			Prior Period 31 December 2018		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	13.674.935	5.166.090	919.269	16.237.238	4.693.776	647.569
-FC	50.919.357	184.595	244.871	45.826.317	363.508	41.041
Total	64.594.292	5.350.685	1.164.140	62.063.555	5.057.284	688.610

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1. Explanations on Net Investment Risk:

The Group also applies fair value hedge strategy against the foreign currency risk arising from share premiums and paid-in-capital of Akbank AG, one of Bank's subsidiaries, amounting to EUR 320 Million. EUR 320 Million of syndication loans used by the Bank have been determined as "hedging instruments".

2. Explanations on Fair Value Hedge:

Current Period: 31.12.2019

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Cross-currency swap	Fixed interest rate TL Commercial Loans. FC borrowings	Interest rate and currency risk	(23.858)	23.858	-

(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.

(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains / (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

Prior Period: 31.12.2018

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(43.581)	33.893	(9.688)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.632.655	(2.658.615)	(25.960)
Cross-currency swap	Fixed interest rate TL Commercial Loans. FC borrowings	Interest rate and currency risk	9.438	(9.438)	-

(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.

(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains / (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

As of 31 December 2019 fair value hedge transactions have been proven to be effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked due to ineffectiveness of efficiency tests with the information related discontinuous transactions are given below:

- As of 31 December 2019, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 1.566 (31 December 2018: TL 7.263).

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3. Explanations on Cash Flow Hedge:

Hedging Instrument	Hedged Item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	(19.847)	-	(189.937)	69.300	(5.134)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	2.093.795	268.156	(1.591.231)	(592.705)	(131.285)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	88.830	391.002	268.384	(7.037)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	-	491.053	(207.806)	(8.627)	(10.056)

As of 31 December 2019 cash flow hedge transactions have been determined as effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 December 2019, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 10.260 (31 December 2018: TL (5.927)).

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XII. EXPLANATIONS ON QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES

Explanations on Remuneration Committee

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2019. As a result of the meeting and related evaluations, the committee decided on updating of the policies in accordance with the existing practices. The main duties and responsibilities of the Remuneration Committee have been determined briefly as follows:

- Overseeing the remuneration processes and practices with the aim of providing an independent and effective remuneration system.
- Reviewing the remuneration policy practices within the framework of the Corporate Governance principles and ensuring that the remuneration management system is up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance principles to the Board of Directors as an annual report
- Reviewing as to whether remuneration policies, processes and practices comply with risk appetite, strategies and long term targets of the Bank
- Ensuring the implementation of premium payments within the framework of Corporate Governance principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank
- Ensuring the preparation of the decisions regarding the remuneration, particularly the decisions about the remuneration of qualified employees, submitted to the approval of the Board of Directors; the regular observation of compliance and effectiveness of the remuneration policies with the risk appetite and targets of the bank; providing support and opinion to the Board of Directors with regard to the establishment and supervising of the operations of the remuneration system; overseeing the remuneration of the senior management of the units within the scope of Internal Systems

The general principles of the Bank's remuneration policy apply to all bank employees.

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2019, there are 19 employees that are considered as qualified employees in the Bank.

Information on the Design and Structure of the Remuneration Process:

While determining the Bank's wage structure;

- Internal balance of wages and budgetary opportunities,
- Job description and level of responsibility of employees,
- Individual performance of each employee,
- The overall performance of the team and general performance of the bank,
- Employee competencies,
- Compliance with the Bank's internal and external legislation

are taken into consideration.

Structured the Remuneration Policy for gaining, keeping, rewarding and motivating human resources are necessary for sustainable success to the bank is created as follows.

- Complying with the scope and structure of the Bank's operations, strategies, long-term targets and risk management structures,
- Preventing the excessive risk taking and contributing the effective risk management

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Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks

In the remuneration processes, credit risk, operational risk, legal risk and reputation risk are taken into consideration with the applied risk management. The risks arising from employees during the determination of premiums are also taken into consideration. Some portion of the premium payments of the qualified employees are paid with non-cash assets indexed to the Bank's share value and some portion of them is postponed. In certain cases, written agreements have been made with these employees for the cancellation of deferred payments. In the recent year, there has been no change in the methods of handling risks in remuneration practices.

Evaluation of the Methods of Associating Premiums with Performance

Performance and risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of premiums. The premium budget is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income.

The units within the scope of Internal Systems have independent premium systems from Bank's performance system hence their budgets are separately managed. All decisions regarding the wage and premium processes of these units are agreed at the Board of Directors level.

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XIII. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including retail banking, commercial banking, and corporate-investment and private banking and wealth management with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account customer, customer relationship manager, branch segment and product. This information is made available to the branch and Head Office personnel through a web-based management reporting system.

Retail banking offers a variety of retail services such as deposit accounts, retail loans, commercial installment loans, credit cards, insurance products and asset management services. The consumer banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking. Retail Banking provides financial solutions and banking services to SME customers.

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions.

Within the scope of international banking activities, activities are also being carried out in order to provide long-term funding, to provide funding under a price reflecting the country's risk, to diversify funding resources and to form an international investor base on this area.

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

Information on business segments as of 31 December 2019 and 31 December 2018 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

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	Retail Banking	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Current Period - 31 December 2019					
Operating Income	9.643.218	6.715.031	3.087.099	1.011.281	20.456.629
Profit from Operating Activities	3.317.164	657.854	2.709.894	(530.457)	6.154.455
Income from Subsidiaries	-	-	-	6.509	6.509
Income/(loss) from investments in subsidiaries					
consolidated based on equity method	-	-	-	640.370	640.370
Profit before Tax	3.317.164	657.854	2.709.894	116.422	6.801.334
Corporate Tax	-	-	-	(1.383.866)	(1.383.866)
Net Profit for the Period	3.317.164	657.854	2.709.894	(1.267.444)	5.417.468
Segment Assets	78.687.822	140.181.290	119.395.316	-	338.264.428
Investments in Associates	-	-	-	6.736.306	6.736.306
Undistributed Assets	-	-	-	15.500.378	15.500.378
Total Assets					360.501.112
Segment Liabilities	148.360.737	69.572.454	74.062.774	-	291.995.965
Undistributed Liabilities	-	-	-	14.122.720	14.122.720
Shareholders' Equity	-	-	-	54.382.427	54.382.427
Total Liabilities					360.501.112

	Retail Banking	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period - 31 December 2018					
Operating Income	8.837.376	6.000.259	1.335.552	2.493.298	18.666.485
Profit from Operating Activities	3.840.279	619.144	1.005.889	1.200.984	6.666.296
Income from Subsidiaries	-	-	-	4.601	4.601
Income/(loss) from investments in subsidiaries					
consolidated based on equity method	-	-	-	304.959	304.959
Profit before Tax	3.840.279	619.144	1.005.889	1.510.544	6.975.856
Corporate Tax	-	-	-	(1.286.212)	(1.286.212)
Net Profit for the Period	3.840.279	619.144	1.005.889	224.332	5.689.644
Segment Assets	71.535.564	132.521.609	103.342.019	-	307.399.192
Investments in Associates	-	-	-	5.457.662	5.457.662
Undistributed Assets	-	-	-	14.785.271	14.785.271
Total Assets					327.642.125
Segment Liabilities	124.653.231	57.955.297	88.464.828	-	271.073.356
Undistributed Liabilities	-	-	-	12.759.680	12.759.680
Shareholders' Equity	-	-	-	43.809.089	43.809.089
Total Liabilities					327.642.125

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**SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash equivalents and the account of the CBRT:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	1.510.065	1.772.119	1.796.417	1.826.103
The CBRT (*)	733.159	25.808.586	2.928.915	23.504.830
Other (**)	-	69.988	-	57.527
Total	2.243.224	27.650.693	4.725.332	25.388.460

[*] Precious metal account amounting to TL 1.154.187 are included in FC. (31 December 2018: TL 3.432.683)

[**] Precious metal account amounting to TL 69.974 are included in FC. (31 December 2018: TL 57.522)

2. Information related to the account of the CBRT:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6.753	-	124	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	726.406	25.808.586	2.928.791	23.504.830
Total	733.159	25.808.586	2.928.915	23.504.830

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. The CBRT pays interest to banks that provide credit growth in accordance with the communiqué principles dated December 9, 2019 and numbered 2019/19, for Turkish Lira required reserves.

The required reserve rates for TL liabilities vary between 1% and 7% for TL deposits and other liabilities according to their maturities as of 31 December 2019 (31 December 2018: 1,5% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2019 (31 December 2018: 4% and 20% for all foreign currency liabilities).

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

As of 31 December 2019, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2018: None) and given as collateral/blocked (31 December 2018: None).

Other Financial Assets:

In the previous period, syndication loans extended to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial

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statements under the line "Assets for Sale and Discontinued Operations". As of 31 December 2019, the value of the part pursued as loan is TL 6.723.419, and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value decrease accounted for the total amount turned into credit and capital is TL 938.822, and the entire amount is classified under the item "Assets Held for Sale and Discontinued Operations".

Financial assets, whose fair value difference is reflected in profit and loss and the part that is transformed into capital, amount to TL 7.200.669 in total, these are measured at fair value within the scope of TFRS 9 Financial Instruments Standard and TFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard. This value is determined based on the valuation study of an independent valuation company. In this valuation study, the fair value was determined by taking into account the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). Within the scope of IFRS 13, loans are followed under Level 3. Possible changes in the basic assumptions in the valuation study will affect the carrying value of the loan and the amount converted into capital.

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation report are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 170 million or will decrease by TL 150 million.

The main purpose of the creditor banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. An international investment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. Within this context, necessary work and discussions with potential investors will be initiated.

c. Information on derivative financial assets held-for-trading:

Table of positive differences related to derivative financial assets (*)

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	482.816	-	1.004.135	-
Swap Transactions	5.987.707	4.519.244	11.441.676	4.645.436
Futures Transactions	-	-	-	-
Options	9.077	60.763	67.222	454.254
Other	-	-	-	-
Total	6.479.600	4.580.007	12.513.033	5.099.690

(*) Excluding hedging derivatives financial assets.

d. Information on banks and foreign banks:

1. Information on banks account:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	371	799.261	207	601.823
Foreign	251.091	15.546.023	463.733	16.936.222
Head Quarters and Branches Abroad	-	-	-	-
Total	251.462	16.345.284	463.940	17.538.045

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2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019	Prior Period 31 December 2018
European Union Countries	7.102.860	7.038.537	3.626.936	4.387.506
USA, Canada	4.627.643	5.329.591	-	615.389
OECD Countries (*)	65.098	16.399	-	-
Off-Shore Banking Regions	168	-	289.803	-
Other	84.606	12.533	-	-
Total	11.880.375	12.397.060	3.916.739	5.002.895

(*) OECD Countries other than EU countries, USA and Canada.

(**) Restricted amounts which mainly consist of collaterals related to borrowings are kept in several banks.

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

- As of 31 December 2019, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 7.479.313 (31 December 2018: TL 11.515.081); and those given as collateral/blocked amounting to TL 16.700.959 (31 December 2018: TL 8.421.116).
- Information on financial assets fair value through other comprehensive income:

	Current Period 31 December 2019	Prior Period 31 December 2018
Debt Securities	65.544.278	44.953.968
Quoted at Stock Exchange (*)	63.642.115	43.557.799
Unquoted at Stock Exchange	1.902.163	1.396.169
Share Certificates	16.217	13.455
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.217	13.455
Impairment Provision (-)	918.388	2.593.916
Total	64.642.107	42.373.507

(*) Investment funds are included.

f. Information related to loans:

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

	Current Period 31 December 2019		Prior Period 31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	1.440
Corporate Shareholders	-	97	-	1.440
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	6.444.515	1.048.264	5.281.095	1.073.121
Loans Granted to Employees	132.254	-	114.675	-
Total	6.576.769	1.048.361	5.395.770	1.074.561

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2. Information on standard loans and loans under follow-up including loans that have been restructured or rescheduled:

Current Period - 31 December	Loans under follow-up				
	Cash Loans	Standard Loans	Loans not subject to restructuring	Restructured Loans	
Loans with revised contract terms				Refinance	
Non-specialized Loans					
Loans given to enterprises	20.993.028	1.711.929	6.179	2.646.579	
Export Loans	9.186.116	191.573	26.535	216.764	
Import Loans	-	-	-	-	
Loans Given to Financial Sector	9.043.558	104	-	-	
Consumer Loans	28.687.077	2.459.337	944.603	23.315	
Credit Cards	14.579.181	892.762	647.945	-	
Other	76.373.938	7.097.378	180.269	13.068.925	
Specialized Loans	-	-	-	-	
Other Receivables	-	-	-	-	
Total	158.862.898	12.353.083	1.805.531	15.955.583	

Expected Credit Loss Stage I and Stage II	Current Period 31 December 2019		Prior Period 31 December 2018	
	Standard Loans	Loans under Follow-up	Standard Loans	Loans under Follow-up
12 Month Expected Credit Losses	578.360	-	637.503	-
Significant Increase in Credit Risk	-	3.355.385	-	2.741.613
Total	578.360	3.355.385	637.503	2.741.613

3. Breakdown of loans according to their maturities (*)

	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured or rescheduled
Short-term Loans	47.599.629	2.456.903	937.971
Medium and Long-Term Loans	111.263.269	9.896.180	16.823.143
Total	158.862.898	12.353.083	17.761.114

(*) The balances of loans at fair value profit or loss has not been included.

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

4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

Current Period - 31.12.2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	416.245	30.237.038	30.653.283
Mortgage Loans	641	9.304.396	9.305.037
Automotive Loans	499	136.892	137.391
Consumer Loans	415.105	20.795.750	21.210.855
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.065	1.065
Mortgage Loans	-	1.065	1.065
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	12.854.524	617.059	13.471.583
With Installment	4.719.975	616.476	5.336.451
Without Installment	8.134.549	583	8.135.132
Consumer Credit Cards-FC	14.658	-	14.658
With Installment	-	-	-
Without Installment	14.658	-	14.658
Personnel Loans-TL	3.762	70.496	74.258
Mortgage Loans	-	3.117	3.117
Automotive Loans	-	80	80
Consumer Loans	3.762	67.299	71.061
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	57.635	108	57.743
With Installment	20.366	108	20.474
Without Installment	37.269	-	37.269
Personnel Credit Cards-FC	253	-	253
With Installment	-	-	-
Without Installment	253	-	253
Credit Deposit Account - TL (Real Person)	1.385.726	-	1.385.726
Credit Deposit Account - FC (Real Person)	-	-	-
Total Consumer Loans	14.732.803	30.925.766	45.658.569

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

Prior Period - 31.12.2018	Short-term	Medium and Long-term	Total
Consumer Loans-TL	641.242	27.032.858	27.674.100
Mortgage Loans	1.600	10.799.366	10.800.966
Automotive Loans	1.211	136.735	137.946
Consumer Loans	638.431	16.096.757	16.735.188
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.289	1.289
Mortgage Loans	-	1.289	1.289
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	11.428.605	568.087	11.996.692
With Installment	3.869.730	566.715	4.436.445
Without Installment	7.558.875	1.372	7.560.247
Consumer Credit Cards-FC	11.816	-	11.816
With Installment	-	-	-
Without Installment	11.816	-	11.816
Personnel Loans-TL	5.100	57.903	63.003
Mortgage Loans	-	3.592	3.592
Automotive Loans	-	36	36
Consumer Loans	5.100	54.275	59.375
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	51.496	24	51.520
With Installment	16.959	24	16.983
Without Installment	34.537	-	34.537
Personnel Credit Cards-FC	152	-	152
With Installment	-	-	-
Without Installment	152	-	152
Credit Deposit Account-TL (Real Person)	1.403.700	-	1.403.700
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	13.542.111	27.660.161	41.202.272

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

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

Current Period - 31.12.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	159.072	13.267.296	13.426.368
Mortgage Loans	236	6.130	6.366
Automotive Loans	4.912	809	5.721
Consumer Loans	153.924	13.260.357	13.414.281
Other	-	-	-
FC Indexed Commercial Installment Loans	-	98.153	98.153
Mortgage Loans	-	521	521
Automotive Loans	-	-	-
Consumer Loans	-	97.632	97.632
Other	-	-	-
Commercial Installment Loans-FC	9.807	353.752	363.559
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.807	353.752	363.559
Other	-	-	-
Corporate Credit Cards-TL	2.561.575	10.361	2.571.936
With Installment	842.379	10.344	852.723
Without Installment	1.719.196	17	1.719.213
Corporate Credit Cards-FC	3.715	-	3.715
With Installment	-	-	-
Without Installment	3.715	-	3.715
Credit Deposit Account - TL (Legal Person)	1.029.463	-	1.029.463
Credit Deposit Account - FC (Legal person)	-	-	-
Total	3.763.632	13.729.562	17.493.194

Prior Period - 31.12.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.013.895	12.614.322	13.628.217
Mortgage Loans	5.555	8.397	13.952
Automotive Loans	38.764	66	38.830
Consumer Loans	969.576	12.605.859	13.575.435
Other	-	-	-
FC Indexed Commercial Installment Loans	4.555	353.390	357.945
Mortgage Loans	-	1.019	1.019
Automotive Loans	-	-	-
Consumer Loans	4.555	352.371	356.926
Other	-	-	-
Commercial Installment Loans-FC	8.487	199.661	208.148
Mortgage Loans	-	-	-
Automotive Loans	3.515	-	3.515
Consumer Loans	4.972	199.661	204.633
Other	-	-	-
Corporate Credit Cards-TL	2.693.636	50	2.693.686
With Installment	795.746	43	795.789
Without Installment	1.897.890	7	1.897.897
Corporate Credit Cards-FC	2.752	-	2.752
With Installment	-	-	-
Without Installment	2.752	-	2.752
Credit Deposit Account - TL (Legal Person)	1.159.752	-	1.159.752
Credit Deposit Account - FC (Legal person)	-	-	-
Total	4.883.077	13.167.423	18.050.500

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6. Loans according to types of borrowers:

	Current Period 31 December 2019	Prior Period 31 December 2018
Public	2.503.803	956.112
Private	201.330.372	185.420.188
Total	203.834.175	186.376.300

7. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers:

	Current Period 31 December 2019	Prior Period 31 December 2018
Domestic Loans	197.042.913	179.566.003
Foreign Loans	6.791.262	6.810.297
Total	203.834.175	186.376.300

8. Loans granted to investments in associates and subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Direct Loans Granted to Investments in Associates and Subsidiaries	727.217	291.767
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
Total	727.217	291.767

9. Credit-Impaired Losses (Stage III / Specific Provision):

	Current Period 31 December 2019	Prior Period 31 December 2018
Loans with Limited Collectibility	2.109.995	724.871
Loans with Doubtful Collectibility	2.054.098	1.226.217
Uncollectible Loans	4.182.743	2.611.760
Total	8.346.836	4.562.848

10. Information on non-performing loans (Net):

10. (i) Information on non-performing loans restructured or rescheduled and other receivables:

	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Current Period: 31 December 2019			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109
Prior Period: 31 December 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612

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10. (ii) Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited Collectibility	Doubtful Collectibility	
Prior Period End Balance: 31 December 2018	1.681.186	2.853.788	3.303.647
Additions (+)	9.140.694	959.803	402.980
Transfers from Other Categories of Non-Performing Loans (+)	-	6.418.830	5.625.402
Transfers to Other Categories of Non-Performing Loans (-)	6.418.830	5.625.402	-
Collections (-)	518.922	542.377	668.079
Write-offs (-) (**)	5.755	5.810	1.126.624
Sold Portfolio (-) (*)	163	1.140	616.148
Corporate and Commercial Loans	40	993	232.435
Consumer Loans	114	78	199.167
Credit Cards	9	68	184.546
Other	-	-	-
Balance at the End of the Period	3.878.210	4.057.692	6.921.178
Specific Provisions (-)	2.109.995	2.054.098	4.182.743
Net Balance at Balance Sheet	1.768.215	2.003.594	2.738.435

(*) TL 714 million (in full TL amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 32,9 million TL (in full TL amount) to İstanbul Varlık Yönetimi A.Ş. and Gelecek Varlık Yönetim A.Ş. 113,8 million TL portion of 714 million TL has been written off as of 2017 and before.

(**) The amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 27 November 2019 and numbered 30961 is 1.119.998 thousand TL and its effect on the NPL ratio is 51 basis point.

10. (iii) Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited Collectibility	Doubtful Collectibility	
Current Period: 31 December 2019			
Balance at the End of the Period	233.478	1.205.378	2.406.060
Specific Provision (-)	77.439	454.769	1.084.871
Net Balance on Balance Sheet	156.039	750.609	1.321.189
Prior Period: 31 December 2018			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
Net Balance at Balance Sheet	152.096	1.050.449	254.039

Non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

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

10. (iv) Breakdown of non-performing loans according to their gross and net values:

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited Collectibility	Doubtful Collectibility	
Current Period (Net): 31 December 2019			
Loans granted to corporate entities and real persons (Gross)	3.878.210	4.057.692	6.921.178
Specific Provision Amount (-)	2.109.995	2.054.098	4.182.743
Loans granted to corporate entities and real persons (Net)	1.768.215	2.003.594	2.738.435
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.303.647
Specific Provision Amount (-)	724.871	1.226.217	2.611.760
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	691.887
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

10. (v) Information on the collection policy of non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
Current Period: 31 December 2019			
Interest accruals and valuation differences	240.638	601.068	1.269.183
Provision (-)	126.357	342.227	755.419
Prior Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	119.378
Provision (-)	84.613	168.980	88.875

11. Information on the collection policy of non-performing loans and other receivables:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

12. Information on the write-off policy:

The general policy of the Bank in the deletion of NPLs from assets is that the receivables that are documented that the collection is not possible during the legal follow-up process and that are classified under the 5th group and do not have reasonable expectations regarding their recovery and 100% of all fraud and fraud-related follow-up accounts with a provision ratio. Legal proceedings are tracked from where they left off for the follow-up accounts that are not recorded in the legal proceedings.

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g. Financial assets measured at amortised cost:

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

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Given as collateral/blocked	352.296	-	-	659.977
Subject to repurchase agreements	145.327	1.229.269	151.531	2.482.866
Total	497.623	1.229.269	151.531	3.142.843

2. Information on government debt securities:

	Current Period 31 December 2019	Prior Period 31 December 2018
Government Bonds	13.080.081	9.062.489
Treasury Bills	-	-
Other Government Debt Securities	779.177	691.694
Total	13.859.258	9.754.183

3. Information on financial assets measured at amortised cost:

	Current Period 31 December 2019	Prior Period 31 December 2018
Debt Securities	15.602.379	12.328.067
Quoted at Stock Exchange	15.602.379	12.328.067
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	27.521	64.586
Total	15.574.858	12.263.481

4. The movement of financial assets measured at amortised cost:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	12.263.481	18.883.032
Foreign Currency Differences on Monetary Assets	414.623	1.683.147
Purchases During Year	5.397.163	1.654.189
Disposals Through Sales and Redemptions (*)	(3.214.762)	(10.713.907)
Impairment Provision (-)	37.065	184.506
Change in Amortized Cost	677.288	572.514
Balance at the End of the Period	15.574.858	12.263.481

(*) The Bank has reviewed its management model for securities in accordance with TFRS 9 standard in the prior period. Securities amounting to TL 4.927.185 previously classified as held to maturity and measured at amortized cost are classified to fair value through other comprehensive income because of the appropriate management model is intended to be used for selling or financing cash flows.

h. Information on investments in associates (Net):

1. Information about investments in associates:

Title	Address (City / Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1 Banklararası Kart Merkezi A.Ş.	Istanbul/Turkey	9,98	9,98
2 Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09

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2. Main financial figures of associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements date 30 September 2019.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	147.868	93.468	73.689	3.852	-	28.503	15.603	-
2	348.965	224.008	234.334	8.774	-	26.579	34.818	-

3. Movement schedule of investments in associates:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.521	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	1.598
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	5.521	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

i. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

The following amounts have been obtained from the financial statements as of 31 December 2019 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	360.007	96.802	10.534	740.648	27.000
Share Premium	-	-	-	-	-
Reserves	494.060	66.116	18.234	4.006.165	(14)
Gains recognized in equity as per TAS	-	(2.010)	(150)	-	-
Profit/Loss	95.149	362.028	108.825	364.203	(15.347)
- Net Current Period Profit	95.149	128.174	65.994	364.203	(12.255)
- Prior Year Profit/Loss	-	233.854	42.831	-	(3.092)
Development Cost of Operating Lease (-)	37	754	-	-	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.222	12.421	365	4.755	-
Total Common Equity	947.957	509.761	137.078	5.106.261	11.639
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
Total Tier I Capital	947.957	509.761	137.078	5.106.261	11.639
Tier II Capital	85.351	221	1	35.269	-
CAPITAL	1.033.308	509.982	137.079	5.141.530	11.639
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	1.033.308	509.982	137.079	5.141.530	11.639

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

2. Accounting method used for the valuation of subsidiaries: Disclosed in Note III of Section Three.
3. Information on subsidiaries:

Title	Address (City / Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1 Ak Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	99,99
2 Ak Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	100,00
3 Ak Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	100,00
4 Akbank AG	Frankfurt/Germany	100,00	100,00
5 AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul/Turkey	100,00	100,00

4. Main financial figures of consolidated subsidiaries, in the order of the above table:

The financial figures have been obtained from the financial statements as at 31 December 2019 prepared in accordance with local regulations.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.859.395	947.893	32.832	492.229	-	95.149	(81.083)	-
2	1.241.943	522.936	19.479	321.198	9.391	128.174	113.732	-
3	157.748	137.443	5.153	14.128	-	65.994	42.277	-
4	29.795.339	5.111.016	51.060	1.323.785	113.336	364.203	233.114	-
5	18.585	11.639	1.282	1.326	-	(12.255)	(3.092)	-

5. Movement schedule of subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.452.141	4.133.098
Movements During the Period		
Additions (*)	139.981	62.000
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	640.370	304.959
Sales/Liquidation	-	-
Revaluation Increase (**)	498.293	952.084
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.730.785	5.452.141
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) These amounts arise from the capital increase of Ak Finansal Kiralama A.Ş. which is 99.99% subsidiary of the Bank by TL 125.000 for the current period and arise from 15.000 TL increase on AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly-owned subsidiary of the Bank, and for the prior period, TL 12,000 that was paid by the Bank for AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly-owned subsidiary of the Bank as founding capital and the capital increase Ak Yatırım Menkul Değerler A.Ş. which is a wholly-owned subsidiary of the Bank by TL 50.000.

(**) Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

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

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

Subsidiaries	Current Period 31 December 2019	Prior Period 31 December 2018
Banks	5.111.016	4.248.193
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	947.751	727.051
Finance Companies	-	-
Other Financial Subsidiaries	672.018	476.897

7. Subsidiaries quoted to a stock exchange: None.

j. **Information on joint ventures:** None (31 December 2018: None).

k. **Information on finance lease receivables (Net):** None (31 December 2018: None).

l. **Information on the Hedging Derivative Financial Assets:**

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	3.072.295	151.377	2.957.837	109.839
Cash Flow Hedge	2.093.795	33.218	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-	-	-
Total	5.166.090	184.595	4.693.776	363.508

m. **Information on property and equipment:**

The "IFRS 16 Leases" Standard was published in the Official Gazette no.29826 dated 16 April 2018 to be applied in the accounting periods starting after 31 December 2018. The Bank has applied the IFRS 16 "Leases" standard, which replaces TAS 17 "Leasing Transactions", as of January 1, 2019, the first implementation date and the transition effect is indicated in the table below.

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2018				
Cost	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation (-)	138.749	954.721	0	1.093.470
Net Book Value	2.953.624	646.998	347.795	3.948.417
Current Period End: 31 December 2019				
Net Book Value at the Beginning of the Period	2.953.624	646.998	347.795	3.948.417
IFRS 16 Transition Effect				
Cost	740.988	-	-	740.988
Accumulated Depreciation (-)	290.240	-	-	290.240
Additions	164.381	584.896	81.576	830.853
Investment Properties Revaluation differences	-	-	-	-
Transferred	422.302	-	(422.302)	-
Disposals (-), net	40.098	750	-	40.848
Depreciation (-)	109.675	215.513	-	325.188
Impairment	-	-	-	-
Cost at Period End	4.317.812	2.136.545	7.069	6.461.426
Accumulated Depreciation at Period End (-)	476.530	1.120.914	-	1.597.444
Closing Net Book Value	3.841.282	1.015.631	7.069	4.863.982

(* Immovables includes the asset usage rights of the real estates rented under the "IFRS 16 Leases" Standard. As of 31 December 2019, asset usage rights are TL 767.786, and accumulated depreciation amount is TL 308.557.

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	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2017				
Cost	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation(-)	138.749	954.721	-	1.093.470
Net Book Value	2.953.624	646.998	347.795	3.948.417
Current Period End: 31 December 2018				
Net Book Value at the Beginning of the Period	2.948.920	421.417	46.101	3.416.438
Additions	23.900	380.882	313.680	718.462
Investment Properties Revaluation differences Transferred	-	-	-	-
Disposals (-), net	11.986	-	(11.986)	-
Depreciation (-)	4.404	772	-	5.176
Impairment	27.207	154.529	-	181.736
Cost at Period End	429	-	-	429
Accumulated Depreciation at Period End (-)	3.092.373	1.601.719	347.795	5.041.887
	138.749	954.721	-	1.093.470
Closing Net Book Value	2.953.624	646.998	347.795	3.948.417

As of 31 December 2018, net book value of the tangible fixed assets obtained by financial leasing is TL 64.056.

n. Information on intangible assets:

1. Cost and accumulated amortization at the beginning and end of the period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cost	1.423.037	1.344.288
Accumulated Amortization (-)	489.058	720.045
Net Book Value	933.979	624.243

2. Reconciliation of movements for the current period and prior period:

	Current Period 31 December 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	624.243	471.650
Additions	493.127	322.126
Disposals (-), net	118	-
Depreciation (-)	183.273	169.533
Closing Net Book Value	933.979	624.243

- o. Information on the investment properties:** None (31 December 2018: None).

p. Information on deferred tax asset:

As of 31 December 2019, the Bank has 2.438 TL deferred tax asset (31 December 2018: TL 23.410). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities and provision for employee rights.

Deferred tax assets and liabilities which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation are netted-off and accounted. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

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	Accumulated temporary differences		Deferred tax assets/(liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Employee benefits	434.942	311.510	95.687	68.532
Expected Credit Loss Provisions (Stage 1-2)	4.384.835	3.799.336	964.664	836.514
Differences between book value and tax base of property, plant and equipment	(1.058.181)	(740.506)	(232.800)	(162.911)
Differences between book value and tax base of financial assets	(6.985.720)	(3.509.077)	(1.519.478)	(765.191)
Investment Properties Revaluation differences	(2.460.656)	(2.461.256)	(300.168)	(300.829)
Other	1.319.199	289.095	290.224	63.600
Deferred Tax Asset/(Liabilities) Net			(701.871)	(260.285)

r. Information on property and equipment held for sale and related to discontinued operations:

	Current Period 31 December 2019	Prior Period 31 December 2018
Cost	636.090	90.384
Accumulated Depreciation (-)	73	79
Net Book Value	636.017	90.305

	Current Period 31 December 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	90.305	57.520
Additions (*)	1.519.564	70.412
Disposals (-), net	34.985	37.545
Impairment (-)	938.867	82
Depreciation (-)	-	-
Closing Net Book Value	636.017	90.305

(*) As stated in Note I-b of Section Five, the Bank has 35.56% participation in the newly established LYY Telekomünikasyon A.Ş., and has reclassified its 18 TL shares under fair value through other comprehensive income in the prior period. Within this scope, for the current period the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from 18 TL to 1.416.090 TL. Related amounts are presented in the "additions" row of table above. The fair value decrease amount of 938.822 TL that the Bank has calculated for LYY Telekomünikasyon A.Ş. is shown in the "impairment" row of the table above.

s. Information on other assets:

Other assets amounting to TL 5.426.550 (31 December 2018: TL 6.038.884) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of the deposits: There are no seven-day notification deposits.

1 (i). Current Period – 31 December 2019:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	10.127.048	10.183.799	41.122.113	182.618	262.221	531.691	12.977	62.422.467
Foreign Currency Deposits	23.853.639	13.620.278	72.689.822	1.976.053	1.398.287	3.965.590	1.154	117.504.823
Residents in Turkey	22.388.628	13.463.878	69.046.946	1.838.378	900.541	2.387.611	1.102	110.027.084
Residents Abroad	1.465.011	156.400	3.642.876	137.675	497.746	1.577.979	52	7.477.739
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	1.183.421
Commercial Deposits	8.529.451	8.303.694	10.753.261	229.160	83.142	58.392	-	27.957.100
Other Institutions Deposits	272.526	829.067	2.177.831	46.465	6.085	971	-	3.332.945
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	4.491.847
Interbank Deposits	1.547.408	480.512	4.436.295	430.526	254.539	12.644	-	7.161.924
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	11.470	19.373	200.551	332.045	173.450	-	-	736.889
Foreign Banks	238.602	461.139	4.235.744	98.481	81.089	12.644	-	5.127.699
Participation Banks	1.297.336	-	-	-	-	-	-	1.297.336
Other	-	-	-	-	-	-	-	-
Total	49.619.288	33.431.629	131.210.733	2.868.193	2.272.978	4.637.575	14.131	224.054.527

1 (ii). Prior period - 31 December 2018:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	6.822.980	6.345.090	36.807.153	1.721.311	3.056.761	1.092.246	20.081	55.865.622
Foreign Currency Deposits	20.486.286	14.924.449	53.057.717	1.775.228	5.318.165	3.180.646	1.781	98.744.272
Residents in Turkey	19.558.995	14.662.394	49.737.935	1.291.185	1.135.781	1.590.011	1.622	87.977.923
Residents Abroad	927.291	262.055	3.319.782	484.043	4.182.384	1.590.635	159	10.766.349
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	1.118.222
Commercial Deposits	6.767.674	5.804.222	6.575.839	247.305	153.440	306.084	-	19.854.564
Other Institutions Deposits	250.105	469.459	1.277.231	10.479	629.880	237.530	-	2.874.684
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	2.484.399
Interbank Deposits	1.477.434	1.476.165	3.737.561	301.072	457.058	-	-	7.449.290
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	10.485	1.438.256	81.704	6.275	342.171	-	-	1.878.891
Foreign Banks	112.726	37.909	3.655.857	294.797	114.887	-	-	4.216.176
Participation Banks	1.354.223	-	-	-	-	-	-	1.354.223
Other	-	-	-	-	-	-	-	-
Total	39.151.132	29.038.848	101.480.333	4.062.979	9.801.111	4.834.788	21.862	188.391.053

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2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019	Prior Period 31 December 2018
Saving Deposits	30.875.550	23.246.737	30.609.809	32.618.885
Foreign Currency Saving Deposits	16.110.198	10.341.024	56.626.928	50.682.638
Other Deposits in the Form of				
Saving Deposits	2.373.387	1.256.207	1.807.082	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

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

	Current Period 31 December 2019	Prior Period 31 December 2018
Foreign Branches' Deposits and other accounts	18	375
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 and Children in care	1.625.947	1.208.455
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 Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

(i). Table of derivative financial liabilities (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	143.501	-	344.315	-
Swap Transactions	6.134.864	1.316.141	10.338.317	975.810
Futures Transactions	-	-	-	-
Options	5.686	94.511	2.892	606.511
Other	-	-	-	-
Total	6.284.051	1.410.652	10.685.524	1.582.321

(*) Excluding hedge transactions.

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	302.890	801.659	253.088	375.142
From Foreign Banks, Institutions and Funds	-	30.266.547	398.158	38.700.777
Total	302.890	31.068.206	651.246	39.075.919

2. Information on maturity structure of borrowings

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Short-term	302.890	641.868	253.088	1.515.561
Medium and Long-term	-	30.426.338	398.158	37.560.358
Total	302.890	31.068.206	651.246	39.075.919

Securitized borrowings procured via A.R.T.S. Ltd. ("Structured Entity") which the Bank has 100% controlling power, are included in external funding sources of the Bank. Under the securitization program agreements, the Bank has sold foreign trade and customer receivables to A.R.T.S. Ltd.

3. The liabilities providing the funding sources of the Bank are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Bank and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Bank.

d. Information on securities issued (Net):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Bank bills	2.372.587	-	2.042.561	-
Bonds	2.532.944	8.612.669	1.907.081	8.202.364
Total	4.905.531	8.612.669	3.949.642	8.202.364

e. Information on other foreign liabilities:

Other foreign liabilities listed in "Other Liabilities" amounting to TL 2.127.772 (31 December 2018: TL 3.246.378) and do not exceed 10% of the total balance sheet.

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f. Information on financial leasing agreements:

With the "IFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees. Implementation and impacts on transition of IFRS 16 are presented in Note XXIX of Section Three.

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	Gross	Net	Gross	Net
Less Than 1 Year	150.140	63.805	29.392	25.048
Between 1-4 Years	388.038	188.559	-	-
More Than 4 Years	490.565	322.189	-	-
Total	1.028.743	574.553	29.392	25.048

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	71.230	191.806	2.611	41.041
Cash Flow Hedge	848.039	53.065	644.958	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	919.269	244.871	647.569	41.041

h. Information on provisions:

1. Information on reserves for employee rights:

Balance Sheet Obligations for:	Current Period	Prior Period
	31 December 2019	31 December 2018
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	316.980	208.632
- Reserve for unused vacation	117.962	102.878
Total	434.942	311.510

1. (i). Employment termination benefits and unused vacation rights:

According to Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The compensation amount equals to one month's salary of an employee for each year of service, but this amount is limited up to severance limit decided by law. This liability is not subject to any funding legally and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current Period 31 December 2019	Prior Period 31 December 2018
Discount Rate (%)	3,97	5,73
Rate for the Probability of Retirement (%)	95,13	94,45

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The principal actuarial assumption is that the current 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.

The amount of TL 6.730,15 (full TL) (1 January 2019: TL 6.017,60 (full TL)) effective from 1 January 2020 has been taken into consideration in calculating the reserve for employee termination benefits.

Movements in the reserve for employment termination benefits during the period are as follows:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Prior Period Closing Balance	208.631	204.276
Recognized as an Expense During the Period	84.344	68.105
Actuarial Loss / (Gain)	88.706	(6.579)
Paid During the Period	(64.701)	(57.171)
Balance at the End of the Period	316.980	208.631

As of 31 December 2019, the Bank has allocated vacation liability amounting to TL 117.962 (31 December 2018: TL 102.878).

1. (ii). Post-employment benefits:

The Bank's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Based on the actuary reports, as of 31 December 2019, deficit of the Fund amounts to TL 38.125 (31 December 2018: TL 6.194 excess).

	Current Period	Prior Period
	31 December 2019	31 December 2018
Total Obligations	(6.729.229)	(5.784.979)
Cash value of future contributions	4.895.180	4.163.438
Total Transfer Obligations to SSI	(1.834.049)	(1.621.541)
Past service obligation	(269.546)	(167.755)
Total Transfer to SSI and Other Obligations	(2.103.595)	(1.789.296)
Fair value of assets	(2.065.470)	(1.795.490)
Deficit	(38.125)	6.194

The amount of the post-employment medical benefits transferrable to SSI is calculated over discounted net present value of medical liabilities and health premiums.

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Discount rate		
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits	3,97%	5,73%

Mortality rate

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 19 years for men and 24 years for women.

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The movement in the fair value of plan assets of the year is as follows:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Prior period end	1.795.491	1.551.402
Actual return on plan assets	333.700	338.869
Employer contributions	343.326	232.880
Employee contributions	232.839	199.473
Benefits paid	(639.886)	(527.133)
Period end	2.065.470	1.795.491

Plan assets are comprised as follows:

	Current Period		Prior Period	
	31 December 2019		31 December 2018	
Bank placements	1.181.437	57%	1.160.797	65%
Property and equipment	17.495	1%	17.975	1%
Marketable securities and share certificates	571.189	28%	358.510	20%
Other	295.349	14%	258.209	14%
Period end	2.065.470	100%	1.795.491	100%

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

As of 31 December 2019, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2018: None).

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash: Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 297.102 as of 31 December 2019 (31 December 2018: TL 378.740).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 650.000 (31 December 2018: TL 550.000).

The Bank has provided free provision amounting TL 650.000 thousand out of which TL 100.000 thousand had been recognized in current period and TL 550.000 thousand had been recognized in prior years. (31 December 2018: TL 550.000).

4 (ii). Information on provisions for banking services promotion:

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 52.721 (31 December 2018: TL 50.044).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVIII of Section Three. As of 31 December 2019, the corporate tax liability after the deduction of temporary taxes paid is TL 273.982 (31 December 2018: None). As of 31 December 2019, the Bank has no current tax asset (31 December 2018: TL 262.217).

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1 (i). Information on taxes payable:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Corporate Taxes Payable	273.982	-
Taxation on Marketable Securities	187.962	165.369
Property Tax	2.383	1.983
Banking Insurance Transaction Tax (BITT)	182.507	196.929
Foreign Exchange Transaction Tax	4.875	-
Value Added Tax Payable	12.527	13.657
Other	89.368	121.816
Total	753.604	499.754

1 (ii). Information on premium payables:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	1	1
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.678	1.423
Unemployment Insurance – Employer	3.355	2.847
Other	348	363
Total	5.388	4.640

2. Information on deferred tax liability:

As of 31 December 2019, Turkish Lira deferred tax liability of the Bank amounts to TL 704.309 (31 December 2018: TL 283.695). An explanation about the net deferred tax asset is given in Note I-p of Section Five.

j. Information on subordinated loan (*):

	Current Period		Prior Period	
	31 December 2019		31 December 2018	
	TL	FC	TL	FC
To be included in the calculation of additional capital				
borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	5.381.534	-	4.784.477
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	5.381.534	-	4.784.477
Total	-	5.381.534	-	4.784.477

(*) Explanation about the subordinated loans is given in Note I-b of Section Four.

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k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period 31 December 2019	Prior Period 31 December 2018
Common Stock	5.200.000	4.000.000
Preferred Stock	-	-

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Share Capital	5.200.000	10.000.000

3. Capital increases and sources in the current period and other information based on increased capital shares:

Date	Amount	Cash	Profit reserves subject to increase	Capital reserves subject to increase
28 February 2019	1.200.000	1.200.000	-	-

The explanation of the capital increase is disclosed in the footnote XX of Section Three

4. Information on share capital increases from capital reserves during the current period: None.
5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators;

The Bank has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Bank continues to its operations with strong shareholders' equity.

7. Information on privileges given to shares representing the capital: None.
8. Information on marketable securities value increase fund:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	854.152	825.085	854.478	581.490
Valuation Difference	113.916	(83.371)	(1.769.593)	(1.141.797)
Foreign Currency Differences	-	-	-	-
Total	968.068	741.714	(915.115)	(560.307)

(*) Refers to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note of III of the Section Three.

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

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 14.762.968 asset purchase commitments (31 December 2018: TL 15.158.299), TL 23.193.073 commitments for credit card limits (31 December 2018: TL 19.788.847), TL 2.632.311 commitments for cheque books (31 December 2018: TL 2.514.769).

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

The Bank has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

- 2 (i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	Current Period 31 December 2019	Prior Period 31 December 2018
Bank Acceptance Loans	50.678	2.740.341
Letters of Credit	4.366.865	6.562.959
Other Guarantees and Warranties	7.906.461	8.977.106
Total	12.324.004	18.280.406

- 2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period 31 December 2019	Prior Period 31 December 2018
Revocable Letters of Guarantee	1.081.737	1.015.501
Irrevocable Letters of Guarantee	17.634.443	20.344.230
Letters of Guarantee Given in Advance	1.922.507	2.723.574
Guarantees Given to Customs	2.249.728	2.094.996
Other Letters of Guarantee	8.234.994	8.878.849
Total	31.123.409	35.057.150

3. Information on non-cash loans:

- (i). Total amount of non-cash loans:

	Current Period 31 December 2019	Prior Period 31 December 2018
Non-cash Loans Given against Cash Loans	12.783.000	10.507.617
With Original Maturity of 1 Year or Less Than 1 Year	5.064.000	5.190.839
With Original Maturity of More Than 1 Year	7.719.000	5.316.778
Other Non-cash Loans	30.664.413	42.829.939
Total	43.447.413	53.337.556

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

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(ii). Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2019				Current Period 31 December 2018			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	18.735	0,10	14.336	0,06	23.433	0,11	6.801	0,02
Farming and Raising								
Livestock	1.394	0,01	14.336	0,06	1.020	0,00	-	0,00
Forestry	17.302	0,09	-	0,00	21.678	0,10	-	0,00
Fishing	39	0,00	-	0,00	735	0,00	6.801	0,02
Manufacturing	3.934.128	19,76	10.597.615	45,06	4.725.707	21,33	12.685.872	40,68
Mining	77.629	0,39	108.268	0,46	60.568	0,27	164.438	0,53
Production	2.948.379	14,81	8.727.588	37,11	3.412.643	15,41	11.151.343	35,76
Electric, Gas and Water	908.120	4,56	1.761.759	7,49	1.252.496	5,65	1.370.091	4,39
Construction	2.981.820	14,97	5.116.263	21,76	3.380.984	15,26	4.735.272	15,18
Services	12.238.861	61,46	5.876.277	24,99	13.301.520	60,05	10.925.029	35,03
Wholesale and Retail Trade	8.664.782	43,52	2.213.970	9,41	8.235.314	37,18	6.491.677	20,82
Hotel, Food and Beverage Services	122.287	0,61	191.394	0,81	130.842	0,59	130.856	0,42
Transportation and Telecommunication	493.055	2,48	782.390	3,33	448.191	2,02	446.583	1,43
Financial Institutions	2.694.689	13,53	2.487.109	10,58	4.222.399	19,06	3.646.654	11,69
Real Estate and Leasing Services	17.891	0,09	34.858	0,15	20.016	0,09	40.439	0,13
Self-Employment Services	30.955	0,16	4.297	0,02	20.135	0,09	4.620	0,01
Education Services	24.535	0,12	5.869	0,02	28.564	0,13	8.553	0,03
Health and Social Services	190.667	0,96	156.390	0,66	196.059	0,89	155.647	0,50
Other	738.469	3,71	1.930.909	8,13	718.865	3,25	2.834.073	9,09
Total	19.912.013	100,00	23.535.400	100,00	22.150.509	100,00	31.187.047	100,00

(iii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	18.458.893	21.912.565	1.235.464	1.581.983
Letters of Guarantee	15.559.442	12.623.949	1.179.152	1.502.408
Bank Acceptances	-	50.678	-	-
Letters of Credit	8.409	4.286.549	-	71.906
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	14.790	-	-
Other Commitments and Contingencies	2.891.042	4.936.599	56.312	7.669

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b. Information on derivative transactions:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	268.116.019	364.299.428
FC Trading Forward Transactions	20.638.249	28.251.475
Trading Swap Transactions	236.390.462	279.960.704
Futures Transactions	170.951	-
Trading Option Transactions	10.916.357	56.087.249
Interest Related Derivative Transactions (II)	174.580.336	157.104.278
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	153.305.264	137.692.000
Interest Rate Options	21.275.072	19.412.278
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	22.180.546	25.036.577
A. Total Trading Derivative Transactions (I+II+III)	464.876.901	546.440.283
Types of Hedging Transactions		
Fair Value Hedges	26.749.047	21.168.037
Cash Flow Hedges	37.845.245	40.895.518
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	64.594.292	62.063.555
Total Derivative Transactions (A+B)	529.471.193	608.503.838

c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2019, the Bank has credit default swap of TL 1.047.840 (31 December 2018: TL 5.943.800).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 67.183 (31 December 2018: TL 52.249) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

2. Contingent Assets:

None.

e. Explanations on the activities carried out on behalf and account of other persons:

The policy is explained on note IX in Section Four.

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Short-term Loans	9.281.399	671.360	9.331.145	244.314
Medium and Long-term Loans	12.314.718	3.933.849	11.444.804	3.906.326
Interest on Loans Under Follow-Up	650.479	-	241.006	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	22.246.596	4.605.209	21.016.955	4.150.640

(*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From the CBRT	467	-	222.229	1.673
From Domestic Banks	238.891	6.658	60.621	18.550
From Foreign Banks	65.752	355.447	44.477	349.267
From Headquarters and Branches Abroad	-	-	-	-
Total	305.110	362.105	327.327	369.490

3. Information on interest income on marketable securities:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	864	193	-	-
Financial Assets at Fair Value through Other Comprehensive Income	3.893.628	1.139.951	4.669.923	837.011
Financial Assets Measured at Amortised Cost	1.042.642	229.585	1.100.786	293.674
Total	4.937.134	1.369.729	5.770.709	1.130.685

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

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Interests Received From Investments in Associates and Subsidiaries		61.468		38.840

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

b. Information on interest expense:

1. Information of interest expense on borrowings (*):

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Banks	55.363	1.239.633	62.052	1.295.977
The CBRT	-	-	-	-
Domestic Banks	41.433	11.670	17.240	8.073
Foreign Banks	13.930	1.227.963	44.812	1.287.904
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	200.393	-	141.416
Total	55.363	1.440.026	62.052	1.437.393

(*) Fee and commission expense from cash loans are included.

2. Information on interest expense given to associates and subsidiaries:

	Current Period 31 December 2019	Prior Period 31 December 2018
To Associates and Subsidiaries	30.698	63.688

3. Information on interest expense given to securities issued:

	Current Period 31 December 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Interest expense on securities issued	1.172.059	777.354	700.228	677.657

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 31.12.2019	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	39.711	95.669	64.182	4.426	2.418	1.865	208.271
Saving Deposits	-	1.053.956	6.438.747	95.906	316.340	200.960	8.105.909
Public Sector Deposits	-	2.888	4.477	344	17	57	7.783
Commercial Deposits	-	1.181.280	1.763.408	21.237	32.761	49.695	3.048.381
Other Deposits	7	67.987	422.790	7.447	64.684	11.408	574.323
Total	39.718	2.401.780	8.693.604	129.360	416.220	263.985	11.944.667
FC							
Foreign Currency Deposits	-	351.043	1.703.220	43.710	64.545	64.587	2.227.105
Bank Deposits	676	2.259	94.149	8.790	13.693	246	119.813
Precious Metals Deposits	-	1	36	-	2.108	683	2.828
Total	676	353.303	1.797.405	52.500	80.346	65.516	2.349.746
Grand Total	40.394	2.755.083	10.491.009	181.860	496.566	329.501	14.294.413

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

Prior Period - 31.12.2018	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	18.990	231.687	37.747	8.159	4.149	-	300.732
Saving Deposits	-	1.441.959	5.843.666	119.559	151.457	95.007	7.651.648
Public Sector Deposits	-	6.022	2.890	273	8	45	9.238
Commercial Deposits	-	1.016.865	1.730.627	72.544	49.464	71.300	2.940.800
Other Deposits	4	65.553	276.323	23.291	27.653	35.143	427.967
Total	18.994	2.762.086	7.891.253	223.826	232.731	201.495	11.330.385
FC							
Foreign Currency Deposits	-	521.289	2.057.057	90.111	252.711	58.574	2.979.742
Bank Deposits	567	32.337	130.564	16.835	11.653	313	192.269
Precious Metals Deposits	-	1	180	23	1.636	640	2.480
Total	567	553.627	2.187.801	106.969	266.000	59.527	3.174.491
Grand Total	19.561	3.315.713	10.079.054	330.795	498.731	261.022	14.504.876

c. Information on dividend income:

	Current Period 31 December 2019	Prior Period 31 December 2018
From Financial Assets at Fair Value Through Profit or Loss	1.106	-
From Financial Assets at Fair Value Through Other		
Comprehensive Income	3.517	1.755
Other	1.886	2.846
Total	6.509	4.601

d. Information on trading profit/loss (Net):

	Current Period 31 December 2019	Prior Period 31 December 2018
Profit	966.498.131	1.442.795.172
Income From Capital Market Transactions	435.262	542.691
Income From Derivative Financial Transactions (*)	34.601.436	30.432.004
Foreign Exchange Gains	931.461.433	1.411.820.477
Loss (-)	967.207.642	1.443.130.761
Loss from Capital Market Transactions	157.126	1.648.297
Loss from Derivative Financial Transactions (*)	33.087.527	25.380.430
Foreign Exchange Loss	933.962.989	1.416.102.034
Total (Net)	(709.511)	(335.589)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.949.944 (31 December 2018: TL 2.809.149).

e. Explanations on other operating income:

Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and provisions that have been set aside in prior periods and reversed in the current year with the sale from non-performing loans portfolio.

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f. Provision expenses related to loans and other receivables of the Bank:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Expected Credit Loss	6.661.947	6.367.623
12 month expected credit loss (Stage 1)	268.859	135.542
Significant increase in credit risk (Stage 2)	316.178	347.115
Non-performing loans (Stage 3)	6.076.910	5.884.966
Marketable Securities Impairment Expense	28	382
Financial Assets at Fair Value through Profit or Loss	28	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	382
Investments in Associates, Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	1.091.231	102.538
Total	7.753.206	6.470.543

(*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations and free provision allocated in the current year.

g. Information related to other operating expenses:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Reserve for Employee Termination Benefits	19.643	10.936
Bank Social Aid Fund Deficit Provision	38.125	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	325.187	181.736
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	183.273	169.533
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	44	82
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	2.649.252	2.413.939
Leasing Expenses on TFRS 16 Exceptions (*)	112.417	230.043
Maintenance Expenses	54.844	60.102
Advertisement Expenses	138.693	120.903
Other Expenses	2.343.298	2.002.891
Loss on Sales of Assets	1.293	413
Other	742.580	629.810
Total	3.959.397	3.406.449

(*) 31 December 2018 amounts are all finance lease expenses.

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h. Information on profit/(loss) from continued and discontinued operations before tax:

The Bank's income before tax consists of net interest income amounting to TL 15.712.937, net fees and commission income amounting to TL 4.634.359 and the amount of other operating expense is TL 6.548.968.

The Bank has no discontinued operations.

i. Information on tax provision of continued and discontinued operations:

As of 31 December 2019, the Bank has a current tax expense of TL 1.609.738 (31 December 2018: TL 818.761), deferred tax expense of TL 583.474 (31 December 2018: TL 967.998) and a deferred tax income of TL 809.346 (31 December 2018: TL 500.547).

The Bank has no discontinued operations.

j. Explanations on current period net profit and loss of continued and discontinued operations:

Net profit of the Bank is TL 5.417.468 (31 December 2018: TL 5.689.644).

The Bank has no discontinued operations.

k. Explanations on current period net profit and loss:

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Bank for the current period: None.
2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there is a possibility that the profit and loss for the current or the following periods will be impacted: None.

l. Other figures on profit and loss statement:

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.

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V. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

a. Information on distribution of profit:

The Ordinary General Assembly Meeting of the Bank was held on 25 March 2019. It was also resolved in the General Assembly to allocate TL 5.689.644 which is realized as unconsolidated net profit as extraordinary reserves.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

b. Information on hedge funds:

Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2019, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL 1.566 (31 December 2018: TL 7.263).

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

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed of or impaired.

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalents:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Cash	10.245.590	4.266.470
Cash, Foreign Currency and Other	3.622.525	2.205.222
Demand Deposits in Banks (*)	6.623.065	2.061.248
Cash Equivalents	7.234.608	6.668.762
Interbank Money Market Placements	537.746	1.544.270
Time Deposits in Banks	6.689.000	5.117.991
Marketable Securities	7.862	6.501
Total Cash and Cash Equivalents	17.480.198	10.935.232

(*) The restricted demand accounts are not included.

2. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
	31 December 2019	31 December 2018
Cash	11.741.651	10.245.590
Cash, Foreign Currency and Other	3.282.198	3.622.525
Demand Deposits in Banks (*)	8.459.453	6.623.065
Cash Equivalents	4.094.333	7.234.609
Interbank Money Market Placements	-	537.746
Time Deposits in Banks	3.978.195	6.689.000
Marketable Securities	116.138	7.862
Total Cash and Cash Equivalents	15.835.984	17.480.199

(*) The restricted demand accounts are not included.

b. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (2.511.902) (31 December 2018: TL (3.174.819) TL) consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL (10.271.939) (31 December 2018: TL (18.954.606) TL) consists mainly of changes in funds from repurchase agreements, miscellaneous payables and other liabilities.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 2.795.591 (31 December 2018: TL 4.232.846).

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VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

Information on the volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Current Period – 31 December 2019:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans					
Balance at the Beginning of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Balance at the End of the Period	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Interest and Commission Income Received	61.468	187	844.512	7.291	691	77

According to the German deposit insurance law, the Bank has given a "letter of undertaking" to the German Banking Institute related to Akbank AG, a subsidiary of the Bank. This letter of undertaking amounts to TL 11.033.880 as of 31 December 2019 (31 December 2018: TL 10.613.539).

2. Prior Period - 31 December 2018:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans					
Balance at the Beginning of the Period	346.273	274.819	5.560.592	923.699	-	-
Balance at the End of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Interest and Commission Income Received	38.840	202	512.592	7.893	651	42

3. Information on deposits of the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		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
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Balance at the Beginning of the Period	417.786	836.532	5.011.285	3.074.694	1.228.947	2.311.399
Balance at the End of the Period	569.432	417.786	4.572.838	5.011.285	1.403.075	1.228.947
Interest expense on Deposits	30.698	63.688	280.932	506.095	125.657	108.540

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

4. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		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
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	3.860.965	3.501.130	10.451.000	13.638.708	-	-
Balance at the End of the Period	2.916.547	3.860.965	11.408.705	10.451.000	-	-
Total Income/Loss	(2.216)	15.592	(8.668)	42.206	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 31 December 2019, the net exposure for investments in associates and subsidiaries is TL (822) (31 December 2018: TL 184.140). For direct and indirect shareholders of the Bank TL (184.042) (31 December 2018: TL (303.581)).

5. Information regarding benefits provided to the Bank's key management:

As of 31 December 2019 benefits provided to the Bank's key management amounting to TL 47.748 (31 December 2018: TL 41.555).

VIII. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	770	12.750			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-shore Banking					
Region Branches	1	13	Malta	42.742.096	-

3. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2019, the Bank has closed up 10 domestic branches.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Due to the violation of Article 32 of the Insurance Law and other relevant legislation provisions by the General Directorate of Insurance by the Ministry of Treasury and Finance; It was decided to impose an administrative fine of 94.703.256 TL on our bank and to temporarily cease the insurance brokerage activity between 15 January 2020 and 13 February 2020 for 15 days.

The administrative fine is due to 17/6 of the Misdemeanors Law No. 5326. In accordance with the article, it will be paid by taking advantage of 25% cash discount and insurance intermediary will be stopped between the specified dates.

The administrative suspension and the decision to cease this activity will not have a material impact on our Bank's financial statements.

**SECTION SIX
OTHER EXPLANATIONS**

I. OTHER EXPLANATIONS

None.

**SECTION SEVEN
EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT**

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the period ended 31 December 2019 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2020 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.