

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

Unconsolidated Financial Statements  
As of and For the Three Month Period Ended 31 March 2020  
With Independent Auditors' Review Report  
(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)

Convenience Translation of the Independent Auditor's Review Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

## **REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası A.Ş.

### **Introduction**

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

### **Scope of review**

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Kalkınma ve Yatırım Bankası A.Ş. at 31 March 2020, and its unconsolidated financial performance and its cash flows for the three-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Report on other regulatory requirements arising from legislation*

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

### *Additional paragraph for convenience translation to English*

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

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

Erdal Tıkmak, SMMM  
Partner

7 May 2020  
İstanbul, Turkey

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 MARCH 2020**

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The unconsolidated financial report for three months includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES OF THE BANK
- INFORMATION ON THE FINANCIAL STRUCTURE OF THE BANK
- DISCLOSURES AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for three months which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks’ Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

**Hayrettin DEMİRCAN**  
Chairman of the Board

**İbrahim H. ÖZTOP**  
CEO and Board Member

**Dr. Turgay GEÇER**  
Chairman of Audit  
Committee

**Kemal Çağatay İMİRGİ**  
Deputy Chairman of  
Audit Committee

**Murat ZAMAN**  
Member of Audit  
Committee

**Dr. Hakan ERTÜRK**  
Member of Audit  
Committee

**Satı BALCI**  
Executive Vice President  
Responsible for Financial Reporting

**Aydın TOSUN**  
Head of Financial Affairs

**Information on the authorized personnel to whom questions related to this financial report may be directed:**

Name Surname/Title : Atila ALPTEKİN / Finance Manager  
Tel No : 0 216 - 636 88 87

## **SECTION ONE**

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**SECTION ONE****GENERAL INFORMATION****I. Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles:**

The Bank was established on 27 November 1975 according to the Decree Based on Law numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of “Devlet Sanayi ve İşçi Yatırım Bankası A.Ş.”. Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated 14 November 1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Law numbered 329 and in parallel with the developments in its activities. The Bank had become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the decision of Supreme Planning Council dated 20 January 1989 and numbered 89/T-2. Also with the Decree Law numbered 401 dated 12 February 1990, some of the articles related to the Bank status were changed.

With the Law dated 14 October 1999 and numbered 4456, Decree Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Bank were rearranged.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 was abolished and the Law dated 14 October 1999 and numbered 4456 was revoked. The Bank’s name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş with the law numbered 7147.

**II. Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year And Disclosures about the Group:**

The capital ceiling of the Bank which is subject to registered capital system is TL 2.500.000. The issued capital within the registered capital is TL 850.000 (The Bank’s capital consist of 85 Billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

Shareholders	Share Amount (Thousand TL)	Share (%)	Share Capital (Thousand TL)	Unpaid Capital (Thousand TL)
Treasury	842.194	99,08	842.194	-
Other Shareholders <sup>(*)</sup>	7.806	0,92	7.806	-
<b>Total</b>	<b>850.000</b>	<b>100,00</b>	<b>850.000</b>	<b>-</b>

(\*)Includes all shareholders and shares of theses shareholders are traded in Borsa İstanbul. Therefore, number of shareholders can't be known.

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Bank, if any:**

**Chairman and Members of the Board of Directors :**

<b>Name Surname</b>	<b>Duty</b>	<b>Assignment Date</b>	<b>Education Level</b>	<b>Experience in Banking Sector(Years)</b>
Hayrettin DEMİRCAN	Chairman of the Board	13.12.2018	Master's Degree	32
Dr. Hakan ERTÜRK	Member of the Board (By.Proxy)	13.12.2018	Doctorate	19
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	24
Murat ZAMAN	Board Member	05.11.2019	Master's Degree	17
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	29
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor's Degree	25
Kemal Çağatay İMİRGİ	Board Member	13.12.2018	Master's Degree	19

**General Manager, Assistant General Managers:**

<b>Name Surname</b>	<b>Duty</b>	<b>Assignment Date</b>	<b>Education Level</b>	<b>Experience in Banking Sector(Years)</b>
İbrahim H. ÖZTOP	General Manager / All areas	16.08.2018	Master's Degree	24
Zekai İŞILDAR	AGM/ HR Management, Human Resources System and Strategy, Support Services	30.01.2009	Bachelor's Degree	32
Satı BALCI	AGM/ Subsidiaries, Corporate Relations and Sustainability, Financial Affairs, Loan Operations, Treasury and Capital Market Operations	07.11.2017	Bachelor's Degree	31
Ufuk Bala YÜCEL	AGM/ Loan Allocation, Loan Monitoring, Legal Affairs	01.02.2019	Master's Degree	32
Seçil KIZILKAYA YILDIZ	AGM/ Financial Analysis and Valuation, Engineering, Economic Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory	08.03.2019	Bachelor's Degree	21
Özgür MARAŞ	AGM/ Corporate Banking and Project Finance, Customer Value Management and Business Development, Budget Cost Management and Reporting, IT System and Infrastructure, IT Application Development	17.04.2019	Bachelor's Degree	28
Emine Özlem CİNEMRE	AGM/ Treasury, Financial Institutions, Development Finance Institutions	20.05.2019	Bachelor's Degree	32
Burak DEDELER	AGM/ Turkey Development Fund	08.01.2020	Master's Degree	23



**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Bank, if any (continued):**

**Chief Internal Inspector:**

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector(Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	17

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.

**IV. Information About Persons And Institutions that Have Qualified Shares Attributable to the Bank:**

Republic of Turkey Ministry of Treasury and Finance owns 99,08% of the shares of the Bank.

**V. Summary of Functions and Lines of Activities of the Bank:**

An investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas; in line with our country's development goals, using modern development and investment banking tools, supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner.

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

Since Kalkınma Yatırım Menkul Değerler A.Ş. which is the subsidiary of the Bank is in liquidation process, the Bank has lost control over its subsidiary in accordance with the related provisions of TAS and TFRS and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been reclassified to financial assets measured at fair value through other comprehensive income.

The Bank does not prepare consolidated financial statements since there is no financial associates and due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS).

**VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its subsidiaries:**

As explained above, Kalkınma Yatırım Menkul Değerler A.Ş. is in liquidation process, and transfer of equity is expected to be made at the end of the liquidation process.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I.** Balance sheet (Statement of Financial Position)
- II.** Statement of off-balance sheet accounts
- III.** Statement of profit or loss
- IV.** Statement of profit or loss and other comprehensive income
- V.** Statement of changes in shareholders' equity
- VI.** Statement of cash flows

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Balance Sheet (Statement of Financial Position) As of 31 March 2020**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Reviewed Current Period 31 March 2020			Audited Prior Period 31 December 2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>ASSETS</b>							
<b>I. FINANCIAL ASSETS (NET)</b>	<b>(1)</b>	<b>1.995.077</b>	<b>1.360.112</b>	<b>3.355.189</b>	<b>2.114.710</b>	<b>1.128.037</b>	<b>3.242.747</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>1.505.610</b>	<b>1.027.450</b>	<b>2.533.060</b>	<b>1.656.432</b>	<b>807.463</b>	<b>2.463.895</b>
1.1.1 Cash and Balances with Central Bank		831	-	831	595	-	595
1.1.2 Banks		1.507.507	1.027.450	2.534.957	1.602.105	740.977	2.343.082
1.1.3 Money Markets		3.001	-	3.001	61.019	66.486	127.505
1.1.4 Expected Credit Loss (-)		5.729	-	5.729	7.287	-	7.287
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>		<b>-</b>	<b>91.593</b>	<b>91.593</b>	<b>-</b>	<b>90.216</b>	<b>90.216</b>
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	91.593	91.593	-	90.216	90.216
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>		<b>489.467</b>	<b>241.069</b>	<b>730.536</b>	<b>458.278</b>	<b>230.358</b>	<b>688.636</b>
1.3.1 Government Securities		468.418	227.976	696.394	440.129	217.310	657.439
1.3.2 Equity Securities		10.937	-	10.937	8.037	-	8.037
1.3.3 Other Financial Assets		10.112	13.093	23.205	10.112	13.048	23.160
<b>1.4 Derivative Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>	<b>(2)</b>	<b>327.729</b>	<b>16.997.588</b>	<b>17.325.317</b>	<b>278.894</b>	<b>15.690.162</b>	<b>15.969.056</b>
<b>2.1 Loans</b>		<b>459.884</b>	<b>15.865.623</b>	<b>16.325.507</b>	<b>466.503</b>	<b>14.661.269</b>	<b>15.127.772</b>
<b>2.2 Lease Receivables</b>		<b>28</b>	<b>-</b>	<b>28</b>	<b>70</b>	<b>-</b>	<b>70</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>		<b>114.745</b>	<b>1.131.965</b>	<b>1.246.710</b>	<b>37.320</b>	<b>1.028.893</b>	<b>1.066.213</b>
2.4.1 Government Securities		114.745	1.131.965	1.246.710	37.320	1.028.893	1.066.213
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>246.928</b>	<b>-</b>	<b>246.928</b>	<b>224.999</b>	<b>-</b>	<b>224.999</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>	<b>(4)</b>	<b>16.033</b>	<b>-</b>	<b>16.033</b>	<b>15.960</b>	<b>-</b>	<b>15.960</b>
<b>4.1 Associations (Net)</b>		<b>16.033</b>	<b>-</b>	<b>16.033</b>	<b>15.960</b>	<b>-</b>	<b>15.960</b>
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		16.033	-	16.033	15.960	-	15.960
<b>4.2 Subsidiaries (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(5)</b>	<b>94.477</b>	<b>-</b>	<b>94.477</b>	<b>94.797</b>	<b>-</b>	<b>94.797</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(6)</b>	<b>1.995</b>	<b>-</b>	<b>1.995</b>	<b>2.085</b>	<b>-</b>	<b>2.085</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.995	-	1.995	2.085	-	2.085
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(7)</b>	<b>840</b>	<b>-</b>	<b>840</b>	<b>850</b>	<b>-</b>	<b>850</b>
<b>VIII. CURRENT TAX ASSET</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(9)</b>	<b>4.245</b>	<b>-</b>	<b>4.245</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. OTHER ASSETS</b>	<b>(10)</b>	<b>25.934</b>	<b>33.705</b>	<b>59.639</b>	<b>20.785</b>	<b>29.638</b>	<b>50.423</b>
<b>TOTAL ASSETS</b>		<b>2.466.330</b>	<b>18.391.405</b>	<b>20.857.735</b>	<b>2.528.081</b>	<b>16.847.837</b>	<b>19.375.918</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Balance Sheet (Statement of Financial Position) As of 31 March 2020**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Reviewed Current Period 31 March 2020			Audited Prior Period 31 December 2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	(2)	-	16.637.663	16.637.663	113	15.363.766	15.363.879
<b>III. MONEY MARKET FUNDS</b>	(3)	51.627	-	51.627	50.364	-	50.364
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>	(5)	17.969	11.967	29.936	17.728	427	18.155
5.1 Borrower Funds		-	11.500	11.500	-	-	-
5.2 Other		17.969	467	18.436	17.728	427	18.155
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(6)	-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(7)	8.338	-	8.338	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		8.338	-	8.338	-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>	(8)	-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(9)	15.986	-	15.986	15.207	-	15.207
<b>X. PROVISIONS</b>	(10)	18.709	-	18.709	26.569	-	26.569
10.2 Restructuring Provisions		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		16.592	-	16.592	25.628	-	25.628
10.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.5 Other Provisions		2.117	-	2.117	941	-	941
<b>XI. CURRENT TAX LIABILITY</b>	(11)	31.527	-	31.527	45.843	-	45.843
<b>XII. DEFERRED TAX LIABILITY</b>	(12)	-	-	-	11.682	-	11.682
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(13)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(14)	-	1.537.911	1.537.911	-	1.402.055	1.402.055
14.1 Borrowings		-	1.537.911	1.537.911	-	1.402.055	1.402.055
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(15)	27.858	76.489	104.347	22.796	62.955	85.751
<b>XVI. SHAREHOLDERS' EQUITY</b>	(16)	2.426.471	(4.780)	2.421.691	2.352.892	3.521	2.356.413
16.1 Paid-in capital		850.000	-	850.000	850.000	-	850.000
16.2 Capital Reserves		208.057	-	208.057	208.057	-	208.057
16.2.1 Share Premium		1.983	-	1.983	1.983	-	1.983
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		152	-	152	152	-	152
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		15.949	(4.780)	11.169	32.683	3.521	36.204
16.5 Profit Reserves		682.612	-	682.612	682.612	-	682.612
16.5.1 Legal Reserves		47.157	-	47.157	47.157	-	47.157
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		631.753	-	631.753	631.753	-	631.753
16.5.4 Other Profit Reserves		3.702	-	3.702	3.702	-	3.702
16.6 Profit or (Loss)		669.701	-	669.701	579.388	-	579.388
16.6.1 Prior Periods' Profit or (Loss)		579.388	-	579.388	132.282	-	132.282
16.6.2 Current Period Profit or (Loss)		90.313	-	90.313	447.106	-	447.106
<b>TOTAL LIABILITIES</b>		<b>2.598.485</b>	<b>18.259.250</b>	<b>20.857.735</b>	<b>2.543.194</b>	<b>16.832.724</b>	<b>19.375.918</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Statement of Off-Balance Sheet As of 31 March 2020**

(Thousand of Turkish Lira (TL) unless otherwise stated)

II.	OFF-BALANCE SHEET	Note (Section Five III)	Reviewed Current Period 31 March 2020			Audited Prior Period 31 December 2019		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>(1), (3)</b>	<b>362.187</b>	<b>2.434.035</b>	<b>2.796.222</b>	<b>230.013</b>	<b>1.731.316</b>	<b>1.961.329</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>		<b>6.240</b>	<b>114.902</b>	<b>121.142</b>	<b>13</b>	<b>-</b>	<b>13</b>
1.1	Letters of Guarantee		6.240	114.902	121.142	13	-	13
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		6.240	114.902	121.142	13	-	13
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	-	-	-	-	-
1.3.1	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>(1), (3)</b>	<b>230.689</b>	<b>1.931.658</b>	<b>2.162.347</b>	<b>230.000</b>	<b>1.731.316</b>	<b>1.961.316</b>
2.1	Irrevocable Commitments		689	21.565	22.254	-	19.824	19.824
2.1.1	Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
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		689	21.565	22.254	-	19.824	19.824
2.2	Revocable Commitments		230.000	1.910.093	2.140.093	230.000	1.711.492	1.941.492
2.2.1	Revocable Loan Granting Commitments		230.000	1.910.093	2.140.093	230.000	1.711.492	1.941.492
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>125.258</b>	<b>387.475</b>	<b>512.733</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		125.258	387.475	512.733	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		125.258	387.475	512.733	-	-	-
3.2.2.1	Foreign Currency Swap-Buy		125.258	127.098	252.356	-	-	-
3.2.2.2	Foreign Currency Swap-Sell		-	260.377	260.377	-	-	-
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>2.856.129</b>	<b>38.913.380</b>	<b>41.769.509</b>	<b>2.857.003</b>	<b>36.461.769</b>	<b>39.318.772</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>46.735</b>	<b>-</b>	<b>46.735</b>	<b>46.920</b>	<b>-</b>	<b>46.920</b>
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		46.735	-	46.735	46.920	-	46.920
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>2.809.394</b>	<b>38.913.380</b>	<b>41.722.774</b>	<b>2.807.997</b>	<b>36.441.823</b>	<b>39.249.820</b>
5.1	Marketable Securities		-	-	-	-	-	-
5.2	Guarantee Notes		14.754	3.673.919	3.688.673	17.255	3.606.492	3.623.747
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		2.215.937	24.074.224	26.290.161	2.193.249	22.316.924	24.510.173
5.6	Other Pledged Items		293.665	9.065.937	9.359.602	298.450	8.591.729	8.890.179
5.7	Pledged Items-Depository		285.038	2.099.300	2.384.338	299.043	1.926.678	2.225.721
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2.086</b>	<b>19.946</b>	<b>22.032</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>3.218.316</b>	<b>41.347.415</b>	<b>44.565.731</b>	<b>3.087.016</b>	<b>38.193.085</b>	<b>41.280.101</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

**Statement of Profit or Loss As of 31 March 2020**

(Thousand of Turkish Lira (TL) unless otherwise stated)

<b>III. STATEMENT OF PROFIT OR LOSS</b>			
<b>INCOME AND EXPENSE ITEMS</b>	<b>Note (Section Five IV)</b>	<b>Reviewed Current Period 1 January-31 March 2020</b>	<b>Reviewed Prior Period 1 January-31 March 2019</b>
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>269.001</b>	<b>265.190</b>
1.1 Interest on Loans		187.781	193.355
1.2 Interest on Reserve Requirements		-	-
1.3 Interest on Banks		33.514	57.958
1.4 Interest on Money Market Transactions		7.464	7.904
1.5 Interest on Marketable Securities Portfolio		40.220	5.940
1.5.1 Fair Value Through Profit or Loss		-	-
1.5.2 Fair Value Through Other Comprehensive Income		24.415	3.901
1.5.3 Measured at Amortised Cost		15.805	2.039
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		22	33
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>(115.310)</b>	<b>(92.936)</b>
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		(113.181)	(92.805)
2.3 Interest Expense on Money Market Transactions		(1.319)	(131)
2.4 Interest on Securities Issued		-	-
2.5 Measured at Amortised Expense		(810)	-
2.6 Other Interest Expenses		-	-
<b>III. NET INTEREST INCOME (I - II)</b>		<b>153.691</b>	<b>172.254</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>3.753</b>	<b>3.918</b>
4.1 Fees and Commissions Received		5.284	4.527
4.1.1 Non-cash Loans		159	140
4.1.2 Other		5.125	4.387
4.2 Fees and Commissions Paid		(1.531)	(609)
4.2.1 Non-cash Loans		-	-
4.2.2 Other		(1.531)	(609)
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>-</b>	<b>129</b>
<b>VI. TRADING PROFIT / (LOSS) (Net)</b>	<b>(4)</b>	<b>8.417</b>	<b>3.036</b>
7.1 Trading Gains / (Losses) on Securities		5.859	-
7.2 Gains / (Losses) on Derivative Financial Transactions		(29.721)	-
7.3 Foreign Exchange Gains / (Losses)		32.279	3.036
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>16.804</b>	<b>2.301</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>182.665</b>	<b>181.638</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(6)</b>	<b>(35.732)</b>	<b>(8.279)</b>
<b>X. OTHER PROVISION EXPENSE (-)</b>		<b>(8.274)</b>	<b>(6.286)</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>(19.980)</b>	<b>(19.036)</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>(11.651)</b>	<b>(8.328)</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>107.028</b>	<b>139.709</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>		<b>107.028</b>	<b>139.709</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>(16.715)</b>	<b>(23.960)</b>
17.1 Current Tax Provision	<b>(9)</b>	(25.815)	(23.275)
17.2 Deferred Tax Income Effect (+)		-	(696)
17.3 Deferred Tax Expense Effect (-)		9.100	11
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>		<b>90.313</b>	<b>115.749</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(10)</b>	<b>-</b>	<b>-</b>
19.1 Income from Non-current Assets Held for Sale		-	-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
20.1 Expenses for Non-current Assets Held for Sale		-	-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Expenses for Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
22.1 Current Tax Provision		-	-
22.2 Deferred Tax Expense Effect (+)		-	-
22.3 Deferred Tax Income Effect (-)		-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/(LOSS) (XIX+XXIV)</b>	<b>(11)</b>	<b>90.313</b>	<b>115.749</b>
24.2 Earning/(Loss) per share (in TL full)		0,10625	0,23150

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Statement of Profit or Loss and Other Comprehensive Income As of 31 March**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed Current Period	Reviewed Prior Period
		1 January-31 March 2020	1 January-31 March 2019
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>90.313</b>	<b>115.749</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(25.035)</b>	<b>311</b>
2.1	<b>Not Reclassified to Profit or Loss</b>	-	-
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
<b>2.2</b>	<b>Reclassified to Profit or Loss</b>	<b>(25.035)</b>	<b>311</b>
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(30.543)	379
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	5.508	(68)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>65.278</b>	<b>116.060</b>

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Statement of Changes in Shareholders' Equity As of 31 March 2020**  
(Thousand of Turkish Lira (TL) unless otherwise stated)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in capital	Share premium	Share certificate cancel profits	Other capital reserves							Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity
						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
						1	2	3	4	5	6				
	Prior Period 31 March 2019														
I.	Balance at the beginning of the period	500.000	1.582	-	206.074	-	721	-	-	26.299	-	522.318	160.293	-	1.417.287
II.	Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	(29.484)	-	-	148.508	-	119.024
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	(29.484)	-	-	148.508	-	119.024
III.	New balance (I+II)	500.000	1.582	-	206.074	-	721	-	-	(3.185)	-	522.318	308.801	-	1.536.311
IV.	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	311	-	-	-	115.749	116.060
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	500.000	1.582	-	206.074	-	721	-	-	(2.874)	-	522.318	308.801	115.749	1.652.371
	Current Period 31 March 2020														
I.	Balance at the beginning of the period	850.000	1.983	-	206.074	-	152	-	-	36.204	-	682.612	579.388	-	2.356.413
II.	Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	850.000	1.983	-	206.074	-	152	-	-	36.204	-	682.612	579.388	-	2.356.413
IV.	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(25.035)	-	-	-	90.313	65.278
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	850.000	1.983	-	206.074	-	152	-	-	11.169	-	682.612	579.388	90.313	2.421.691

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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



**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Statement of Cash Flows As of 31 March 2020**

(Thousand of Turkish Lira (TL) unless otherwise stated)

<b>VI. STATEMENT OF CASH FLOWS</b>		
	<b>Reviewed Current Period 1 January-31 March 2020</b>	<b>Reviewed Prior Period 1 January-31 March 2019</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>55.993</b>	<b>89.325</b>
1.1.1 Interest Received	238.367	238.063
1.1.2 Interest Paid	(109.231)	(94.311)
1.1.3 Dividend Received	-	129
1.1.4 Fees and Commissions Received	5.284	4.527
1.1.5 Other Income	989	303
1.1.6 Collections from Previously Written-off Loans and Other Receivables	11.134	4.239
1.1.7 Payments to Personnel and Service Suppliers	(30.741)	(23.813)
1.1.8 Taxes Paid	(41.941)	(35.664)
1.1.9 Other	(17.868)	(4.148)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>69.641</b>	<b>(55.668)</b>
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	6.371	(4.161)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions	-	-
1.2.3 Net (increase) / decrease in loans	206.841	(216.741)
1.2.4 Net (increase) / decrease in other assets	1.473	(5.592)
1.2.5 Net increase / (decrease) in bank deposits	-	-
1.2.6 Net increase / (decrease) in other deposits	-	-
1.2.7 Net increase/ (decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8 Net increase / (decrease) in funds borrowed	(170.027)	182.092
1.2.9 Net increase / (decrease) in payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	24.983	(11.266)
<b>I. Net Cash Provided from Banking Operations</b>	<b>125.634</b>	<b>33.657</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>II. Net Cash Provided from Investing Activities</b>	<b>(132.570)</b>	<b>367</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3 Purchases of property and equipment	(533)	(46)
2.4 Disposals of property and equipment	171	8
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(206.417)	(15.513)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	153.264	14.764
2.7 Purchase of Financial Assets Measured at Amortised Cost	(104.397)	(1.684)
2.8 Sale of Financial Assets Measured at Amortised Cost	25.553	2.838
2.9 Other	(211)	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided from Financing Activities</b>	<b>(1.558)</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Issued Equity Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(1.558)	-
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>76.232</b>	<b>29.806</b>
<b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>67.738</b>	<b>63.830</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	<b>2.470.569</b>	<b>1.623.557</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	<b>2.538.307</b>	<b>1.687.387</b>

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

## **SECTION THREE**

### **ACCOUNTING POLICIES**

#### **I. Explanations on Basis of Presentation:**

##### **a. The preparation of financial statements and related notes according to Turkish Accounting Standards and Regulation on the Procedures And Principles Regarding Banks Accounting Practices and Maintaining Documents:**

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) except for matters regulated by BRSA legislation (together referred as “BRSA Accounting and Reporting Legislation”).

In accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 30673, dated 01 February 2019, prior period financial statements are aligned with latest financial statement format.

##### **b. Other issues:**

The new coronavirus disease (COVID-19), which emerged in the People's Republic of China in the end of December 2019 and spread to other countries, was declared a pandemic on March 11, 2020 by the World Health Organization. In order to keep the negative economic effects of the epidemic to a minimum, some measures are taken both in our country and around the world. The effects of these developments on the Bank's financial status and activities are closely monitored by the relevant units and the Bank's Top Management.

The effects and forecasts of the COVID-19 outbreak are included in the model in accordance with TFRS 9 Financial Instruments Standard and the expected credit loss provisions calculated are reflected in the financial statements dated March 31, 2020. The effect of COVID-19 on expected loan loss provisions is explained in footnote VIII “Explanations on impairment of financial assets”.

#### **II. Basis of valuation used in the preparation of financial statements:**

Accounting policies for the preparation of financial statements and valuation principles used are applied in accordance with BRSA Accounting and Reporting Legislation.

Those accounting policies and valuation principles are explained below notes through II - XXIII.

Except for the financial assets and liabilities carried at fair value, the unconsolidated financial statements have been prepared in thousand of Turkish Lira (“TL”) under the historical cost.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:**

The majority of the liabilities of the balance sheet of the Bank consist of funds obtained from domestic and international markets. The majority of funds obtained domestically consist of funds provided by international institutions such as World Bank, Islamic Development Bank and The German Development Bank via Republic of Turkey Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Turkey Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium and long term loans borrowed from World Bank, and European Investment Bank and Council of European Development Bank, Islamic Development Bank, Japan International Corporation Bank, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China and The German Development Bank.

During the utilization of the funds obtained, the Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

- a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- b. There is no exchange rate differences capitalized as of the balance sheet date.
- c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.
- d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the income statement of the related period.

**IV. Explanations on Derivative Instruments:**

The Bank has no derivative instruments that can be separated from the host contract. Derivative financial instruments are recorded with the fair value at the date of agreement and valued at fair value in the following reporting periods. In addition, the receivables and payables arising from these transactions are accounted for at off-balance sheet accounts. Depending on valuation difference being positive or negative, measurement differences are presented on the related balance sheet accounts.

### **SECTION THREE (Continued)**

#### **ACCOUNTING POLICIES (Continued)**

##### **V. Explanations on Interest Income and Expenses:**

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the income statement.

The Bank does not cancel the interest accruals and discounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette dated 22 June 2016 and numbered 29750. and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, it calculates the expected loss provision based on the interest accruals and discounts added.

##### **VI. Explanations on Fees and Commission Income and Expenses:**

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses, are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

##### **VII. Explanations on Financial Assets:**

Financial assets mainly constitute the Bank’s commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

The Bank adds its financial assets to the financial statements in accordance with the provisions of the “Importing and Excluding the Financial Statements” section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets.

Purchase and sale transactions of these financial assets are accounted according to their “delivery date”. The classification of financial assets is decided on the date of their acquisition, taking into account “Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model”. When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on Financial Assets (Continued):**

***Financial Assets Measured at Fair Value through Profit and Loss:***

Financial assets whose fair value differences are reflected in profit / loss are mainly for a short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit / loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values for securities traded on Borsa Istanbul (BIST) are found using the weighted average clearing prices formed on BIST at the balance sheet date.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit / loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is the difference in “Interest Income”, if the fair value of the asset is above its discounted value, in the “Capital Market Transactions Profits” account, the fair value's If it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.

***Financial Assets Measured at Fair Value Through Other Comprehensive Income:***

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, the fair value difference of the financial assets at fair value through profit or loss is carried at fair value. Marketable securities that are traded on BIST are carried at weighted average exchange prices of ISE as of the balance sheet date. In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value.

The difference between the cost and fair value is accounted for as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to income statement when financial assets are sold.

***Equity Instruments Measured at Fair Value Through Other Comprehensive Income:***

During the first registration, the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied, are reflected in the other comprehensive income statement. an irreversible preference can be made to take. The choice in question is made separately for each financial instrument.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on Financial Assets (Continued):**

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods, but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

If the securities representing the share in the capital classified as financial assets whose fair value difference is reflected in other comprehensive income are traded in the organized markets and / or their fair value can be determined reliably, they are accounted at their fair values and they are not traded in the organized markets and their fair value is reliably evaluated. If it cannot be determined, the cost values are reflected to the financial statements after the provision regarding the depreciation is deducted.

***Financial Investments Measured at Amortised Cost and Loans:***

***Financial Investments Measured at Amortised 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 amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

***Loans***

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are reflected to the customers.

Loans granted by the Bank consist of investment and working capital loans, and fund originated loans.

Foreign currency denominated loans are followed at TL accounts after converting into TL. Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.

The loan portfolio is regularly monitored by the Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified as the regulation published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 is numbered 30569 Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside and TFRS 9.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on Financial Assets (Continued):**

The Bank's Board of Directors determined the procedures and principles regarding the classification, monitoring, follow-up, loan ratios and collaterals of the loans according to the article number 53 of The Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 and the first paragraph of the Article 53 of the Banking Act No: 5411 In this context, the Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

***Cash and Cash Equivalents:***

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The carrying amounts of these assets represent their fair values.

***Explanations on Subsidiaries:***

Subsidiaries are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

**VIII. Explanations on Impairment of Financial Assets:**

As of 1 January 2019, the Bank recognize provisions for impairment in accordance with TFR 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside.” In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value, and in addition, financial lease receivables that cannot be measured at fair value through profit / loss, applies to contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

- (a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,
- (b) time value of money,
- (c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of at the reporting date.

Taking into consideration these three factors, the Bank's historical data is modeled and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the discounting factor and the present value of this amount are calculated.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Impairment of Financial Assets (Continued):**

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements, and is reasonable, which can be obtained without incurring excessive costs or efforts, which is reasonable indication of significant increases in credit risk since its introduction for the first time. and supportable information.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

TFRS requires a 12-month compensation for all loans in stage 1, and a lifetime provision for all remaining loans.

**Significant Increase in Credit Risk**

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has Close Monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers who received a significant deterioration in credit risk during the year.

Classification criteria under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by the Bank to classify the assets in this portfolio under Phase 1 until an opposite assessment is made.



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Impairment of Financial Assets (Continued):**

For the numerical criteria related to the significant deterioration in the credit risk specified in Article 4 regarding the new provisions regulation, the classification of the loans, the customer rating score calculated according to the credit rating model used within the bank has decreased by 35 percent and above, and the score in question falls below 40, determined by the Bank as the criterion of significant deterioration. In addition to these criteria, the restructuring made to the customer who has financial difficulties specified in Article 7 of the Regulation on the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” as a classification criterion under Stage 2.

**Definition of Default**

TFRS 9 Standard “When defining the default for the purpose of determining the business default risk according to TFRS 9, it uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (eg financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available. ” According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the bank for collateral
- Customers considered to be at high risk by the bank

**12 Month Expected Loss**

12-month loan loss corresponds to some of the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Impairment of Financial Assets (Continued):**

**Lifetime Expected Loss**

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe.).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, Turkey's economy made pioneering studies of vulnerability indicators for identifying crisis and some of the variables derived from various areas of the economy that have been identified by the Bank successfully predict in advance. This prediction has been accepted by the Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Impairment of Financial Assets (Continued):**

Due to the COVID-19 epidemic, which has influenced the whole world, it is seen that since mid-March 2020, many enterprises have suspended their activities for a certain period of time or have been restricted to certain sectors within the framework of measures taken to create remote working conditions. It is known that many businesses will be negatively affected by this situation, but the extent of this effect cannot be predicted. The Bank analyzed the effects of COVID-19 to the sectors in which the loans in the loan portfolio are used, and updated the sector parameters with the assumption that the foreseen risk was not systematic and reflected the epidemic effect to TFRS 9 parameters by considering the relationships between TFRS 9 parameters and sectoral risk level. Economic developments and negative expectations due to the COVID-19 outbreak were reflected in the expected loan loss calculation as of March 31, 2020, within the Bank's projections.

**IX. Explanations on Offsetting of Financial Assets and Liabilities:**

Financial assets and liabilities are offset on balance sheet when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

**X. Explanations On Sales And Repurchase Agreements And Lending Of Securities:**

Securities sold in repurchase agreements (repo) are accounted for in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued at fair values in or discounted values using effective interest rate method according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under 'Money Market Placements' line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XI. Explanations on Assets Held For Sale and Discontinued Operations:**

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation on these assets is stopped, and these assets disclosed separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

**XII. Explanations on Goodwill and Other Intangible Assets:**

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortised over the remaining useful life of the related assets using the “straight line method”.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on Tangible Fixed Assets:**

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs beared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on Tangible Fixed Assets (Continued):**

According to “Prime Ministry Circular numbered 2012/15 on Transactions of Public Institutions and Organizations Regarding Their Immovable” published in the Official Gazette dated 16 June 2012 and numbered 28325, public institutions and organizations (excluding Municipalities and Specific Provincial Directorates) and companies, more than 50% of whose capital is owned by state institutions and organizations, has to get the approval of the Prime Ministry for transactions like sale, lease, easement, exchange, assign, transfer of immovable in their own property or savings to public institutions and organizations, foundations, associations or their companies, real or legal persons. Therefore, all transactions of the Bank regarding its immovable and specified under the mentioned circular are subject to approval of the Prime Ministry. Other than the issue mentioned, there are no mortgages, pledges or similar precautionary measures on tangible fixed assets or commitments given for the purchase or any restrictions designated for the use of those tangible fixed assets.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

	<u>Estimated Useful Life (Years)</u>	<u>Amortization Rate (%)</u>
Building	50	2
Safes (vaults)	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.

***Investment Properties***

Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Costs of investment properties are recognised when they occurred. These costs comprise of costs of acquiring investment properties, incremental costs, modification and service costs of investment properties. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Straight line method is used in depreciation of investment properties. The useful life of investment property is 50 years.

**XIV. Explanations on Leasing Transactions:**

The “IFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and to be applied on 1 January 2019.

Bank as a lessee

The “IFRS 16 Leases” Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a “asset that gives the right to use” and a “lease obligation” to the financial statements at the date when the lease actually begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated deprecation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. IFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

### **SECTION THREE (Continued)**

#### **ACCOUNTING POLICIES (Continued)**

##### **XIV. Explanations on Leasing Transactions (Continued):**

The Bank, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Bank's TL alternative source cost.

The bank as the lessor

According to the "TFRS 16 Leases" Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

As of the balance sheet date, 2 of the Bank's real estates are within the scope of the operating lease agreement and these real estates are classified as investment properties in the balance sheet.

##### **XV. Explanations on Provisions and Contingent Liabilities:**

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation.

Provisions other than the specific and general provisions set for loans and other receivables and contingent liabilities are accounted for in accordance with "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

##### **XVI. Explanations on Employee Benefit Liabilities:**

Obligations for employee benefits are recognized in accordance with the TAS19 "Employee Benefits".

There is no fund to which the Bank personnel are members. However, personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Bank and the social security institution legislation, the retirement pension is related to the ones related to the Law No. 5434 and the severance payment is calculated to those related to the Law numbered 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated a discount rate of 3,72% (31 December 2019: 3,72%). As the maximum liability is revised semiannually, the maximum amount of TL 6.730,15 effective from 1 January 2020 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2019 TL 6.379,86).

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII.Explanations on Taxation:**

***Current Tax***

The corporate tax rate of 20% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 , will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, Cabinet is made authorized to decrease this ratio to 20% from 22%. The bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made. Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 22% on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. (It was changed with 89th article of code 7061 that entered in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%). This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the expemted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business ( Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax. (It was changed with 89th article of code 7061 that entered in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%). Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 30th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessment based on their findings.



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII.Explanations on Taxation (Continued):**

*Deferred Tax*

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements. The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.

The income tax charge is composed of the sum of current tax and deferred tax. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411 dated 19 October 2005, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

**Transfer Pricing**

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled "Transfer Pricing through camouflage of earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing". According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIII. Additional Explanations on Borrowings:**

The Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. The Bank acts as an intermediary for funds provided by Turkish Treasury to be utilized domestically. Disbursement from this source has been finalized and there has been no new source transfer from the Undersecretaries of Treasury. Funds are recorded to the Banks's liabilities on the date of transfer. The maturity dates and interest rates of these funds are determined by the public authority as per the communiqués on Investment Incentives.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Karadeniz Development Bank and Japan International Corporation Bank, Industrial and Commercial Bank of China and The German Development Bank are recorded to related accounts on the date and with the cost the funds are available to the Bank.

The Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Bank has not issued any convertible bonds and debt instruments.

**XIX. Explanations on Shares Issued:**

Since the Bank does not have issued shares, there are no transaction costs related to share issue in the current period.

**XX. Explanations on Bill Guarantees and Acceptances:**

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off Balance Sheet" commitments.

**XXI. Explanations on Government Incentives:**

There are no government incentives utilized by the Bank in the current and prior period.

**XXII. Explanations on Segment Reporting:**

As part of its mission, the Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 31 March 2020, explanations on segment reporting in line with "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" are shown below.

## SECTION THREE (Continued)

## ACCOUNTING POLICIES (Continued)

## XXII.Explanations on Segment Reporting (Continued):

Current Period (31.03.2020)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Interest income	79.879	74.600	(788)	153.691
Net fees and commissions income	(1.531)	5.170	114	3.753
Other operating income	-	45.624	260	45.884
Other operating expense	(20.663)	(42.281)	(33.356)	(96.300)
Profit before tax	57.685	83.113	(33.770)	107.028
Tax provision	-	-	(16.715)	(16.715)
<b>Net profit for the period</b>	<b>57.685</b>	<b>83.113</b>	<b>(50.485)</b>	<b>90.313</b>
<b>Current Period (31.03.2020)</b>				
Segment Assets	4.498.640	16.258.333	84.729	20.841.702
Associates and subsidiaries	-	16.033	-	16.033
<b>Total Assets</b>	<b>4.498.640</b>	<b>16.274.366</b>	<b>84.729</b>	<b>20.857.735</b>
Segment Liabilities	59.965	18.206.687	169.392	18.436.044
Shareholders' equity	-	-	2.421.691	2.421.691
<b>Total Liabilities</b>	<b>59.965</b>	<b>18.206.687</b>	<b>2.591.083</b>	<b>20.857.735</b>

Prior Period (31.03.2019)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Interest income	71.671	100.550	33	172.254
Net fees and commissions income	(609)	4.454	73	3.918
Other operating income	4	4.490	972	5.466
Other operating expense	(888)	(8.279)	(32.762)	(41.929)
Profit before tax	70.178	101.215	(31.684)	139.709
Tax provision	-	-	(23.960)	(23.960)
<b>Net profit for the period</b>	<b>70.178</b>	<b>101.215</b>	<b>(55.644)</b>	<b>115.749</b>
<b>Prior Period (31.12.2019)</b>				
Segment Assets	4.208.740	15.072.392	78.826	19.359.958
Associates and subsidiaries	-	15.960	-	15.960
<b>Total Assets</b>	<b>4.208.740</b>	<b>15.088.352</b>	<b>78.826</b>	<b>19.375.918</b>
Segment Liabilities	50.364	15.382.036	1.587.105	17.019.505
Shareholders' equity	-	-	2.356.413	2.356.413
<b>Total Liabilities</b>	<b>50.364</b>	<b>15.382.036</b>	<b>3.943.518</b>	<b>19.375.918</b>

## **SECTION FOUR**

### **INFORMATION ON FINANCIAL STRUCTURE**

#### **I. Explanations related to capital adequacy ratio:**

Equity amount and capital adequacy standard ratio are calculated within the framework of "Regulation Regarding Equities of Banks" and "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy".

The Bank's equity amount as at 31 March 2020 is TL 4.058.832 TL, (31 December 2019: TL 3.844.584) and its capital adequacy ratio is 20,44% (31 December 2018: 22,29%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

#### **Information on Equity Items:**

<b>Current Period (31.03.2020)</b>	<b>Amount</b>	<b>Amount Related to Practice before 1/1/2014*</b>
<b>Common Equity Tier I Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	1.056.074	
Share Premium	1.983	
Reserves	682.612	
Other Comprehensive Income according to TAS	20.067	
Profit	669.701	
Net profit for the period	90.313	
Retained Earnings	579.388	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>2.430.437</b>	
<b>Deductions from Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	6.129	-
Leasehold Improvements on Operational Leases (-)	3.969	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.995	-
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE (Continued)

## I. Explanations related to capital adequacy ratio (Continued)

## Information on Equity Items (Continued):

Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-	-
Mortgage Servicing Rights not deducted	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	-
Other items to be Defined by the BRSA	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>12.093</b>	
<b>Total Common Equity Tier I Capital</b>	<b>2.418.344</b>	
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1.084.905	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-	
<b>Additional Tier 1 Capital Before Deductions</b>	<b>1.084.905</b>	
<b>Deductions From Additional Tier 1 Capital</b>	-	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE (Continued)

## I. Explanations related to capital adequacy ratio (Continued)

## Information on Equity Items (Continued):

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	-	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
<b>Total Deductions from Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	<b>1.084.905</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>3.503.249</b>	
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	405.945	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	149.638	
<b>Total Deductions from Tier II Capital</b>	<b>555.583</b>	
<b>Deductions from Tier II Capital</b>	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated 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 and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>555.583</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>4.058.832</b>	
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be Defined by the BRSA	-	

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	<b>20.067</b>	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>CAPITAL</b>	-	-
Total Capital ( Total of Tier I Capital and Tier II Capital )	<b>4.058.832</b>	-
Total Risk Weighted Assets	19.859.878	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET1 Capital Ratio (%)	12,18	-
Tier I Capital Ratio (%)	17,64	-
Capital Adequacy Ratio (%)	20,44	-
<b>BUFFERS</b>	-	-
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	149.638	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	149.638	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	7.311	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*)Amounts to be taken into consideration under the previous provisions

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

<b>Prior Period (31.12.2019)</b>	<b>Amount</b>	<b>Amount Related to Practice before 1/1/2014*</b>
<b>Common Equity Tier I Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	1.056.074	
Share Premium	1.983	
Reserves	682.612	
Other Comprehensive Income according to TAS	45.123	
Profit	579.388	
Net profit for the period	447.106	
Retained Earnings	132.282	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>2.365.180</b>	
<b>Deductions from Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	155	-
Leasehold Improvements on Operational Leases	4.097	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	2.085	-
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>6.337</b>	
<b>Total Common Equity Tier I Capital</b>	<b>2.358.843</b>	
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	997.290	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
<b>Additional Tier 1 Capital Before Deductions</b>	<b>997.290</b>	
<b>Deductions From Additional Tier 1 Capital</b>	-	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

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	-	-
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	-	
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
<b>Total Deductions from Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	<b>997.290</b>	
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>3.356.133</b>	
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	373.162	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	115.289	
<b>Total Deductions from Tier II Capital</b>	<b>488.451</b>	
<b>Deductions from Tier II Capital</b>	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated 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 and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>488.451</b>	
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>3.844.584</b>	
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be Defined by the BRSA	-	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	<b>45.123</b>	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>Capital</b>		
Total Capital ( Total of Tier I Capital and Tier II Capital )	<b>3.844.584</b>	-
Total Risk Weighted Assets	17.247.075	-
<b>CAPITAL ADEQUACY RATIOS</b>	-	-
CET1 Capital Ratio (%)	13,68	-
Tier I Capital Ratio (%)	19,46	-
Capital Adequacy Ratio (%)	22,29	-
<b>BUFFERS</b>	-	-
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Information on Equity Items (Continued):**

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	115.289	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	115.289	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	(1.789)	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4</b>	-	-
<b>(effective between 1.1.2018-1.1.2022)</b>	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

*\* Amounts to be taken into consideration under the previous provisions*

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued)**

**Explanations on the reconciliation of capital items to balance sheet:**

<b>Current Period (31.03.2020)</b>	<b>Carrying Value</b>	<b>Amount of correction</b>	<b>Value of the capital report</b>
<b>1.Paid-in-Capital</b>	850.000	206.074	1.056.074
<b>2.Capital Reserves</b>	208.057	(206.074)	1.983
2.1. Share Premium	1.983	-	1.983
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
<b>3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss</b>	152	-	152
<b>4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</b>	11.169	8.898	20.067
<b>5.Profit Reserves</b>	682.612	-	682.612
<b>6.Profit or Loss</b>	669.701	-	669.701
6.1. Prior Periods' Profit or (Loss)	579.388	-	579.388
6.2. Current Period Profit or (Loss)	90.313	-	90.313
Deductions from Common Equity Tier I Capital (-)	-	(12.245)	(12.245)
<b>Common Equity Tier I Capital</b>	<b>2.421.691</b>	<b>(3.347)</b>	<b>2.418.344</b>
Subordinated Loans	-	1.084.905	1.084.905
Deductions from Tier I capital (-)	-	-	-
<b>Tier I Capital</b>	<b>2.421.691</b>	<b>1.081.558</b>	<b>3.503.249</b>
Subordinated Loans	-	405.945	405.945
General Provisions	-	149.638	149.638
Deductions from Tier II capital (-)	-	-	-
<b>Tier II Capital</b>	<b>-</b>	<b>555.583</b>	<b>555.583</b>
Deductions from Total Capital (-)	-	-	-
<b>Total</b>	<b>2.421.691</b>	<b>1.637.141</b>	<b>4.058.832</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued):**

**Explanations on the reconciliation of capital items to balance sheet (Continued):**

<b>Prior Period (31.12.2019)</b>	<b>Carrying Value</b>	<b>Amount of correction</b>	<b>Value of the capital report</b>
<b>1.Paid-in-Capital</b>	850.000	206.074	1.056.074
<b>2.Capital Reserves</b>	208.057	(206.074)	1.983
2.1. Share Premium	1.983	-	1.983
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
<b>3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss</b>	152	-	152
<b>4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</b>	36.204	8.919	45.123
<b>5.Profit Reserves</b>	682.612	-	682.612
<b>6.Profit or Loss</b>	579.388	-	579.388
6.1. Prior Periods' Profit or (Loss)	132.282	-	132.282
6.2. Current Period Profit or (Loss)	447.106	-	447.106
Deductions from Common Equity Tier I Capital (-)	-	(6.489)	(6.489)
<b>Common Equity Tier I Capital</b>	<b>2.356.413</b>	<b>2.430</b>	<b>2.358.843</b>
Subordinated Loans	-	997.290	997.290
Deductions from Tier I capital (-)	-	-	-
<b>Tier I Capital</b>	<b>2.356.413</b>	<b>999.720</b>	<b>3.356.133</b>
Subordinated Loans	-	373.162	373.162
General Provisions	-	115.289	115.289
Deductions from Tier II capital (-)	-	-	-
<b>Tier II Capital</b>	<b>-</b>	<b>488.451</b>	<b>488.451</b>
Deductions from Total Capital (-)	-	-	-
<b>Total</b>	<b>2.356.413</b>	<b>1.488.171</b>	<b>3.844.584</b>

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations related to capital adequacy ratio (Continued):**

**Information on borrowing instruments to be included in the equity calculation:**

<b>(Current Period 31.03.2020)</b>	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Mediator's code (CUSIP, ISIN etc.)	-
Instruments Legislation subject to	BRSA
<b>Consideration in equity calculation</b>	
1/1/2015 from 10% reduction by being subject to the application	No
Validity status on consolidated or base or both consolidated and base	Unconsolidated
Type of the instrument	Loan
Amount considered in the equity calculation (As of the reporting date - Million TL)	406
Instrument's nominal value (Million TL)	406
Instrument's account recognised	Liabilities Subordinated Loan
Issue date of the instrument	31.12.2018
Instrument's maturity structure (Demand / Term)	Demand
Starting maturity of the instrument	-
Whether the issuer has the right to reimbursement due to BRSA approval	Yes
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	-
Interest rate and interest rate index value	-
Whether there are any restrictions that stop the payment of dividends	-
Fully optional, partially optional or mandatory	-
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being cumulative or not be cumulative	-
<b>Convertible to stock</b>	
Triggering event / events that can cause conversion if they can be converted to a stock	-
Full or partial conversion if convertible	-
If convertible, conversion rate	-
If forced to convert to stock, forced or optional conversion feature	-
Convertible instruments types if converted to stock	-
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger event / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in case of liquidation in the order of the instrument (immediately above this instrument)	After the borrowing, before the additional capital, same as Tier II Capital
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Which of the provisions of Articles 7 and 8 of the Regulation on Equity of Banks is not	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.



**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE (Continued)****I. Explanations related to capital adequacy ratio (Continued):****Information on borrowing instruments to be included in the equity calculation (Continued):**

<b>(Prior Period 31.12.2019)</b>	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Mediator's code (CUSIP, ISIN etc.)	-
Instruments Legislation subject to	BRSA
<b>Consideration in equity calculation</b>	
1/1/2015 from 10% reduction by being subject to the application	No
Validity status on consolidated or base or both consolidated and base	Unconsolidated
Type of the instrument	Loan
Amount considered in the equity calculation (As of the reporting date - Million TL)	373
Instrument's nominal value (Million TL)	373
Instrument's account recognised	Liabilities Subordinated Loan
Issue date of the instrument	31.12.2018
Instrument's maturity structure (Demand / Term)	Demand
Starting maturity of the instrument	-
Whether the issuer has the right to reimbursement due to BRSA approval	Yes
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	-
Interest rate and interest rate index value	-
Whether there are any restrictions that stop the payment of dividends	-
Fully optional, partially optional or mandatory	-
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being cumulative or not be cumulative	-
<b>Convertible to stock</b>	
Triggering event / events that can cause conversion if they can be converted to a stock	-
Full or partial conversion if convertible	-
If convertible, conversion rate	-
If forced to convert to stock, forced or optional conversion feature	-
Convertible instruments types if converted to stock	-
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger event / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in case of liquidation in the order of the instrument (immediately above this instrument)	After the borrowing, before the additional capital, same as Tier II Capital
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Which of the provisions of Articles 7 and 8 of the Regulation on Equity of Banks is not	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE (Continued)****I. Explanations related to capital adequacy ratio (Continued):****Information on borrowing instruments to be included in the equity calculation (Continued):**

<b>(Current Period 31.03.2020)</b>	
Issuer-Loan supplier	Bank / Turkey Development Fund
Mediator's code (CUSIP, ISIN etc.)	-
Instruments Legislation subject to	BRSA
<b>Consideration in equity calculation</b>	
1/1/2015 from 10% reduction by being subject to the application	No
Validity status on consolidated or base or both consolidated and base	Unconsolidated
Type of the instrument	Loan
Amount considered in the equity calculation (As of the reporting date - Million TL)	1.085
Instrument's nominal value (Million TL)	1.085
Instrument's account recognised	Liabilities Subordinated Loan
Issue date of the instrument	24.04.2019
Instrument's maturity structure (Demand / Term)	Demand
Starting maturity of the instrument	-
Whether the issuer has the right to reimbursement due to BRSA approval	Yes
Reimbursement option date, contingent repayment options and refund amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	Fixed Interest
Interest rate and interest rate index value	5,08
Whether there are any restrictions that stop the payment of dividends	-
Fully optional, partially optional or mandatory	-
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being cumulative or not be cumulative	-
<b>Convertible to stock</b>	
Triggering event / events that can cause conversion if they can be converted to a stock	-
Full or partial conversion if convertible	-
If convertible, conversion rate	-
If forced to convert to stock, forced or optional conversion feature	-
Convertible instruments types if converted to stock	-
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger event / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in case of liquidation in the order of the instrument (immediately above this instrument)	After borrowings and secondary capital
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Which of the provisions of Articles 7 and 8 of the Regulation on Equity of Banks is not	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE (Continued)****I. Explanations related to capital adequacy ratio (Continued):****Information on borrowing instruments to be included in the equity calculation (Continued):**

<b>(Prior Period 31.12.2019)</b>	
Issuer-Loan supplier	Bank / Turkey Development Fund
Mediator's code (CUSIP, ISIN etc.)	-
Instruments Legislation subject to	BRSA
<b>Consideration in equity calculation</b>	
1/1/2015 from 10% reduction by being subject to the application	No
Validity status on consolidated or base or both consolidated and base	Unconsolidated
Type of the instrument	Loan
Amount considered in the equity calculation (As of the reporting date - Million TL)	997
Instrument's nominal value (Million TL)	997
Instrument's account recognised	Liabilities Subordinated Loan
Issue date of the instrument	24.04.2019
Instrument's maturity structure (Demand / Term)	Demand
Starting maturity of the instrument	-
Whether the issuer has the right to reimbursement due to BRSA approval	Yes
Reimbursement option date, contingent repayment options and refund amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	Fixed Interest
Interest rate and interest rate index value	5,08
Whether there are any restrictions that stop the payment of dividends	-
Fully optional, partially optional or mandatory	-
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being cumulative or not be cumulative	-
<b>Convertible to stock</b>	
Triggering event / events that can cause conversion if they can be converted to a stock	-
Full or partial conversion if convertible	-
If convertible, conversion rate	-
If forced to convert to stock, forced or optional conversion feature	-
Convertible instruments types if converted to stock	-
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger event / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in case of liquidation in the order of the instrument (immediately above this instrument)	After borrowings and secondary capital
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Which of the provisions of Articles 7 and 8 of the Regulation on Equity of Banks is not	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE (Continued)****II. Explanations related to currency risk:**

The Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The Bank's currency risk management policy of the Bank defined as, keeping the "Foreign Currency Net Position / Capital Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Bank on a daily basis is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%.

The foreign exchange buying rates of the Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

<b><u>Date</u></b>	<b><u>USD</u></b>	<b><u>EURO</u></b>	<b><u>100 JPY</u></b>
31/03/2020	6,5318	7,2327	6,0637
30/03/2020	6,4346	7,0896	6,0080
27/03/2020	6,3855	7,0272	5,9010
26/03/2020	6,4073	6,9699	5,8016
25/03/2020	6,3881	6,9304	5,7779

The simple arithmetic average of the last thirty day rates as of 31 March 2020; USD: TL 6,28057, EURO: TL : 6,95981, 100 JPY: TL 5,88280.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**II. Explanations related to currency risk (Continued):**

**Information on the currency risk of the Bank:**

<b>Current Period (31.03.2020)</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC <sup>(1)</sup></b>	<b>Total</b>
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	868.678	158.240	532	1.027.450
Financial assets at fair value through profit and loss	91.593	-	-	91.593
Money market placements	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	196.017	45.052	-	241.069
Loans	6.782.413	9.083.210	-	15.865.623
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial Assets Measured at Amortised Cost	1.131.965	-	-	1.131.965
Derivative financial assets for hedging purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other assets	1.677	32.028	-	33.705
<b>Total assets</b>	<b>9.072.343</b>	<b>9.318.530</b>	<b>532</b>	<b>18.391.405</b>

<b>Liabilities</b>				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	7.265.351	9.384.279	-	16.649.630
Marketable securities issued	-	-	-	-
Sundry creditors	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	1.549.117	60.503	-	1.609.620
<b>Total liabilities</b>	<b>8.814.468</b>	<b>9.444.782</b>	<b>-</b>	<b>18.259.250</b>

Net balance sheet position	257.875	(126.252)	532	132.155
Net off-balance sheet position	(260.377)	127.098	-	(133.279)
Assets on derivative instruments	-	127.098	-	127.098
Liabilities on derivative instruments	260.377	-	-	260.377
Non-cash loans	114.902	-	-	114.902

<b>Prior Period (31.12.2019)</b>				
Total assets	8.224.403	8.623.048	386	16.847.837
Total liabilities	8.217.999	8.614.725	-	16.832.724
Net balance sheet position	6.404	8.324	385	15.113
Net off-balance sheet position	-	-	-	-
Assets on derivative instruments	-	-	-	-
Liabilities on derivative instruments	-	-	-	-
Non-cash loans	-	-	-	-

1) The foreign currencies presented in the other FC column of assets comprise, 21% GBP, 47% CHF, 32% JPY.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations related to interest rate risk:**

The interest rate risk indicates the probability of loss that the Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Bank's balance sheet and on the Bank's income-loss balance. Sudden interest shocks in the market because the Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Bank.

The Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment is respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Bank. For this reason, the Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the bank's securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations related to interest rate risk (Continued):**

Based on the statutory 20% rate of "The Ratio of Interest Rate Risk Due To Banking Book" determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Bank, is determined with a more conservative approach.

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

<b>End of the Current Period (31.03.2020)</b>	<b>Up to 1 Month</b>	<b>1–3 Months</b>	<b>3–12 Months</b>	<b>1–5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	-	-	830	830
Banks <sup>(1)</sup>	2.516.620	-	-	-	-	12.611	2.529.231
Financial assets at fair value through profit and loss	-	-	-	-	-	91.593	91.593
Money market placements	2.999	-	-	-	-	-	2.999
Financial Assets Measured at Fair Value Through Other Comprehensive Income <sup>(3)</sup>	24.010	22.836	212.390	460.364	-	10.936	730.536
Loans <sup>(2) (5)</sup>	4.895.084	2.331.292	3.450.846	1.333.682	4.062.930	6.369	16.080.203
Financial Assets Measured at Amortised Cost	-	-	1.852	1.233.580	10.549	-	1.245.981
Other assets <sup>(4) (5)</sup>	-	-	-	-	-	176.362	176.362
<b>Total Assets</b>	<b>7.438.713</b>	<b>2.354.128</b>	<b>3.665.088</b>	<b>3.027.626</b>	<b>4.073.479</b>	<b>298.701</b>	<b>20.857.735</b>
<b>Liabilities</b>							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	51.627	-	-	-	-	-	51.627
Sundry creditors	-	-	-	-	-	72.687	72.687
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	3.822.552	3.508.012	4.167.728	3.218.694	1.939.113	-	16.656.099
Other liabilities <sup>(4)</sup>	-	-	-	-	-	4.077.322	4.077.322
<b>Total liabilities</b>	<b>3.874.179</b>	<b>3.508.012</b>	<b>4.167.728</b>	<b>3.218.694</b>	<b>1.939.113</b>	<b>4.150.009</b>	<b>20.857.735</b>
<b>Long position on balance sheet</b>	<b>3.564.534</b>				<b>2.134.366</b>		<b>5.698.900</b>
<b>Short position on balance sheet</b>		<b>(1.153.884)</b>	<b>(502.640)</b>	<b>(191.068)</b>		<b>(3.851.308)</b>	<b>(5.698.900)</b>
<b>Long position on off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short position on off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total position</b>	<b>3.564.534</b>	<b>(1.153.884)</b>	<b>(502.640)</b>	<b>(191.068)</b>	<b>2.134.366</b>	<b>(3.851.308)</b>	<b>-</b>

(1) Balances without maturity are shown in the "Non-interest Bearing" column.

(2) Net balance of non-performing loans and receivables is shown in "Non-interest Bearing" column.

(3) Securities representing a share in capital and investment funds are shown in "Non-interest Bearing" column.

(4) Deferred tax asset, shareholders' equity and other non-interest bearing assets and liabilities are shown in "Non-interest Bearing" column.

(5) Lease receivables (TL 28) are represented in other assets.

(6) The expected credit losses for financial assets and other assets are reflected in the related items.

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE (Continued)

## III. Explanations related to interest rate risk (Continued):

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

End of the Prior Period (31.12.2019)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	-	-	595	595
Banks <sup>(1)</sup>	2.312.648	-	-	-	-	23.407	2.336.055
Financial assets at fair value through profit and loss	-	-	-	-	-	90.216	90.216
Money market placements	127.246	-	-	-	-	-	127.246
Financial Assets Measured at Fair Value Through Other Comprehensive Income <sup>(3)</sup>	498	-	213.684	466.416	-	8.038	688.636
Loans <sup>(2)</sup>	5.351.652	1.914.411	2.853.378	1.282.266	3.498.211	5.579	14.905.497
Financial Assets Measured at Amortised Cost	12.540	12.731	-	1.028.786	10.189	-	1.064.246
Other assets <sup>(4)</sup>	-	-	-	-	-	163.427	163.427
<b>Total Assets</b>	<b>7.804.584</b>	<b>1.927.142</b>	<b>3.067.062</b>	<b>2.777.468</b>	<b>3.508.400</b>	<b>291.262</b>	<b>19.375.918</b>
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	50.364	-	-	-	-	-	50.364
Sundry creditors	-	-	-	-	-	53.773	53.773
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	3.651.879	2.246.663	4.689.396	2.894.905	1.899.191	-	15.382.034
Other liabilities <sup>(4)</sup>	-	-	-	-	-	3.889.747	3.889.747
<b>Total liabilities</b>	<b>3.702.243</b>	<b>2.246.663</b>	<b>4.689.396</b>	<b>2.894.905</b>	<b>1.899.191</b>	<b>3.943.520</b>	<b>19.375.918</b>
Long position on balance sheet	4.102.341	-	-	-	1.609.209	-	5.711.550
Short position on balance sheet	-	(319.521)	(1.622.334)	(117.437)	-	(3.652.258)	(5.711.550)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
<b>Total position</b>	<b>4.102.341</b>	<b>(319.521)</b>	<b>(1.622.334)</b>	<b>(117.437)</b>	<b>1.609.209</b>	<b>(3.652.258)</b>	<b>-</b>

<sup>(1)</sup> Balances without maturity are shown in the “Non-interest Bearing” column.<sup>(2)</sup> Net balance of non-performing loans and receivables is shown in “Non-interest Bearing” column.<sup>(3)</sup> Securities representing a share in capital and investment funds are shown in “Non-interest Bearing” column.<sup>(4)</sup> Deferred tax asset, shareholders’ equity and other non-interest bearing assets and liabilities are shown in “Non-interest Bearing” column.<sup>(5)</sup> Lease receivables (TL 70) are represented in other assets.



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations related to interest rate risk (Continued):**

**Average interest rates applied to monetary financial instruments (%):**

<b>End of the Current Period (31.03.2020)</b>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets (*)</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,29	0,29	-	9,07
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	8,25
Financial Assets Measured at Fair Value Through Other Comprehensive Income	3,39	5,97	-	12,59
Loans and Receivables	3,02	5,18	-	13,48
Financial Assets Measured at Amortised Cost	5,07	-	-	3,55
<b>Liabilities (*)</b>				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	8,50
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	1,28	3,46	-	12,50

(\*) Rates shown in the table are calculated by using the annual interest rates.

<b>End of the Prior Period (31.12.2019)</b>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets (*)</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,39	1,80	-	11,23
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	11,36
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,65	5,26	-	24,54
Loans and Receivables	3,02	5,37	-	15,31
Financial Assets Measured at Amortised Cost	5,07	-	-	18,43
<b>Liabilities (*)</b>				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	10,82
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	1,26	3,69	-	12,50

(\*) Rates shown in the table are calculated by using the annual interest rates.

## **SECTION FOUR (Continued)**

### **INFORMATION ON FINANCIAL STRUCTURE (Continued)**

#### **IV. Explanations related to equity securities in banking book:**

None.

#### **V. Explanations related to liquidity risk management and liquidity coverage ratio:**

##### **1. Liquidity risk management**

The Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Bank is specialized, its liquidity need is more predictable as compared to commercial banks, and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates with assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Management Committee's decisions. The Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium and long term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Bank is calculated by using "Liquidity Analysis Forms" in accordance with the form determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the Liquidity Emergency Plan Directive of the Bank". The Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 27 October 2016 and numbered 2016-20-10 / 180. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Bank's reputation.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk management and liquidity coverage ratio (Continued):**

In the Bank's liquidity risk management, limitations of the related regulations of BRSA, Bank's "Risk Management Strategies, Policies and Implementation Fundamentals" and internal risk limitations that are determined by general market conditions are fundamental. Consequently, active units within the liquidity risk management Department of Treasury being in the first place, act according to these limitations. First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and nonconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports that are prepared by the Risk Monitoring Department. Daily balance sheet and duration calculations are prepared by risk monitoring department. On weekly reports, which are prepared by the same department, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet items, - in detail-Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA by Financial Accounting Department. Proforma cash flows statement and amount of future liquid assets in different scenarios for one year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Bank, and results of liquidity measurement system are included in the decision making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Bank's risk policies. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk management and liquidity coverage ratio (Continued):**

**2. Liquidity coverage ratio**

According to regulation “Regulation on Banks' Liquidity Coverage Ratio Calculation” which is published in the Official Gazette numbered 28948 on 21 March 2014 related to calculation of liquidity coverage ratio of banks, calculated liquidity coverage ratios are shown below. Including the reporting period for the last 3 months unconsolidated foreign currency and total liquidity coverage ratio and minimum and maximum levels are shown below by specified weeks:

	<b>Liquidity Coverage Ratio(Weekly Unconsolidated Report )</b>			
	FC	Date	FC+TL	Date
<b>Current Period (31.03.2020)</b>				
Maximum (%)	218	03.01.2020	634	03.01.2020
Minimum (%)	61	24.01.2020	288	24.01.2020

	<b>Liquidity Coverage Ratio(Weekly Unconsolidated Report)</b>			
	FC	FC	FC	FC
<b>Prior Period (31.12.2019)</b>				
Maximum (%)	100	04.10.2019	764	04.10.2019
Minimum (%)	62	13.12.2019	219	15.11.2019

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk management and liquidity coverage ratio (Continued):**

**2. Liquidity coverage ratio (Continued):**

	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
Current Period (31.03.2020)	TP+YP	YP	TP+YP	YP
<b>HIGH-QUALITY LIQUID ASSETS</b>			<b>681.729</b>	<b>143.959</b>
Total high-quality liquid assets (HQLA)			681.729	143.959
<b>CASH OUTFLOWS</b>				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	261.467	221.709	249.933	221.709
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	261.467	221.709	249.933	221.709
Secured wholesale funding			-	-
Other cash outflows	343.151	304.082	343.151	304.082
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	343.151	304.082	343.151	304.082
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	1.963.093	1.733.093	98.155	86.655
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>691.239</b>	<b>612.446</b>
<b>CASH INFLOWS</b>				
Secured receivables	210.149	205.554	210.149	205.554
Unsecured receivables	2.121.590	943.732	2.121.350	943.493
Other cash inflows	343.061	101.736	343.061	101.736
<b>TOTAL CASH INFLOWS</b>	<b>2.674.800</b>	<b>1.251.022</b>	<b>2.674.560</b>	<b>1.250.783</b>
			Total Adjusted Value	
<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>681.729</b>	<b>143.959</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>172.810</b>	<b>153.111</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>394</b>	<b>94</b>

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk management and liquidity coverage ratio (Continued):**

**2. Liquidity coverage ratio (Continued):**

	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
Prior Period (31.12.2019)	TP+YP	YP	TP+YP	YP
<b>HIGH-QUALITY LIQUID ASSETS</b>			<b>610.262</b>	<b>125.395</b>
Total high-quality liquid assets (HQLA)			610.262	125.395
<b>CASH OUTFLOWS</b>				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	<b>487.569</b>	<b>450.838</b>	<b>475.278</b>	<b>450.838</b>
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	487.569	450.838	475.278	450.838
Secured wholesale funding			-	-
Other cash outflows	<b>99.527</b>	<b>9.975</b>	<b>99.527</b>	<b>9.975</b>
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	99.527	9.975	99.527	9.975
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	1.704.447	1.474.447	85.222	73.722
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>660.027</b>	<b>534.535</b>
<b>CASH INFLOWS</b>				
Secured receivables	189.814	175.966	189.814	175.966
Unsecured receivables	2.220.170	995.978	2.219.549	995.357
Other cash inflows	99.044	90.116	99.044	90.116
<b>TOTAL CASH INFLOWS</b>	<b>2.509.028</b>	<b>1.262.060</b>	<b>2.508.407</b>	<b>1.261.439</b>
			Total Adjusted Value	
<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>610.262</b>	<b>125.395</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>165.007</b>	<b>133.634</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>370</b>	<b>94</b>

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk management and liquidity coverage ratio (Continued):**

**3. Explanations Liquidity Coverage Ratio**

**Significant factors that impact the result of liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio**

The significant factors that impact liquidity provision rate are net cash outflows and high quality assets stock. Items in the calculation of the rate in consideration may be changed in time because of economic structure and decisions of the Bank on fund management.

**The explanation about elements of the high quality liquid assets**

High quality liquid assets mostly consist of domestic government bonds, and eurobonds.

**Content of funds and their composition**

The main funding source of the Bank is long-term loans from International Financial Institutions. The share of these resources in all funds is approximately 91.4%. 0.2% of the Bank's total funding consists of funds, and 8.4% consists of subordinated debt instruments.

**Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin**

Derivative transactions of the Bank are predominantly swap transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit / loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

**Counterparty and product-based funding sources and concentration limits on collateral**

The fund sources of the Bank, whose field of activity is development banking, are generally international development banks and financial institutions; There is no concentration limit on the other party and product basis.

**The operational and legal factors that hinder liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk**

None.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations related to liquidity risk management and liquidity coverage ratio (Continued):**

**4. Maturity analysis of assets and liabilities according to remaining maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(1)</sup>	Total
<b>Current Period (31.03.2020)</b>								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	830	-	-	-	-	-	-	830
Banks	12.611	2.516.620	-	-	-	-	-	2.529.231
Financial Assets at Fair Value through Profit/Loss	91.593	-	-	-	-	-	-	91.593
Interbank Money Market Placements	-	2.999	-	-	-	-	-	2.999
Financial Assets Measured at Fair Value Through Other Comprehensive Income	10.937	49.724	23.252	34.192	434.234	178.197	-	730.536
Loans <sup>(2)</sup>	-	466.099	520.652	1.537.677	9.820.512	3.728.894	6.369	16.080.203
Financial Assets Measured at Amortised Cost	-	-	549	4.203	1.231.229	10.000	-	1.245.981
Other Assets <sup>(2)</sup>	-	-	-	-	-	-	176.362	176.362
<b>Total Assets<sup>(3)</sup></b>	<b>115.971</b>	<b>3.035.442</b>	<b>544.453</b>	<b>1.576.072</b>	<b>11.485.975</b>	<b>3.917.091</b>	<b>182.731</b>	<b>20.857.735</b>
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Other Funding	-	141.405	271.101	1.185.464	9.178.031	5.879.721	377	16.656.099
Interbank Money Market Takings	-	51.627	-	-	-	-	-	51.627
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	72.687	-	-	-	-	-	-	72.687
Other Liabilities <sup>(2)</sup>	-	6.832	24.695	-	-	-	4.045.795	4.077.322
<b>Total Liabilities</b>	<b>72.687</b>	<b>199.864</b>	<b>295.796</b>	<b>1.185.464</b>	<b>9.178.031</b>	<b>5.879.721</b>	<b>4.046.172</b>	<b>20.857.735</b>
<b>Liquidity Gap</b>	<b>43.284</b>	<b>2.835.578</b>	<b>248.657</b>	<b>390.608</b>	<b>2.307.944</b>	<b>(1.962.630)</b>	<b>(3.863.441)</b>	<b>-</b>
<b>Net Off-Balance Position</b>	<b>-</b>	<b>(8.021)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.021)</b>
Derivative Financial Assets	-	252.356	-	-	-	-	-	252.356
Derivative Financial Liabilities	-	260.377	-	-	-	-	-	260.377
<b>Non-Cash Loans</b>	<b>6.240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114.902</b>	<b>-</b>	<b>-</b>	<b>121.142</b>
<b>Prior Period (31.12.2019)</b>								
Total Assets	122.256	2.894.403	262.127	1.867.497	10.667.018	3.393.611	169.006	19.375.918
Total Liabilities	53.773	219.174	267.111	1.052.094	8.439.200	5.500.306	3.844.260	19.375.918
<b>Liquidity Gap</b>	<b>68.483</b>	<b>2.675.229</b>	<b>(4.984)</b>	<b>815.403</b>	<b>2.227.818</b>	<b>(2.106.695)</b>	<b>(3.675.254)</b>	<b>-</b>
Net Off-Balance Position	-	-	-	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-	-	-	-
Derivative Financial Liabilities	-	-	-	-	-	-	-	-
<b>Non-Cash Loans</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>

<sup>(1)</sup> Assets, such as fixed assets, associates, subsidiaries, property value, prepaid expenses and net non performing receivables, other asset accounts that would not be converted to cash in a short time period and needed to used in the banking activities; Liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column. Deferred tax asset is included in the undistributed column.

<sup>(2)</sup> Lease receivables (TL 28) are represented in other assets.

<sup>(3)</sup> The expected credit losses for financial assets and other assets are reflected in the related items.



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VI. Explanation of leverage ratio:**

In the current period, the increase in total risk amount was higher than the rate of increase in core capital. As of March 31, 2020, the Bank's leverage ratio calculated from the average of three months is 16.59%. (31 December 2019: 16.91%). The reason that the current period leverage ratio is lower than the previous period leverage ratio is that the amount of capital increased more than the total risk amount related to the balance sheet assets.

<b>On-balance sheet assets (*)</b>	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	20.347.441	19.305.655
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	20.347.441	19.305.655
<b>Derivative financial instruments and loan derivatives</b>		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	164.307	-
Total derivative financial instruments and loan derivatives exposure	164.307	-
Securities financing transaction exposure		
Risks from securities financing transaction exposure assets	-	-
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	-	-
<b>Off-balance sheet items</b>		
Gross notional amounts of off-balance sheet items	2.041.988	1.792.309
(Adjustments for conversion to credit equivalent amounts)	(1.817.853)	(1.590.792)
Total risks of off-balance sheet items	224.135	201.517
<b>Capital and total risks</b>		
Tier 1 capital	3.438.687	3.299.158
Total risks	20.735.883	19.507.172
<b>Leverage ratio</b>		
Leverage ratio	<b>16,59</b>	<b>16,91</b>

(\*) Calculated by taking the average of the last three months financial statements.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations on risk management:**

**1. General information on risk management and risk weighted amounts:**

Footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosures by Banks” published in the Official Gazette No. 29511 on 23 October 2015 and entered into force on 31 March 2017 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 March 2020, as the Bank's standard approach was used in the calculation of capital adequacy:

- RWA flow statement under IMM (Internal Model Method)
- RWA flow statements of CCR exposures under Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

**Overview of risk weighted amounts:**

		Risk Weighted Amount		Minimum Capital Requirement	
		Current Period (31.03.2020)	Prior Period (31.12.2019)	Current Period (31.03.2020)	Prior Period (31.12.2019)
1	Credit risk (excluding counterparty credit risk) (CCR)	18.605.795	16.628.634	1.488.464	1.330.291
2	Of which standardized approach (SA)	18.605.795	16.628.634	1.488.464	1.330.291
3	Of which internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk	268.036	769	21.443	61
5	Of which standardized approach for counterparty credit risk (SA-CCR)	268.036	769	21.443	61
6	Of which internal model method (IMM)	-	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-	-
8	Equity investments in funds – look-through approach				
9	Equity investments in funds – mandate-based approach	-	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-	-
11	Settlement risk				
12	Securitization exposures in banking book	-	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-	-
16	Market Risk	33.138	20.063	2.651	1.605
17	Of which standardized approach (SA)	33.138	20.063	2.651	1.605
18	Of which internal model approaches (IMM)				
19	Operational Risk	952.909	597.609	76.233	47.809
20	Of which basic indicator approach	952.909	597.609	76.233	47.809
21	Of which standardized approach	-	-	-	-
22	Of which advanced measurement approach	-	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-	-
24	Floor adjustments	-	-		
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>19.859.878</b>	<b>17.247.075</b>	<b>1.588.791</b>	<b>1.379.766</b>

## **SECTION FIVE**

### **EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS**

#### **I. Explanations and notes related to assets:**

##### **1. Information on financial assets:**

##### **1.1. Information on cash and cash equivalents:**

##### **1.1.1. Information on cash and balances with the Central Bank of the Republic of Turkey:**

	<b>Current Period (31.03.2020)</b>		<b>Prior Period (31.12.2019)</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash and foreign currency	11	-	17	-
Central Bank of the Republic of Turkey	820	-	578	-
Other	-	-	-	-
<b>Total</b>	<b>831</b>	<b>-</b>	<b>595</b>	<b>-</b>

##### **1.1.1.a. Information on required reserve deposits:**

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey's Communiqué No: 2005/1 "Reserve Requirements".

##### **1.1.1.b. Information on the account of Central Bank of the Republic of Turkey:**

	<b>Current Period (31.03.2020)</b>		<b>Prior Period (31.12.2019)</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposit	820	-	578	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
<b>Total</b>	<b>820</b>	<b>-</b>	<b>578</b>	<b>-</b>

##### **1.1.2. Information on banks:**

	<b>Current Period (31.03.2020)</b>		<b>Prior Period (31.12.2019)</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Banks</b>				
Domestic	1.507.507	982.163	1.602.105	733.308
Foreign	-	45.287	-	7.669
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>1.507.507</b>	<b>1.027.450</b>	<b>1.602.105</b>	<b>740.977</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued)**

**1.1. Information on cash and cash equivalents (Continued):**

**1.1.3. Information on Money market placements:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Money Market Placements	3.001	-	-	66.486
Reveivables from Reverse Repo Transactions	-	-	61.019	-
<b>Total</b>	<b>3.001</b>	<b>-</b>	<b>61.019</b>	<b>66.486</b>

**1.1.4. Information on expected credit loss provisions for financial assets:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Cash and Balances with Central Bank	1	-	1	-
Banks and Money Markets	5.728	-	7.286	-
<b>Total</b>	<b>5.729</b>	<b>-</b>	<b>7.287</b>	<b>-</b>

**1.2. Financial assets at fair value through profit and loss subject to repurchase agreements (Net):**

None.

**1.2.a) Financial assets at fair value through profit and loss given as collateral or blocked (Net):**

None.

**1.3. Information on financial assets measured at fair value through other comprehensive income:**

**1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	51.553	-	50.283	-
Other	-	-	-	-
<b>Total</b>	<b>51.553</b>	<b>-</b>	<b>50.283</b>	<b>-</b>

**1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	195.098	-	166.896	-
Other	-	-	-	-
<b>Total</b>	<b>195.098</b>	<b>-</b>	<b>166.896</b>	<b>-</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued)**

**1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):**

**1.3.a.3) Information on financial assets measured at fair value through other comprehensive income:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Debt Securities	726.215	680.651
Quoted on a stock exchange	726.215	680.651
Unquoted	-	-
Share Certificates	13.747	10.847
Quoted on a stock Exchange	-	-
Unquoted	13.747	10.847
Provision for impairment (-)	(9.426)	(2.862)
<b>Total</b>	<b>730.536</b>	<b>688.636</b>

**1.4. Information on derivative financial assets:**

None.

**2. Explanations on financial assets measured at amortized cost (Net):**

**2.1. Information on loans:**

**2.1.a) Information on all types of loans and advances given to shareholders and employees of the Bank:**

	<b>Current Period (31.03.2020)</b>		<b>Prior Period (31.12.2019)</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Direct loans granted to shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	1.777	-	2.311	-
<b>Total</b>	<b>1.777</b>	<b>-</b>	<b>2.311</b>	<b>-</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued)**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.b) Information on standard loans and loans under follow up (first and second group loans) including restructured loans under follow up:**

Cash Loans Current Period (31.03.2020)	Standart Loans	Loans Under Follow Up		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Non-specialized loans	13.496.761	1.034.427	313.340	-
Discount notes	627.732	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1.317.030	-	-	-
Consumer loans	1.777	-	-	-
Credit cards	-	-	-	-
Other	11.550.222	1.034.427	313.340	-
Special loans	1.258.077	107.991	3.899	-
Other receivables	-	-	-	-
<b>Total</b>	<b>14.754.838</b>	<b>1.142.418</b>	<b>317.239</b>	<b>-</b>

First and Second Stage Expected Loss Reserves (*)	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	Standart Loans	Loans Under Follow Up	Standart Loans	Loans Under Follow Up
12 Months Expected Credit Losses	81.512	-	60.477	-
Significant Increase in Credit Risk	-	59.148	-	43.519

(\*)As of the current period (31.03.2020), considering the current uncertainties due to the COVID-19 outbreak, 13.279 TL for standard loans; An additional expected loss of TL 6.777 was set aside for loans under close monitoring.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued)**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.b) Information on standard loans and loans under follow up (first and second group loans) including restructured loans under follow up (Continued):**

Cash Loans Prior Period (31.12.2019)	Standart Loans	Loans Under Follow Up		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Non-specialized loans	12.195.998	1.072.395	359.255	-
Discount notes	285.931	448	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1.285.710	-	-	-
Consumer loans	2.311	-	-	-
Credit cards	-	-	-	-
Other	10.622.046	1.071.947	359.255	-
Special loans	1.308.965	52.394	14.907	-
Other receivables	-	-	-	-
<b>Total</b>	<b>13.504.963</b>	<b>1.124.789</b>	<b>374.162</b>	<b>-</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards:**

<b>Current Period (31.03.2020)</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans - TL	-	<b>1.777</b>	<b>1.777</b>
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	1.777	1.777
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
<b>Total</b>	-	<b>1.777</b>	<b>1.777</b>



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Information on loans (Continued):**

**2.1.c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards (Continued):**

<b>Prior Period (31.12.2019)</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans - TL	-	<b>2.311</b>	<b>2.311</b>
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	2.311	2.311
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
<b>Total</b>	<b>-</b>	<b>2.311</b>	<b>2.311</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Informations on loans (Continued):**

**2.1.d) Information on commercial loans with installments and corporate credit cards:**

The Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

**2.1.f) Breakdown of domestic and international loans:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Domestic loans	16.214.495	15.003.914
International loans	-	-
<b>Total</b>	<b>16.214.495</b>	<b>15.003.914</b>

**2.1.g) Loans granted to subsidiaries and associates:**

TL 1.785 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V.  
TL 1.785 default (stage III) provision has been provided for his loan.

**2.1.h) Default (third stage) provisions:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Loans and other receivables with limited collectability	-	7.041
Loans and other receivables with doubtful collectability	6.738	-
Uncollectible loans and receivables	97.906	111.237
<b>Total</b>	<b>104.644</b>	<b>118.278</b>

**2.1.i) Information on non-performing loans (Net):**

**2.1.i.1) Information on loans and other receivables restructured or rescheduled from non-performing loans:**

	<b>III. Group Loans With Limited Collectability</b>	<b>IV. Group Loans With Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>Current Period (31.03.2020)</b>			
Gross amounts before specific provisions	-	6.738	104.274
Restructured loans	-	-	-
<b>Prior Period (31.12.2019)</b>			
Gross amounts before specific provisions	7.041	-	116.816
Restructured loans	-	-	-

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Informations on loans (Continued):**

**2.1.i.2) Information on the movement of non-performing receivables:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables With Limited Collectability</b>	<b>Loans and Other Receivables With Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Prior period end balance (31.12.2019)</b>	7.041	-	116.816
Additions (+)	-	-	187
Transfer from other categories of non-performing loans (+)	-	6.738	-
Transfer to other categories of non-performing loans (-)	(6.738)	-	-
Collections (-)	(303)	-	(10.831)
Write-offs (-)	-	-	-
Sold (-)	-	-	(1.898)
Corporate and commercial loans	-	-	(1.898)
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current period end balance (31.03.2020)</b>	-	6.738	104.274
Specific provisions (-)	-	(6.738)	(97.906)
<b>Net balance on balance sheet</b>	-	-	<b>6.368</b>

**2.1.i.3) Information on Accruals of Interest, Rediscount and Valuation Effect and Their Provisions Calculated for Under Follow-up Loans Banks which Provide Expected Credit Loss According to TFRS 9:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables With Limited Collectability</b>	<b>Loans and Other Receivables With Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (31.03.2020)</b>			
Interest Accruals and Valuation Differences	-	-	325
Provisions (-)	-	(6.738)	(97.906)
<b>Net Balance</b>	-	(6.738)	(97.581)
<b>Prior Period (31.12.2019)</b>			
Interest Accruals and Valuation Differences	106	-	2.029
Provisions (-)	(7.041)	-	(111.237)
<b>Net Balance</b>	<b>(6.935)</b>	-	<b>(109.208)</b>

**2.1.i.4) Information on foreign currency non-performing loans:**

As set out in the third part of the Communiqué on the Bank's Uniform Chart of Accounts and Prospectus, the context of definitions of Doubtful Receivables, Uncollectible Fees, Commissions and Other Receivables and Non-Performing Loans and Other Receivables, foreign currency loans which become non-performing loans are transferred to and monitored in terms of Turkish Lira.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (continued):**

**2. Explanations on financial assets measured at amortized cost (Net) (Continued):**

**2.1. Informations on loans (Continued):**

**2.1.i.5) Information regarding gross and net amounts of non-performing loans with respect to user groups:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables With Limited Collectability</b>	<b>Loans and Other Receivables With Doubtful Collectability</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net) (31.03.2020)</b>	-	-	<b>6.368</b>
Loans to Real Persons and Legal Entities (Gross)	-	6.738	104.274
Specific provisions (-)	-	(6.738)	(97.906)
Loans to Real Persons and Legal Entities (Net)	-	-	6.368
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net) (31.12.2019)</b>	-	-	<b>5.579</b>
Loans to Real Persons and Legal Entities (Gross)	7.041	-	116.816
Specific provisions (-)	(7.041)	-	(111.237)
Loans to Real Persons and Legal Entities (Net)	-	-	5.579
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

**2.1.j) Main principles of liquidating non-performing loans and other receivables:**

If there are collateral elements in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms.

**2.1.k) Explanations on write-off policy:**

Uncollectible loans or receivables are written-off with the decision of the Board of Directors, after the date 100% provision is set considering the collaterals using the rates determined in the related communiqué, when they are deemed impossible to collect in accordance with a convincing document or a court order.

**2.2. Information on finance lease receivables (Net):**

The Bank's receivables from leasing are TL 28 (31 December 2019 : 70 TL).

**2.3. Information on factoring receivables:**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**2.4. Information on financial assets measured at amortized cost, government debt securities:**

**2.4.a) Information on government securities financial assets measured at amortised cost subject to repurchase agreements:**

None.

**2.4.b) Information on given as collateral or blocked financial assets measured at amortised cost subject to repurchase agreements:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Government Bonds	10.549	12.539
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>10.549</b>	<b>12.539</b>

**2.4.c) Information on government securities financial assets measured at amortised cost:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Government Bonds	1.246.710	1.066.213
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>1.246.710</b>	<b>1.066.213</b>

**2.4.d) Information on financial assets measured at amortised cost:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Debt Securities	1.246.710	1.066.213
Quoted on a stock exchange	1.246.710	1.066.213
Unquoted	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>1.246.710</b>	<b>1.066.213</b>

**2.4.e) Movement of financial assets measured at amortised cost:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Balance at the beginning of the period	1.066.213	49.416
Foreign currency differences on monetary assets	87.615	(120.831)
Purchases during the year	118.435	1.168.560
Disposals through sales and redemptions (*)	(25.553)	(30.932)
Provision for impairment (-)	-	-
<b>Balance at the end of the period</b>	<b>1.246.710</b>	<b>1.066.213</b>

(\*)TL 18.442 in purchases is due to an increase in rediscount..

(\*\*)Disposals by Sales and Redemption Redemption and depreciation amounts after TL 21,150 redemption, TL 4.403 coupon redemption.

**3. Assets held for sale and discontinued operations (Net):**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**4. Information on Investments in associates:**

**4.1. Information on associates:**

**4.1.a. General information on associates:**

	Description	Address (City/ Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
1	Maksan A.Ş.	Malatya	20	31,14
2	Türk Suudi Holding A.Ş. (*)	İstanbul	10	24,69

(\*)Türk Suudi Holding A.Ş is the process of liquidation.

**4.1.b. Financial statement information of associates order above:**

(*)	Total Assets	Shareholder s' Equity	Total Fixed Asset	Interest Income	Income From Marketable Securities	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
1	35.902	23.955	4.626	-	-	4.195	4.463	-
2	39.604	38.626	-	-	-	4.843	8.120	-

(\*) The information of Maksan A.Ş. and Türk Suudi Holding A.Ş. are provided from the unaudited financial statements as of 31 December 2019. Prior period information of Maksan A.Ş. and Türk Suudi Holding A.Ş. are provided from the unaudited financial statements as of 31 December 2018.

**4.1.c. Movement of associates:**

	Current Period (31.03.2020)	Prior Period (31.12.2019)
<b>Balance at the beginning of the period</b>	<b>15.960</b>	<b>72.954</b>
<b>Movements during the period</b>	<b>73</b>	<b>(56.994)</b>
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	-	-
TFRS 9 Classification Change	-	(57.713)
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	73	719
<b>Balance at the end of the period</b>	<b>16.033</b>	<b>15.960</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

**4.1.d. Sectoral information about associates and their carrying amounts:**

	Current Period (31.03.2020)	Prior Period (31.12.2019)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-

**4.1.e. Associates quoted in the stock exchange:**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**4.2. Information on investments in subsidiaries (Net):**

**4.2.a. Information on subsidiaries:**

By the application of the company's Board of Directors and approval the Capital Markets Board (CMB), the company's activities has been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been canceled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements.

**4.2.b. Movement of subsidiaries:**

None.

**4.2.c. Sectoral information about subsidiaries and their carrying amounts:**

None.

**4.2.d. Subsidiaries quoted on the stock exchange:**

None.

**4.3. Information on jointly controlled entities (joint ventures):**

None.

**5. Information on tangible fixed assets:**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

**6. Information on intangible assets:**

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

**7. Information on investment properties:**

As of 31 March 2020, the Bank has investment properties held for rent whose net book value is TL 840 (31 December 2019: TL 850). According to appraisal report prepared by an independent and the CMB registered real-estate appraiser company and issued in December 2017 fair value of the investment properties is determined as TL 23.036. As of 31 March 2020, the Bank has rental income amounting to TL 104. (31 March 2019: TL 194).

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**I. Explanations and notes related to assets (Continued):**

**8. Information on tax assets:**

None.

**9. Information on deferred tax assets:**

As of 31 March 2020, the Bank has a deferred tax liability of TL 4.245. (31 December 2019: None). The deferred tax liability has been calculated over the book's book values and the assets and liabilities followed by the book, as well as the temporary differences created by the tax base values calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 March 2020, the Bank has no tax assets calculated over the period loss or tax deduction. (31 December 2019: None).

	<b>Current Period</b>	<b>Prior Period</b>
	<b>(31.03.2020)</b>	<b>(31.12.2019)</b>
From Depreciations		
From Interest Rediscounts	612	367
From Severance Payments	405	405
Non-Financial Treasury Bills and Government Bonds	2.736	2.635
Uncollectable Loans	6.085	291
Actuarial	612	757
Financial Institutions Bills in Securities Portfolio	5	5
From Depreciations	983	859
Derivative Financial Assets	1.834	-
Personnel Bonus Premium Provision	3.003	3.003
Other	342	342
<b>Total Deferred Tax Assets</b>	<b>16.617</b>	<b>8.664</b>
<b>Deferred Tax Liabilities</b>		
From Depreciations	195	194
From Interest Rediscounts	1.061	810
Actuarial	48	48
Subsidiaries	619	2
Financial Institutions Bills in Securities Portfolio	9.633	11.160
Other Non-Financial Treasury Bills and Government Bonds	276	7.757
TFRS 9 Transition Provision	540	375
<b>Total Deferred Tax Liabilities</b>	<b>12.372</b>	<b>20.346</b>
<b>Net Deferred Tax Assets /(Liabilities)</b>	<b>4.245</b>	<b>(11.682)</b>

**10. Information on other assets:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>(31.03.2020)</b>	<b>(31.12.2019)</b>
Inventory	4	4
Prepaid expenses	40.896	36.255
Temporary account debtor	13.960	13.850
Sundry receivables	4.779	314
<b>Total</b>	<b>59.639</b>	<b>50.423</b>



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to liabilities:**

**1. Information on maturity structure of deposits:**

The Bank is not accepting deposits and funds.

**2. Information on funds borrowed:**

**2.a) Information on banks and other financial institutions:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks and institutions	-	1.581.274	113	1.482.398
From foreign banks, institutions and funds	-	15.056.389	-	13.881.368
<b>Total</b>	-	<b>16.637.663</b>	<b>113</b>	<b>15.363.766</b>

**2.b) Maturity structure of funds borrowed:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Short-term	-	-	113	-
Medium and long-term	-	16.637.663	-	15.363.766
<b>Total</b>	-	<b>16.637.663</b>	<b>113</b>	<b>15.363.766</b>

**2.c) Additional information for the areas of liability concentrations:**

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank, The Black Sea Trade and Development Bank, Industrial and Commercial Bank of China and The German Development Bank and Japan International Corporation Bank. Domestic loans are from Republic of Turkey Ministry of Treasury and Finance.

**3. Information on funds provided under repurchase agreements:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Funds Provided under Repurchase Agreements	51.627	-	50.364	-
<b>Total</b>	<b>51.627</b>	<b>-</b>	<b>50.364</b>	<b>-</b>

**4. Information on issued securities (Net):**

None.

**5. Explanations on funds:**

Of the 29,936 TL which was provided by the Bank (31 December 2019: TL 18.155), 47 TL is from the World Bank, 221 TL is from the European Investment Bank, 18.168 TL is from the Treasury and Ministry of Finance, and 11.500 TL consists of funds from borrowers.

**6. Explanations on financial liabilities at fair value through profit and loss:**

None.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to liabilities (Continued):**

**7. Information on derivative financial liabilities:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	8.338	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>8.338</b>	<b>-</b>	<b>-</b>	<b>-</b>

**8. Information on factoring liabilities:**

None.

**9. Explanations on financial lease payables (Net):**

The total leasing obligations amounted to TL 15.986 (31 December 2019: 15.207 TL).

**10. Explanations on Provisions:**

**10.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:**

None. (31 December 2019: None).

**10.b) Specific provisions provided for unindemnified non-cash loans:**

As of 31 March 2020, the first stage expected loss provision is TL 1.176 (31 December 2019: None) and the third stage expected loss provision is 2 TL (31 December 2019: 1 TL) for non-indemnified non-cash loans.

**10.c) Other provisions:**

- i) There is a TL 940 provision reserved for the cases filed against the Bank.
- ii) The Bank accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 March 2020, the Bank allocated provision for employee benefits amounting to TL 9.663 (31 December 2019: TL 10.586), for unused vacation accruals amounting to TL 2.775 (31 December 2019: TL 1.392) and for personnel premium provision amounting to TL 4.154 (31 December 2019: TL 13.650).

**11.a) Information on current tax liability:**

**11.a.1) Information on tax provision:**

	Current Period (31.03.2020)		Prior Period (31.12.2019)	
	TL	FC	TL	FC
<b>Corporation tax and deferred tax</b>				
Corporate tax payable	24.695	-	41.477	-
Deferred tax payable	-	-	11.682	-
<b>Total</b>	<b>24.695</b>	<b>-</b>	<b>53.159</b>	<b>-</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to liabilities (Continued):**

**11. Explanations on tax liabilities:**

**11.a.2) Information on taxes payable:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Corporate tax payable	24.695	41.477
Taxation on income on marketable securities	-	2
Property tax	2	2
Banking insurance transaction tax (BITT)	181	974
Foreign exchange transaction tax	-	3
Value added tax payable	134	171
Other	3.744	1.309
<b>Total</b>	<b>28.756</b>	<b>43.938</b>

**11.a.3) Information on premiums:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Social security premiums- Employee	1.031	711
Social security premiums- Employer	1.510	1.041
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	-	-
Pension fund membership fees and provisions- Employer	-	-
Unemployment insurance- Employee	74	51
Unemployment insurance- Employer	147	102
Other	9	-
<b>Total</b>	<b>2.771</b>	<b>1.905</b>

**12. Information on deferred tax liabilities:**

None.

**13. Information on liabilities regarding assets held for sale and discontinued operations:**

None.

**14. Information on subordinated loans:**

	<b>Current Period (31.03.2020)</b>		<b>Prior Period (31.12.2019)</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
To be included in the calculation of additional capital borrowing instruments	-	1.131.965	-	1.028.893
Subordinated Loans(*)	-	1.131.965	-	1.028.893
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	405.946	-	373.162
Subordinated Loans	-	405.946	-	373.162
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.537.911</b>	<b>-</b>	<b>1.402.055</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to liabilities (Continued):**

**15. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:**

Other liabilities do not exceed 10% of the balance sheet total.

**16. Information on shareholder's equity:**

**16.a) Presentation of paid-in capital:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Common Stock	850.000	850.000
Preferred Stock	-	-

**16.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so amount of registered capital ceiling:**

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered capital	850.000	2.500.000

**16.c) Information on share capital increases and their sources; other information on increased capital shares in current period:**

None.

**16.d) Information on additions from capital reserves to capital in the current period:**

There is no increase from capital reserves.

**16.e) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:**

The Bank has no capital commitments.

**16.f) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:**

The income of the prior periods, profitability and liquidity of the Bank and projections for the successive periods are followed by Business, Product and Planning Department. Given the conditions of Turkish economy and the Bank's prior period performance; when its revenue, profitability and liquidity is considered, it is estimated that Bank will continue to increase its shareholders' equity and is not going to experience significant issue in capital adequacy ratio.

**16.g) Information on preferred shares:**

The Bank has no preferred shares.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**II. Explanations and notes related to liabilities (Continued):**

**16.h) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:**

	<b>Current Period (31.03.2020)</b>		<b>Prior Period (31.12.2019)</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From associates, subsidiaries and jointly controlled entities (joint ventures)	-	-	-	-
Valuation difference	15.949	(4.780)	32.235	3.447
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>15.949</b>	<b>(4.780)</b>	<b>32.235</b>	<b>3.447</b>

**III. Explanations and notes related to off-balance sheet accounts**

**1. Information on off-balance sheet liabilities:**

**1.a) Nature and amount of irrevocable loan commitments**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Other Irrevocable Commitments	22.254	19.824
<b>Total</b>	<b>22.254</b>	<b>19.824</b>

**1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:**

None.

**1.b.1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:**

None.

**1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:**

Total amount of the Bank's TL letters of guarantee are TL 121.142 (31 December 2019: TL 13). TL 3 (31 December 2019: TL 3) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

**1.c.1) Total non-cash loans:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Non-cash loans for providing cash loans	-	-
With original maturity of one year or less	-	-
With original maturity more than one year	-	-
Other non-cash loans	121.142	13
<b>Total</b>	<b>121.142</b>	<b>13</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**III. Explanations and notes related to off-balance sheet accounts (continued):**

**2. Information on derivative financial instruments:**

Derivative transactions of the Bank consist of money swap transactions. As of 31.03.2020, there are TL 252.356 swap money purchase and TL 260.377 equivalent EUR 36.000 swap money sale transactions and it is accounted for trading purposes.

**3. Information on contingent liabilities and assets:**

Istanbul Venture Capital Initiative (IVCI - A Luxemburg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxemburg. The Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

The Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.00 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.00 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019. The total capital payment is EUR 9.073.342.

With reference to the above capital contributions, out of the Bank's total commitment of EUR 10 million, EUR 9.073.342 have been paid , EUR 926.658 is not yet paid as of the balance sheet date.

With reference to the above capital contributions, out of the Bank's total commitment of EUR 10 million, EUR 9.073.342 have been paid , EUR 926.658 is not yet paid as of the balance sheet date.

The Bank made payment of share capital constituting payments equal to EUR 45.000 on 31 December 2018, EUR 120.000 on 21 January 2019 and EUR 330.000 on 21 March 2019, EUR 120.000 on 09 September 2019, EUR 330.000 on 09 December 2019.

With reference to the above capital contributions, out of the Bank's total commitment of EUR 3 million, EUR 945.000 have been paid , EUR 2.055.000 is not yet paid as of the balance sheet date.

The Bank participated in the nominal capital of JCR Avrasya Rating A.Ş. with a nominal capital of 1.000.000 TL at a rate of 2.86% and made a commitment to pay TL 2,755,126 for share. A capital share payment of 2.066.344 TL was made on January 17, 2020, and 688.782 TL of the commitment has not been paid as of the balance sheet date.

As 31 March 2020, there are 160 cases which are brought against the Bank. The risk amount is TL 8.099. The Bank has allocated a free provision of TL 940 for the cases that are likely to be concluded or likely to be concluded.

**4. Services supplied on behalf of others:**

The Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of profit or loss:**

**1.a) Information related to interest income on loans:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
<b>Interest on Loans</b>				
Short term loans	86	4.055	202	3.681
Medium and long term loans	11.736	171.246	24.017	151.463
Interest on non-performing loans	658	-	13.992	
<b>Total</b>	<b>12.480</b>	<b>175.301</b>	<b>38.211</b>	<b>155.144</b>

**1.b) Information related to interest income on banks:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	32.076	1.390	55.900	2.058
From foreign banks	-	48	-	-
From foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>32.076</b>	<b>1.438</b>	<b>55.900</b>	<b>2.058</b>

**1.c) Information related to interest income on marketable securities:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
From financial assets at fair value through profit and loss	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	22.511	1.904	2.829	1.072
Financial Assets Measured at Amortised Cost	3.124	12.681	2.039	-
<b>Total</b>	<b>25.635</b>	<b>14.585</b>	<b>4.868</b>	<b>1.072</b>

**1.d) Information related to interest income from subsidiaries and associates:**

None.

**1.e) Information on interest income from money market transactions:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
Money Market Transactions	45	-	3.047	-
Reverse repurchase agreements	7.419	-	4.857	-
<b>Total</b>	<b>7.464</b>	<b>-</b>	<b>7.904</b>	<b>-</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of profit or loss (Continued):**

**2.a) Information related to interest expense on borrowings:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
Banks	7	185	-	2.075
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	7	185	-	2.075
Foreign Banks	-	-	-	-
Foreign Head Office and Branches	-	-	-	-
Other Institutions(*)	267	112.722	256	90.474
<b>Total</b>	<b>274</b>	<b>112.907</b>	<b>256</b>	<b>92.549</b>

(\*)Includes fees and commissions related to borrowings.

**2.b) Information related to interest expenses to subsidiaries and associates:**

None.

**2.c) Information related to interest on securities issued:**

The Bank has no securities issued.

**2.d) Information related to interest on money market transactions:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
Money market transactions	5	-	-	113
Repurchase agreements	1.314	-	18	-
<b>Total</b>	<b>1.319</b>	<b>-</b>	<b>18</b>	<b>113</b>

**2.e) Leasing interest expenses:**

	Current Period (31.03.2020)		Prior Period (31.03.2019)	
	TL	FC	TL	FC
Buildings	682	-	-	-
Vehicles	128	-	-	-
<b>Total</b>	<b>810</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information related to dividend income:**

	Current Period (31.03.2020)	Prior Period (31.03.2019)
From Financial Assets at Fair Value Through Profit and Loss	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-
Other	-	129
<b>Total</b>	<b>-</b>	<b>129</b>



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of profit or loss (Continued):**

**4. Information related to trading income/loss:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.03.2019)</b>
<b>Gain</b>	<b>63.523</b>	<b>3.172</b>
Gains on capital market operations	5.859	-
Gains on derivative financial instruments	18.786	-
Foreign exchange gains	38.878	3.172
<b>Loss (-)</b>	<b>(55.106)</b>	<b>(136)</b>
Losses from the capital market operations	-	-
Losses on derivative financial instruments	(48.507)	-
Foreign exchange losses	(6.599)	(136)

**5. Information related to other operating income:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.03.2019)</b>
Income from sale of assets	122	4
Reversals from prior years' provisions	15.802	1.329
Other	880	968
<b>Total</b>	<b>16.804</b>	<b>2.301</b>

Generally, the Bank's other operating income consists of the severance pay provisions allocated in previous years, the cancellation of the expected loss provisions in the third stage and the revenues from its active sales.

**6. Bank's expected credit loss expenses:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.03.2019)</b>
Expected Credit Loss Provisions	35.732	8.247
12 month expected credit loss (Stage 1)	18.721	4.110
Significant increase in credit risk (Stage 2)	15.629	1.280
Under Follow-up loans (Stage 3)	1.382	2.857
Marketable Securities Impairment Expense	-	32
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	32
Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
<b>Total</b>	<b>35.732</b>	<b>8.279</b>

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of profit or loss (Continued):**

**7. Information related to other operating expenses:**

	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.03.2019)</b>
Provision for employee termination benefits <sup>(*)</sup>	1.724	4.773
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	2.342	972
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	301	302
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	4.319	4.220
Operational leasing expenses	28	-
Maintenance expenses	63	130
Advertisement expenses	19	17
Other expenses <sup>(**)</sup>	4.209	4.073
Loss on sale of assets	1.203	-
Other	3.486	2.834
<b>Total</b>	<b>13.375</b>	<b>13.101</b>

(\*)“Employment Termination Provision” and “Short Term Employee Benefits Provision” expenses are presented under “Other Provision Expenses” line at current period income statement.

(\*\*)TL 506 of other expenses is from cleaning expenses (31 March 2019: TL 1.494), TL 852 is from communication expenses (31 March 2019: TL 859), TL 598 is from security expenses (31 March 2019: TL 616), TL 222 is from computer usage expenses (31 March 2019: TL 108), TL 172 is from heating, lighting and water expenses (31 March 2019: TL 368), TL 724 is from vehicle expenses (31 March 2019: TL 190), TL 339 amount consists of dues (31 March 2019: TL 197) and 796 TL remaining portion consists of various other expenses (31 March 2019: TL 241).

**8. Information related to operating profit/loss before taxes:**

As of 31 March 2020, the Bank’s income before tax from the continuing operations is TL 107.028 (31 March 2019: TL 139.709) and the Bank has no discontinued operations.

**9. Information related to tax provisions for taxes:**

As of 31 March 2020, the Bank’s income tax provision from continuing operations amounting to TL 16.715, (31 March 2019: TL 23.960) consists of TL 25.815 of current tax charge (31 March 2019: TL 23.275), TL 9.100 of deferred tax benefit (31 March 2019: 696 deferred tax expense effect; 11 deferred tax income effect).

**10. Information related to net operating income after taxes:**

The Bank has earned net profit of TL 90.313 from continuing operations between 1 January 2020 and 31 March 2020 (Between 1 January 2019-31 March 2019: TL 115.749).

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and notes related to statement of profit or loss (Continued):**

**11. Information on net profit/loss:**

**11.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:**

None.

**11.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:**

There are no changes in accounting estimates.

**12. If the other items in the income statement exceed 10 % of the income statement total, sub-accounts amounting to at least 20 % of these items are presented below:**

As of 31 March 2020, other fees and commissions received amounts to TL 5.125; (31 March 2019: TL 4.387) and TL 3.095 of this amount consists of project service income (31 March 2019: TL 4.108)

**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)**

**V. Explanations Related to Risk Group of the Bank:**

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Bank adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

**a) Current Period:**

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-
Closing Balance (*)	-	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(\*) TL 1.785 of loan extended to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 1.785 is set aside for the expected loss in the third stage.

**b) Prior Period:**

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	138	-	-	-	-	-
Closing Balance (*)	-	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(\*) TL 1.785 of loan extended to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 1.785 is set aside for the expected loss in the third stage.

**c) Information on forward transactions, option contracts and similar other transactions between the Bank and its risk groups:**

None.

**d) Information on remuneration and benefits provided for the senior management of the Bank:**

Salaries and dividend paid to members of Board of Directors, Supervisory Board, General Manager and Vice General Managers are presented below.

	Current Period (31.03.2020)	Prior Period (31.03.2019)
Salaries	2.006	900
Dividend and fringe benefits	-	45
<b>Total</b>	<b>2.006</b>	<b>945</b>

## **SECTION SIX**

### **OTHER EXPLANATIONS**

#### **I. Explanations on Auditors' review report:**

The Bank's unconsolidated financial statements as of and for the period ended 31 March 2020 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the review report dated 7 May 2020 is presented at the beginning of the financial statements and related notes.

#### **II. Explanations and notes related to subsequent events:**

The Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi, which was established with a nominal capital of 50,000 TL.

## **SECTION SEVEN**

### **INTERIM ACTIVITY REPORT**

#### **I. Chairman's Assessment**

The coronavirus outbreak that emerged in China at the end of 2019 and spread to the world has increased the concerns on the global economy significantly. Due to the epidemic, expectations regarding the global outlook turned negative and uncertainty peaked.

The International Monetary Fund (IMF), which announced its global growth forecast for January 2020 as 3.3% in January, reduced its global growth forecast to -3.0%, citing the effects of the epidemic on economic activity in its Global Economic Outlook, published in April. and underlined that there is a serious uncertainty over the global growth forecast.

Global central banks and financial authorities have taken rapid actions to limit the negative effects of the epidemic. The Central Banks of America, Europe, Japan, the UK, Canada and Australia announced significant interest cuts and liquidity support packages in this process. Similarly, many developing countries including Turkey's central bank is tightening in financial conditions has taken in order to reduce the supportive steps.

In the first quarter of the year in a strong trend in Turkey's economy in January and February it was observed. Depending on the effects of the coronavirus epidemic on foreign trade, tourism and domestic demand, economic activity started to weaken in mid-March. However, the effects of the coronavirus outbreak on economic activity and employment will be eliminated thanks to the comprehensive measures taken by the Economic Management, especially the Economic Stability Shield steps, as well as the steps to support liquidity in addition to the Central Bank's interest rate cuts. Thus, Turkey's economy will rapidly return to a strong growth path.

In the first quarter of 2020, the assets of our Bank increased by 25.7% compared to the same period of the previous year, while our operating income increased by 0.6%. The amount of our loans, which constitutes 78.3% of our total assets, increased by 11.8% in March 2020 compared to the same period of the previous year and reached 16 billion TL, while our first quarter profit was 90 million TL. Capital adequacy ratio was 20.4%.

Our bank, competitive development and investment banking functions in line with development priorities of Turkey and will continue to fulfill in a dynamic way.

**Hayrettin DEMİRCAN**  
**Chairman of the Board**

## **SECTION SEVEN (Continued)**

### **INTERIM ACTIVITY REPORT (Continued)**

#### **II. CEO and Board Member's Assessment**

The coronavirus epidemic that emerged in Hubei province of China in December 2019 and spread rapidly to the world in the first quarter of this year has created anxiety and uncertainty over the global economy.

With the effect of supply and demand side shocks caused by the epidemic, global growth expectations first turned to negative, and with the acceleration of the epidemic, the weakening in appearance deepened. Noting that global growth will reach 3.3% in 2020 in the Global Economic Outlook report published in January, the IMF lowered its growth forecast by 6.3 points in the April report and predicted an annual contraction of 3%. The IMF, which named the global recession in 2020 as the Great Isolation, stated that the global economy could experience the most severe contraction since the 1929 Great Depression..

In order to reduce the effects of the epidemic, the Central Banks and financial authorities of developed and developing countries take rapid and coordinated steps in an expansionary direction. While the Central Banks try to limit the negative effects of the epidemic with primarily interest rate cuts and liquidity support packages, financial authorities take many measures such as tax reductions, deferred, cash supports, health-infrastructure expenditures, and credit supports. According to the IMF, the steps taken in the world, especially in the G20 countries, have reached 8 trillion dollars in the fight against coronavirus.

Turkey's economy strong recovery in the last quarter of 2019, with the contribution of the improvement in financial conditions continued in the first two months of 2020. As the coronavirus started to be detected in our country as of March, domestic economic activity started to be affected through foreign trade, tourism, transportation and related sectors and signals of slowing in economic activity were observed in mid-March. In order to limit the negative effects, Economic Management has taken many comprehensive measures, especially the Economic Stability Shield steps. In addition, the Central Bank has taken measures to maintain the sound functioning of the financial markets, credit channel and the cash flow of companies. The monetary and fiscal measures implemented will support the production potential of the economy and contribute to the elimination of the effects of the coronavirus outbreak on economic activity and employment. In this context, Turkey's economy will rapidly return to a strong growth path.

The Turkish Banking Sector displayed a positive outlook in terms of asset growth and capital adequacy in the first quarter of 2020. While the total assets of the sector increased by 8.5% in March 2020 compared to the end of 2019, reaching TL 4.9 trillion, while the loans that make up the biggest share in asset items increased by 9.1% to TL 2.9 trillion. In the first quarter of 2020, the net profit of the sector increased by 26% compared to the same period of the previous year, while the capital adequacy standard ratio increased by 1.5 points compared to the same month of the previous year and reached 17.9%.

When the World Bank and our reflection on the activities of the developments in Turkey's economy, it is observed in the course of the continued strong performance in the first quarter of 2020.

When we look at the financial indicators of our bank in the first quarter; it is seen that our assets reached 21 billion TL as of March 2020 and grew by 25.7% compared to the same period of the previous year and 7.7% compared to the end of 2019.

While the amount of our loans, which constitutes 78.3% of our total assets, reached 16 billion TL in March 2020, our loan volume increased by 11.8% compared to the same period of the previous year. The ratio of gross non-performing loans to total loans, which is an important indicator of asset quality, decreased by 0.14 points compared to the same period of the previous year and decreased to 0.68% in the first quarter of 2020. Capital adequacy ratio reached 20.4% by exceeding the sector average at the end of the first quarter. Our first quarter profit was 90 million TL.

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**II. CEO and Board Member’s Assessment (Continued)**

Turkey's development goals in line with our bank loans that contribute to sustainable growth with the support they provide to investments in the coming period will continue to support the national economy development and investment banking activities.

**İbrahim H. ÖZTOP**  
**CEO and Board Member**



**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**III. Summary Financial Information and Ratios**

<b>Balance Sheet (Thousand TL)</b>	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Total Assets	20.857.735	19.375.918
Financial Assets	3.355.189	3.242.747
Loans	16.325.507	15.127.772
Financial Assets Measured at Amortized Cost	1.246.738	1.066.283
Expected Loss Profits (-)	246.928	224.999
Loans Obtained	16.719.226	15.432.398
Subordinated Debt Instruments	1.537.911	1.402.055
Equity (Including Profit)	2.421.691	2.356.413

<b>Profit / Loss (Thousand TL)</b>	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.03.2019)</b>
Interest Income (Net)	153.691	172.254
Non-Interest Income (Net)	(46.663)	(32.545)
Tax Provision (-)	16.715	23.960
Net Profit / Loss	90.313	115.749

<b>Ratios (%)</b>	<b>Current Period (31.03.2020)</b>	<b>Prior Period (31.12.2019)</b>
Total Loans (Net) / Total Assets	78,3%	78,1%
Loans Under Follow-Up (Net) / Total Loans (Net)	0,7%	0,8%
Equity / Total Assets	11,6%	12,2%
Loans Used / Total Liabilities	80,2%	79,6%
Capital Adequacy Ratio	20,4%	22,3%

**IV. Bank Management**

**1. Board of Directors and Bank Top Management**

Members of the Board of Directors and the Bank's Top Management are indicated on the second page in the general information section.

**2. Authority Limits of the Chairman and Members of the Board of Directors**

The duties and responsibilities of the members of the Bank's Board of Directors are determined by the Establishment Law No. 4456 and the Bank's Articles of Association.

The main task of the Board of Directors of the Bank is to ensure the realization of the objectives set by the Law within the framework of General Assembly resolutions and related legislation, development plan and annual programs. In the January-March 2020 period, the Board of Directors held 4 meetings, and a total of 67 decisions, 8 of which were Interim Decisions and 59 were Decisions.

**Audit Committee**

<b>Name Surname</b>	<b>Duty</b>
Dr. Turgay GEÇER	Chairman of the Audit Committee
Kemal Çağatay İMİRĞİ	Deputy Chairman of the Audit Committee
Hakan ERTÜRK	Audit Committee Member
Murat ZAMAN	Audit Committee Member

In the January-March 2020 period, the Audit Committee held 7 meetings and took 26 decisions.

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**IV. Bank Management (Continued)**

**4. Corporate Governance Committee**

<b>Name Surname</b>	<b>Duty</b>
Salim Can KARAŞIKLI	Kurumsal Yönetim Komitesi Başkanı
Dr.Turgay GEÇER	Kurumsal Yönetim Komitesi Başkan Vekili
Dr.Metin ÇINAR	Kurumsal Yönetim Komitesi Üyesi

In the January-March 2020 period, the Corporate Governance Committee held 7 meetings and took 26 decisions.

**5. Pricing Committee**

<b>Name Surname</b>	<b>Duty</b>
Hakan Ertürk	Chairman of the Pricing Committee
Salim Can KARAŞIKLI	Pricing Committee Member
Kemal Çağatay İMİRGİ	Pricing Committee Member

**6. Units Under Internal Systems**

<b>Name Surname</b>	<b>Duty</b>
Dr.Kaan Ramazan ÇAKALI	Head of the Inspection Board
Dr.Semra PEKKAYA	Head of Risk Management Department
Burhan Serhan PEKER	Internal Control and Compliance Manager

**V. Capital and Shareholder Structure**

<b>Shareholders</b>	<b>Current Capital Share (TL)</b>	<b>%</b>
Treasury Undersecretary	842.193.027,93	99,08
Other (*)	7.806.972,07	0,92
<b>Total</b>	<b>850.000.000,00</b>	<b>100</b>

(\*) Since it covers all natural and legal persons and shares of these partners are traded on Borsa Istanbul, the number of partners is unknown.

**VI. Activities of the Bank's I. Term in 2020**

**Financing Activities and Relations with Financial Institutions**

Within the scope of the World Bank Geothermal Energy Loan, on January 21, 2020, USD 20 million was transferred to the Bank accounts on February 17, 2020 as part of the Islamic Development Bank Installment Sales Loan.

Work is ongoing for the loan to be extended through direct and wholesale banking with the World Bank in order to increase registered employment, and for grants from the European Union Development Fund, through the World Bank.

As a result of negotiations with the representatives of the Development Bank of China (CDB) since 20 September 2019, the Term Sheet signature phase has been reached in efforts to provide financing of 200 million USD.

Negotiations on obtaining USD 150 million GREEN III titled energy and efficiency loan from JAPON International development bank JBIC have been completed and the draft loan agreement has been sent to us.

OPEC International Development Fund - 150 million USD renewable energy and efficiency loan from OFID is continuing.

## **SECTION SEVEN (Continued)**

### **INTERIM ACTIVITY REPORT (Continued)**

#### **VI. Activities of the Bank's I. Term in 2020 (Continued)**

Our Bank has started negotiations with many international financing institutions including DB, AIIB and KfW for financing working capital and liquidity needs in order to eliminate the effects of COVID-19.

As of 19 July 2019, Fitch Ratings, the International Rating Agency, revised the credit ratings of our Bank downwards. In Fitch's update on November 12, 2019, the look has been revised stably.

#### **Project Activities, Consultancy and Technical Assistance Services**

The RPM (Risk Sharing Mechanism) project, developed for the utilization of the geothermal resources of our country, financed by providing a grant from the CTF fund through the World Bank, is carried out by our Bank. Within the framework of the project, it is aimed to partially cover the costs of the wells to be drilled by geothermal investors for resource research purposes. Within the scope of the project, 7 projects were included in the first round of implementation, and negotiations for signing contracts with 2 of these projects were completed. Preparatory work for signing contracts for other projects is ongoing. In this process, business plans of all projects were updated and opinions were given on draft contract texts. At the same time, preparations for the consultancy recruitment for the second round implementation of the RPM project have been completed and the stage of receiving offers has reached. It is planned to announce the second round of application announcement in June.

Turkey Geothermal Development Project of World Bank US \$ 100 million loan was provided. The loan agreement between the Bank and the user company was signed on September 25, 2019, following the approval received from the World Bank in order to extend the remaining USD 40 million loan. The remaining \$ 40 million loan was extended to \$ 30 million on 30.12.2019, and the remaining \$ 10 million on loan on 15.04.2020.

In addition, our Bank due to the enforcement of the RPM project in Turkey, to be shared between other countries in the current insurance system for the fulfillment of geothermal risks in order to assess impact of geothermal resources in the European countries, the participants of the new risk assessment in the development of tools and implementation of targeted GEORISK project. Within the scope of the project, we attended the Web meetings held every month and attended by the project participating organizations. Within the scope of the project, the GEORISK Project Promotion Workshop organized by TUBITAK and held in Ankara on 08.07.2019, with the GEORISK EU Workshop and Congress held in Izmir on 06.11.2019 and the project meeting held in Germany in November 2019 and on 4 February 2020 Participation in GEORISK 1st National Workshop held in Ankara. Also, the first 15 months of technical and financial reports with the report on geothermal projects in Turkey as the market maturity and simultaneous project coordinator has been forwarded to the EU via the web-page of Horizon 2020 project. In the project, the studies for the preparation of the risk reduction mechanisms capacity building documents that will be developed under the responsibility of our Bank are ongoing.

With our bank, T.C. The Memorandum of Understanding and Protocol regarding the financing and monitoring of the COMCEC Project Finance Grant Program (<http://www.comcec.org/pcm/>) between Presidency, Strategy and Budget Directorate, COMCEC and the International Development Cooperation Directorate entered into force on 05.03.2020.

## **SECTION SEVEN (Continued)**

### **INTERIM ACTIVITY REPORT (Continued)**

#### **VI. Activities of the Bank's I. Term in 2020 (Continued)**

The budget allocated by the COMCEC General Directorate to support 22 projects in the 7th Call Period is 833,333.20 USD. Our bank and the COMCEC GM officials were planned to provide training to the relevant institutions of the project owners for the implementation of the projects to be supported within the scope of the program, but the training activity was delayed due to the COVID-19 pandemic.

Within the scope of the program, 5 of 22 projects to be financed in 2020 have been completed, and the signature process of the grant contracts has been completed between our Bank and the project owner institutions, and the contract process with other projects continues.

#### **Crediting Activities**

In the period of January 1 - March 31, 2020, credit applications from 23 companies were accepted as 905 million TL, 121.5 million EUR and 483 million USD, and their total value was 4.683.7 million TL. 59% of these applications are for energy, 20% for manufacturing industry, 11% for health and 10% for other sectors.

In the period of January 1 - March 31, 2020, companies have provided loans totaling TL 397.4 million. 100% of these loans belong to the energy sector.

#### **VII. Corporate Governance Principles Compliance Report**

Turkey Investment and Development Bank Inc. continues its operations in accordance with the Law No. 7147, the Banking Law and other legal regulations that it regulates. Compulsory ones are complied with the Corporate Governance Principles published by the Capital Markets Board, and maximum efforts are made to comply with non-compulsory principles.

In accordance with the Capital Markets Board's decision dated 10.01.2019 and numbered 2/49, the Corporate Governance Compliance Report made in accordance with the Corporate Governance Communiqué No. II-17.1 will be made using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates.

Related reporting, accessible from <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s> address.

##### **1. Shareholder Relations Unit**

The function of relations with shareholders is carried out by “Subsidiaries, Corporate Relations and Sustainability Department”.

Within the period of January-March 2020, 6 information requests were answered within the scope of the exercise of the Right of Information of the shareholders.

##### **2. Capital Increase and General Assembly Information**

No capital increase was made during the period.

Due to the COVID-19 (Coronavirus) epidemic, within the framework of the recommendations regarding the measures to be taken to prevent the spread of the disease in our country and the articles of the Ministry of Trade General Directorate of the Ministry of Trade dated 20/03/2020 and numbered 53382221 at 14:00 on Friday 03/04/2020 Our ordinary general meeting of 2019, which is planned to be held in Istanbul, has been canceled by our Board of Directors decision dated 26/03/2020 to be held at a later date.

**SECTION SEVEN (Continued)**

**INTERIM ACTIVITY REPORT (Continued)**

**VII. Corporate Governance Principles Compliance Report (Continued)**

**3. Company Disclosure Policy**

The Bank's Disclosure Policy, prepared by the Bank's Corporate Governance Committee and submitted to the Board of Directors, was approved on April 29, 2009, and is available on the Bank's website as of May 1, 2009. Monitoring, oversight and development of the implementation of the Disclosure Policy is under the authority and responsibility of the Bank's Board of Directors and is carried out under the supervision of the Corporate Governance Committee on behalf of the Bank's Board of Directors. In addition, the Bank has adopted the principle of public disclosure on matters that are in accordance with its mission and do not have a trade secret, in addition to the rules determined by the legislation.

In the period of January 1 - March 31, 2020;

No application has been made to the Information Unit within the scope of the Regulation on Principles and Procedures on the Right to Information Act and its Implementation No. 4982.

Within the framework of the Prime Ministry Circular No. 2006/3 published in the Official Gazette dated 20 May 2006 and numbered 26055, no application has been made from the Presidential Communication Center (CIMER) Direct Presidential system.

**4. Special Condition Disclosures**

Notifications are made in a timely manner in cases requiring special disclosure. 17 special case announcements were made during the period of 1 January - 31 March 2020. Material disclosures are published on the Bank's website on the first business day following its publication on the Public Disclosure Platform. Regarding the disclosures made, there was no request for additional clarification by the CMB and Borsa İstanbul.