QNB FİNANSBANK ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, CONSOLIDATED FINANCIAL STATEMENTS, NOTES AND CONSOLIDATED INTERIM ACTIVITY REPORT AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

(Convenience translation of consolidated financial statements and independent auditor's review report originally issued in Turkish, See Note I. of Section three)

Interim Review Report on Consolidated Financial Information

To the Board of Directors of QNB Finansbank Anonim Şirketi

Introduction

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

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (ISRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of QNB Finansbank A.Ş. and its consolidated subsidiaries at March 31, 2020 and of the results of its operations and its cash flows for the three months 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 financial information provided in the accompanying interim activity report in Section VII, are not consistent with the consolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English:

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation., accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst &Young Global Limited

Hatice Dilek Çilingir Köstem
Partner, SMMM

April 30, 2020
Istanbul, Turkey

THE CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020

The Parent Bank's;

Address of the Head Office	: Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
Phone number	: (0212) 318 50 00
Facsimile number	: (0212) 318 56 48
Web page	: www.qnbfinansbank.com
E-mail address	: investor.relations@qnbfinansbank.com

The consolidated financial report for the three month period ended March 31, 2020, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE PARENT BANK
- INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
- INTERIM CONSOLIDATED ACTIVITY REPORT

Within the context of this financial report, the consolidated subsidiaries, entities under common control and structured entities are as follows. There are no associates included in the consolidation.

Subsidiaries
1. QNB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. Hemenal Finansman Anonim Şirketi
6. QNB Finans Varlık Kiralama Şirketi A.Ş.

Entities Under Common Control (Joint Ventures)
1. Cigna Finans Emeklilik ve Hayat Anonim Şirketi

Structured Entities
1. Bosphorus Financial Services Limited
2. Istanbul Bond Company S.A

The accompanying consolidated interim financial statements and related disclosures and footnotes for the three month period then ended March 31, 2020, are prepared and independently limited reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated interim financial statements are presented in **thousands of Turkish Lira (TL)**.

Mehmet Ömer Arif Aras
Chairman of
the Board of Directors

Ali Teoman Kerman
Member of the Board of
Directors and Chairman of the
Audit Committee

Ramzi T.A. Mari
Member of the Board of
Directors and of the
Audit Committee

Noor Mohd. J. A. Al-Naimi
Member of the Board of
Directors and of the
Audit Committee

Durmuş Ali Kuzu
Member of the Board of
Directors and of the
Audit Committee

Temel Güzeloğlu
General Manager
and Member of the
Board of Directors

Adnan Menderes Yayla
Executive Vice President
Responsible of Financial Control
and Planning

Ercan Sakarya
Director of Financial, Statutory
Reporting and
Treasury Control

Information related to the responsible personnel to whom the questions about the financial statements can be communicated:

Name - Surname/Title	: Elif Akan / Financial Reporting Manager
Phone Number	: (0 212) 318 57 80
Facsimile Number	: (0 212) 318 55 78

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SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanatory Note on the Establishment Date, Nature of Activities and History of the Parent Bank

QNB Finansbank Anonim Şirketi (The Parent Bank and/or the Bank) was incorporated in Istanbul on September 23, 1987. The Parent Bank's shares have been listed on the Borsa Istanbul ("BIST") formerly known as Istanbul Stock Exchange ("ISE") since the first public offering on 1990.

II. Information About the Parent Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have the Power to Control the Management and Audit Directly or Indirectly, Changes Regarding These Subjects During the Year, If Any, and Information About the Controlling Group of the Parent Bank

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Parent Bank in previous periods, and Qatar National Bank Q.P.S.C. ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Parent Bank, at the rate of 99,81% to QNB at a price of EUR 2.750 million as of December 21, 2015. On April 7, 2016, BRSA permitted to transfer shares at ratios of 82, 23%, 7, 90%, 9, 68% owned by National Bank of Greece S.A., NBGI Holdings B.V. and NBG Finance (Dollar) PLC respectively in the capital of the Bank to Qatar National Bank S.A.Q. in the framework of paragraph 1 of article 18 of Banking Law and dropping direct share of National Bank of Greece S.A. to 0% through the aforementioned share transfer. Necessary permissions related to share transfer have been completed on May 4, 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (QNB Finans Yatırım Menkul Değerler A.Ş., QNB Finans Portföy Yönetimi A.Ş., QNB Finans Finansal Kiralama A.Ş. and Cigna Finans Emeklilik ve Hayat A.Ş.) before the related official bodies on May 12, 2016 and share transfer of the Bank has been completed on June 15, 2016.

The Parent Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies the new logo and the company name of the Parent Bank has started to be used as "QNB FİNANSBANK" as of October 20, 2016. According to the decision dated January 17, 2018 which was taken by the General Assembly The Parent Bank's trade name is changed from "FİNANS BANK A.Ş" to "QNB FİNANSBANK A.Ş" as of January 19, 2018.

99,88% of shares of Parent Bank are controlled by Qatar National Bank as of March 31, 2020 and remaining 0,12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

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

III. Information about the Chairman and Members of Board of Directors, Members of Audit Committee, Managing Director and Executive Vice Presidents; Any Changes, and the Information About the Parent Bank Shares They Hold and Their Responsibilities

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Sinan Şahinbaş	Deputy Chairman	April 16, 2010	Masters
Ali Teoman Kerman	Board Member and Head of Audit Committee	April 16, 2013	Masters
Ramzi T. A. Mari	Board Member and Member of the Audit Committee	June 16, 2016	Masters
Fatma Abdulla S.S. Al-Suwaidi	Board Member	June 16, 2016	Masters
Durmuş Ali Kuzu	Board Member and Member of the Audit Committee	August 25, 2016	PhD
Temel Güzeloğlu	Board Member and General Manager	April 16, 2010	Masters
Yousef Mahmoud H. N. Al-Neama	Board Member	May 28, 2019	Graduate
Assoc. Prof. Dr. Osman Reha Yolalan	Board Member	June 16, 2016	PhD
Adel Ali M. A. Al-Malki	Board Member	May 28, 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Member of the Audit Committee	June 22, 2017	Graduate
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	PhD
Erkin Aydın	Executive Vice President	May 16, 2011	Masters
Ömür Tan	Executive Vice President	October 28, 2011	Masters
Halim Ersun Bilgici	Executive Vice President	March 15, 2013	Masters
Enis Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Cumhur Türkmen	Executive Vice President	June 11, 2018	Graduate
Cenk Akıncılar	Executive Vice President	January 21, 2020	Graduate
Burçin Dündar Tüzün	Executive Vice President	December 1, 2019	Masters
Zeynep Kulalar	Executive Vice President	December 1, 2019	Graduate
Derya Düner (*)	Executive Vice President	January 1, 2020	Graduate
Ali Yılmaz (**)	Executive Vice President	January 1, 2020	Masters
Ahmet Erzengin	Head of the Department of Internal Control and Compliance	September 12, 2011	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of the Department of Risk Management	September 12, 2011	Masters

(*) As of January 1, 2020, Derya Düner has been appointed as General Vice President responsible for Innovation and Entrepreneurship.

(**) As of January 1, 2020, Ali Yılmaz has been appointed as General Vice President responsible for Office of the Legal Counsellor.

The top level management listed above possesses immaterial number of shares of the Parent Bank.

IV. Information About the Persons and Institutions That Have Qualified Shares on the Parent Bank

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank (“QNB”)	3.345.892	99,88%	3.345.892	-
Other	4.108	0,12%	4.108	-

V. Explanations on the Parent Bank’s Services and Activities

The Parent Bank’s activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of March 31, 2020, the Parent Bank operates through 516 domestic (December 31, 2019 - 523), 1 foreign (December 31, 2019 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2019 - 1) branches. As of March 31, 2020, the Group has 12.403 employees (December 31, 2019 – 12.538 employees).

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

Parent Bank's joint venture Cigna Finans Emeklilik and Hayat Anonim Şirketi is consolidated using equity method as per the Regulation on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards.

Ibtech A.Ş and E-finans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. included in investments in associates and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. included in joint ventures are not consolidated to accompanying financial statements as per the Regulation on Preparation of Consolidated Financial Statements of Banks since they are nonfinancial investments. Bankalararası Kart Merkezi and Ulusal Derecelendirme A.Ş. included in subsidiaries is carried at cost and not consolidated since the Parent Bank does not have material control and presence over it.

All other subsidiaries are fully consolidated.

Bosphorus Financial Services Limited and İstanbul Bond Company S.A., which are not subsidiaries of the Parent Bank, but over which the Parent Bank has 100% controlling power due to the reason that these companies are "Structured Entity", have been included in the scope of consolidation.

VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Shareholders' Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

I. Consolidated Balance Sheet (Consolidated Statement of Financial Position)
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(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF BALANCE SHEET
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

			Reviewed 31.03.2020			Audited 31.12.2019		
		Section 5 Part I	TL	FC	TOTAL	TL	FC	TOTAL
I.	**FINANCIAL ASSETS (Net)**		**16.326.334**	**37.144.868**	**53.471.202**	**16.549.802**	**27.187.638**	**43.737.440**
1.1	**Cash and Cash Equivalents**		**3.511.650**	**26.794.350**	**30.306.000**	**4.749.207**	**18.322.590**	**23.071.797**
1.1.1	Cash and Balances with The Central Bank	(1)	2.097.659	25.775.173	27.872.832	1.127.558	17.622.984	18.750.542
1.1.2	Banks	(3)	1.005.102	1.019.206	2.024.308	403.520	699.615	1.103.135
1.1.3	Receivables From Money Market	(4)	429.888	-	429.888	3.225.937	-	3.225.937
1.1.4	Expected Credit Losses (-)		20.999	29	21.028	7.808	9	7.817
1.2	**Financial Assets Measured at Fair Value through Profit/Loss**	**(2)**	**146.743**	**108.640**	**255.383**	**276.304**	**103.932**	**380.236**
1.2.1	Public Sector Debt Securities		92.662	10.830	103.492	209.766	16.398	226.164
1.2.2	Equity Securities		17.320	-	17.320	24.564	-	24.564
1.2.3	Other Financial Assets		36.761	97.810	134.571	41.974	87.534	129.508
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income**	**(5)**	**5.096.361**	**7.495.711**	**12.592.072**	**4.787.538**	**7.558.560**	**12.346.098**
1.3.1	Public Sector Debt Securities		5.086.028	7.297.770	12.383.798	4.777.207	7.352.489	12.129.696
1.3.2	Equity Securities		7.674	171.304	178.978	7.674	182.123	189.797
1.3.3	Other Financial Assets		2.659	26.637	29.296	2.657	23.948	26.605
1.4	**Derivative Financial Assets**	**(12)**	**7.571.580**	**2.746.167**	**10.317.747**	**6.736.753**	**1.202.556**	**7.939.309**
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		6.119.533	2.517.140	8.636.673	5.422.158	1.157.309	6.579.467
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1.452.047	229.027	1.681.074	1.314.595	45.247	1.359.842
II.	**FINANCIAL ASSETS MEASURED AT AMORTİZED COST (Net)**		**92.000.592**	**51.640.527**	**143.641.119**	**85.772.166**	**47.059.324**	**132.831.490**
2.1	**Loans**	**(6)**	**89.560.650**	**39.685.212**	**129.245.862**	**83.674.566**	**35.353.734**	**119.028.300**
2.2	**Lease Receivables**	**(11)**	**1.471.780**	**4.281.505**	**5.753.285**	**751.652**	**4.036.505**	**4.788.157**
2.3	**Factoring Receivables**	**(7)**	**1.319.475**	**200.732**	**1.520.207**	**1.330.012**	**221.571**	**1.551.583**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(8)**	**8.829.953**	**7.643.908**	**16.473.861**	**8.588.791**	**7.592.511**	**16.181.302**
2.4.1	Public Sector Debt Securities		8.829.953	7.162.539	15.992.492	8.588.791	7.028.183	15.616.974
2.4.2	Other Financial Assets		-	481.369	481.369	-	564.328	564.328
2.5	**Expected Credit Losses (-)**		**9.181.266**	**170.830**	**9.352.096**	**8.572.855**	**144.997**	**8.717.852**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**		**-**	**-**	**-**	**-**	**-**	**-**
3.1	Held for sale		-	-	-	-	-	-
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS (Net)**		**242.141**	**-**	**242.141**	**217.648**	**-**	**217.648**
4.1	**Investment in Associates (Net)**	**(9)**	**8.048**	**-**	**8.048**	**5.982**	**-**	**5.982**
4.1.1	Equity Method Associates		-	-	-	-	-	-
4.1.2	Unconsolidated		8.048	-	8.048	5.982	-	5.982
4.2	**Investment in Subsidiaries (Net)**		**38.038**	**-**	**38.038**	**38.038**	**-**	**38.038**
4.2.1	Unconsolidated Financial Investments		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments		38.038	-	38.038	38.038	-	38.038
4.3	**Equity Under Common Control (Joint Ventures) (Net)**	**(10)**	**196.055**	**-**	**196.055**	**173.628**	**-**	**173.628**
4.3.1	Equity method associates		193.255	-	193.255	170.828	-	170.828
4.3.2	Unconsolidated		2.800	-	2.800	2.800	-	2.800
V.	**TANGIBLE ASSETS (Net)**		**3.338.315**	**209**	**3.338.524**	**3.386.959**	**276**	**3.387.235**
VI.	**INTANGIBLE ASSETS (Net)**		**472.631**	**-**	**472.631**	**453.366**	**-**	**453.366**
6.1	Goodwill		-	-	-	-	-	-
6.2	Others		472.631	-	472.631	453.366	-	453.366
VII.	**INVESTMENT PROPERTIES (Net)**	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**	**(14)**	**6.327**	**-**	**6.327**	**6.248**	**-**	**6.248**
IX.	**DEFERRED TAX ASSET**	**(14)**	**642.124**	**-**	**642.124**	**445.244**	**-**	**445.244**
X.	**OTHER ASSETS (Net)**	**(16)**	**3.433.609**	**6.714.422**	**10.148.031**	**3.091.466**	**3.356.049**	**6.447.515**
	TOTAL ASSETS		**116.462.073**	**95.500.026**	**211.962.099**	**109.922.899**	**77.603.287**	**187.526.186**

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF BALANCE SHEET
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

			Reviewed 31.03.2020			Audited 31.12.2019		
		Section 5 Note II	TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	**(1)**	**51.226.032**	**70.206.944**	**121.432.976**	**46.775.898**	**58.724.355**	**105.500.253**
II.	**FUNDS BORROWED**	**(3)**	**2.186.823**	**17.609.691**	**19.796.514**	**2.042.956**	**17.376.361**	**19.419.317**
III.	**MONEY MARKET BORROWINGS**	**(4)**	**4.127.995**	**10.885.032**	**15.013.027**	**351.897**	**8.797.038**	**9.148.935**
IV.	**SECURITIES ISSUED (NET)**	**(5)**	**4.778.394**	**10.462.220**	**15.240.614**	**5.070.667**	**9.280.880**	**14.351.547**
4.1	Bills		4.080.916	282.898	4.363.814	4.459.553	116.648	4.576.201
4.2	Asset Backed Securities		478.587	-	478.587	442.887	-	442.887
4.3	Bonds		218.891	10.179.322	10.398.213	168.227	9.164.232	9.332.459
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**3.389.689**	**3.351.516**	**6.741.205**	**3.448.115**	**1.687.378**	**5.135.493**
7.1	Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	3.339.175	2.417.587	5.756.762	2.960.728	1.293.589	4.254.317
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	50.514	933.929	984.443	487.387	393.789	881.176
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**(7)**	**393.938**	**11.560**	**405.498**	**421.406**	**15.879**	**437.285**
X.	**PROVISIONS**	**(9)**	**858.176**	**-**	**858.176**	**921.907**	**-**	**921.907**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		424.829	-	424.829	560.445	-	560.445
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		433.347	-	433.347	361.462	-	361.462
XI.	**CURRENT TAX LIABILITY**	**(10)**	**30.531**	**-**	**30.531**	**213.410**	**-**	**213.410**
XII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(11)**	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(12)**	**-**	**6.078.690**	**6.078.690**	**-**	**5.432.553**	**5.432.553**
14.1	Subordinated Loans		-	6.078.690	6.078.690	-	5.432.553	5.432.553
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**5.208.982**	**4.953.482**	**10.162.464**	**5.573.013**	**4.627.165**	**10.200.178**
XVI.	**SHAREHOLDERS' EQUITY**	**(13)**	**18.436.114**	**(2.233.710)**	**16.202.404**	**17.398.475**	**(633.167)**	**16.765.308**
16.1	Paid-in Capital		3.350.000	-	3.350.000	3.350.000	-	3.350.000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		(76.195)	84.176	7.981	(76.340)	101.267	24.927
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		187.570	(2.317.886)	(2.130.316)	(101.108)	(734.434)	(835.542)
16.5	Profit Reserves		14.217.872	-	14.217.872	11.353.778	-	11.353.778
16.5.1	Legal Reserves		728.019	-	728.019	721.459	-	721.459
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		13.489.853	-	13.489.853	10.632.319	-	10.632.319
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		748.591	-	748.591	2.864.094	-	2.864.094
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		748.591	-	748.591	2.864.094	-	2.864.094
16.7	Minority Interest		7.562	-	7.562	7.337	-	7.337
	TOTAL LIABILITIES		**90.636.674**	**121.325.425**	**211.962.099**	**82.217.744**	**105.308.442**	**187.526.186**

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020

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

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

			Reviewed 31.03.2020			Audited 31.12.2019		
		Section 5 Note III	**TL**	**FC**	**TOTAL**	**TL**	**FC**	**TOTAL**
A.	**OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**140.831.959**	**249.943.566**	**390.775.525**	**143.685.259**	**223.417.578**	**367.102.837**
I.	**GUARANTEES**	**(1), (2), (3), (4)**	**9.924.132**	**19.826.330**	**29.750.462**	**10.257.777**	**18.245.467**	**28.503.244**
1.1.	Letters of guarantee		9.841.061	10.428.577	20.269.638	10.167.212	9.846.193	20.013.405
1.1.1.	Guarantees subject to State Tender Law		387.969	69.553	457.522	419.645	66.525	486.170
1.1.2.	Guarantees given for foreign trade operations		5.793.116	10.359.024	16.152.140	5.338.469	9.779.668	15.118.137
1.1.3.	Other letters of guarantee		3.659.976	-	3.659.976	4.409.098	-	4.409.098
1.2.	Bank loans		19.217	6.322.550	6.341.767	22.742	5.799.601	5.822.343
1.2.1.	Import letter of acceptance		19.217	6.322.550	6.341.767	22.742	5.799.601	5.822.343
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		63.854	3.075.203	3.139.057	67.823	2.599.673	2.667.496
1.3.1.	Documentary letters of credit		63.854	2.798.581	2.862.435	67.823	2.000.767	2.068.590
1.3.2.	Other letters of credit		-	276.622	276.622	-	598.906	598.906
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**88.405.300**	**6.819.985**	**95.225.285**	**82.504.459**	**6.301.824**	**88.806.283**
2.1.	Irrevocable commitments	(1)	51.701.773	5.874.644	57.576.417	47.699.180	5.245.759	52.944.939
2.1.1.	Forward asset purchase commitments		596.992	4.186.975	4.783.967	1.326.013	4.004.529	5.330.542
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		15.333.523	652	15.334.175	14.309.356	594	14.309.950
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		2.556.010	-	2.556.010	2.377.515	-	2.377.515
2.1.8.	Tax and fund liabilities from export commitments		29.615	-	29.615	29.197	-	29.197
2.1.9.	Commitments for credit card expenditure limits		32.340.807	-	32.340.807	28.781.240	-	28.781.240
2.1.10.	Commitments for promotions related with credit cards and banking activities		30.058	-	30.058	71.447	-	71.447
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		814.768	1.687.017	2.501.785	804.412	1.240.636	2.045.048
2.2.	Revocable commitments		36.703.527	945.341	37.648.868	34.805.279	1.056.065	35.861.344
2.2.1.	Revocable loan granting commitments		36.513.886	441.213	36.955.099	34.741.148	748.047	35.489.195
2.2.2.	Other revocable commitments		189.641	504.128	693.769	64.131	308.018	372.149
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5), (6)**	**42.502.527**	**223.297.251**	**265.799.778**	**50.923.023**	**198.870.287**	**249.793.310**
3.1	Derivative financial instruments for hedging purposes		13.419.419	67.074.428	80.493.847	16.995.877	63.215.920	80.211.797
3.1.1	Fair value hedge		6.398.004	24.035.711	30.433.715	6.993.716	23.111.386	30.105.102
3.1.2	Cash flow hedge		7.021.415	43.038.717	50.060.132	10.002.161	40.104.534	50.106.695
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		29.083.108	156.222.823	185.305.931	33.927.146	135.654.367	169.581.513
3.2.1	Forward foreign currency buy/sell transactions		2.747.293	9.042.474	11.789.767	2.837.474	5.228.896	8.066.370
3.2.1.1	Forward foreign currency transactions-buy		2.155.804	3.645.848	5.801.652	2.234.775	1.792.339	4.027.114
3.2.1.2	Forward foreign currency transactions-sell		591.489	5.396.626	5.988.115	602.699	3.436.557	4.039.256
3.2.2	Swap transactions related to foreign currency and interest rates		21.404.523	138.504.991	159.909.514	25.285.071	121.572.364	146.857.435
3.2.2.1	Foreign currency swap-buy		5.124.854	42.115.711	47.240.565	7.167.491	36.906.553	44.074.044
3.2.2.2	Foreign currency swap-sell		13.771.669	32.730.932	46.502.601	18.017.580	25.893.831	43.911.411
3.2.2.3	Interest rate swaps-buy		1.254.000	31.829.174	33.083.174	50.000	29.385.990	29.435.990
3.2.2.4	Interest rate swaps-sell		1.254.000	31.829.174	33.083.174	50.000	29.385.990	29.435.990
3.2.3	Foreign currency, interest rate and **securities** options		4.864.738	7.401.109	12.265.847	5.705.403	7.537.454	13.242.857
3.2.3.1	Foreign currency options-buy		1.654.242	4.508.314	6.162.556	1.385.083	5.219.625	6.604.708
3.2.3.2	Foreign currency options-sell		3.210.496	2.892.795	6.103.291	4.320.320	2.317.829	6.638.149
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		66.554	68.789	135.343	99.198	97.912	197.110
3.2.4.1	Foreign currency futures-buy		66.554	-	66.554	99.198	-	99.198
3.2.4.2	Foreign currency futures-sell		-	68.789	68.789	-	97.912	97.912
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	1.205.460	1.205.460	-	1.217.741	1.217.741
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**948.850.810**	**219.797.541**	**1.168.648.351**	**923.222.865**	**199.370.349**	**1.122.593.214**
IV.	**ITEMS HELD IN CUSTODY**		**182.963.709**	**9.888.501**	**192.852.210**	**187.995.356**	**10.355.208**	**198.350.564**
4.1.	Assets under management		4.145.771	7.095	4.152.866	4.535.551	7.095	4.542.646
4.2.	Investment securities held in custody		132.452.250	3.529.465	135.981.715	141.145.402	4.607.369	145.752.771
4.3.	Checks received for collection		5.941.929	1.365.975	7.307.904	5.587.773	1.187.437	6.775.210
4.4.	Commercial notes received for collection		1.928.097	488.484	2.416.581	1.748.473	419.279	2.167.752
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		38.495.662	4.497.482	42.993.144	34.978.157	4.134.028	39.112.185
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**457.209.017**	**131.549.807**	**588.758.824**	**441.122.637**	**119.044.468**	**560.167.105**
5.1.	Marketable securities		4.143.895	9.388.398	13.532.293	3.572.768	8.761.567	12.334.335
5.2.	Guarantee notes		402.047	406.352	808.399	398.506	82.436	480.942
5.3.	Commodity		481.866	-	481.866	476.476	-	476.476
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		104.070.622	67.824.256	171.894.878	102.041.042	61.972.389	164.013.431
5.6.	Other pledged items		348.110.587	53.930.801	402.041.388	334.633.845	48.228.076	382.861.921
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**308.678.084**	**78.359.233**	**387.037.317**	**294.104.872**	**69.970.673**	**364.075.545**
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		**1.089.682.769**	**469.741.107**	**1.559.423.876**	**1.066.908.124**	**422.787.927**	**1.489.696.051**

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020 (STATEMENT OF INCOME/LOSS)
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Section 5 Part IV	Reviewed 01.01-31.03.2020	Reviewed 01.01-31.03.2019
I.	**INTEREST INCOME**	**(1)**	**4.337.467**	**4.782.019**
1.1	Interest income on loans		3.440.541	3.763.801
1.2	Interest income on reserve deposits		6.761	58.778
1.3	Interest income on banks		34.946	47.936
1.4	Interest income on money market transactions		54.845	7.184
1.5	Interest income on securities portfolio		603.752	702.674
1.5.1	Financial assets measured at FVTPL		6.589	1.049
1.5.2	Financial assets measured at FVOCI		277.634	277.139
1.5.3	Financial assets measured at amortized cost		319.529	424.486
1.6	Financial lease income		139.794	126.866
1.7	Other interest income		56.828	74.780
II.	**INTEREST EXPENSE (-)**	**(2)**	**1.854.243**	**3.065.981**
2.1	Interest on deposits		1.056.751	2.258.632
2.2	Interest on funds borrowed		337.644	336.740
2.3	Interest on money market transactions		119.784	71.634
2.4	Interest on securities issued		277.094	375.526
2.5	Interests on leasing		14.151	18.356
2.6	Other interest expenses		48.819	5.093
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**2.483.224**	**1.716.038**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**706.056**	**657.047**
4.1	Fees and commissions received		862.124	815.520
4.1.1	Non-cash loans		42.406	38.739
4.1.2	Others		819.718	776.781
4.2	Fees and commissions paid (-)		156.068	158.473
4.2.1	Non-cash loans		657	541
4.2.2	Others		155.411	157.932
V.	**DIVIDEND INCOME**	**(3)**	**-**	**891**
VI.	**NET TRADING INCOME/LOSS (Net)**	**(4)**	**(494.082)**	**(103.747)**
6.1	Trading account gain/losses		65.333	5.118
6.2	Gain/losses from derivative transactions		(736.906)	(62.325)
6.3	Foreign exchange gain/losses		177.491	(46.540)
VII.	**OTHER OPERATING INCOME**	**(5)**	**12.877**	**9.495**
VIII.	**TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)**		**2.708.075**	**2.279.724**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**656.266**	**534.261**
X.	**OTHER PROVISION LOSSES (-)**		**39.945**	**9.903**
XI.	**PERSONNEL EXPENSES (-)**		**504.130**	**423.914**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**601.557**	**506.552**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**906.177**	**805.094**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		**22.283**	**18.342**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XII+…+XV)**	**(8)**	**928.460**	**823.436**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**(9)**	**(179.644)**	**(167.898)**
18.1	Current tax charge		(10.586)	(18.123)
18.2	Deferred tax charge (+)		203.412	605.390
18.3	Deferred tax credit (-)		(372.470)	(755.165)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**(10)**	**748.816**	**655.538**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from assets held for sale		-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3	Others		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3	Others		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)**		-	-
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current tax charge		-	-
23.2	Deferred tax charge (+)		-	-
23.3	Deferred tax credit (-)		-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**(11)**	**748.816**	**655.538**
25.1	Group's profit/loss		748.591	655.382
25.2	Minority interest		225	156
	Earnings Per Share		0,0223	0,0196

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

IV. CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

		Reviewed 01.01 – 31.03.2020	Reviewed 01.01 – 31.03.2019
I.	**CURRENT PERIOD PROFIT/LOSS**	**748.816**	**655.538**
II.	**OTHER COMPREHENSIVE INCOME**	**(1.311.720)**	**(136.485)**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**(16.946)**	**22.408**
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	186	(879)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	(18.086)	24.438
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	954	(1.151)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**(1.294.774)**	**(158.893)**
2.2.1	Translation Differences		-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1.316.660)	(261.185)
2.2.3	Gains/losses from Cash Flow Hedges	(343.098)	68.632
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	364.984	33.660
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**(562.904)**	**519.053**

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ 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								
	Reviewed	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation on Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Prior Period - 01.01 – 31.03.2019																	
I.	**Balances at Beginning of Period**		**3.350.000**	**714**	-	-	-	**(52.953)**	**44.291**	-	**(496.342)**	**397.164**	**8.781.070**	-	**2.572.708**	**14.596.652**	**6.791**	**14.603.443**
II.	**Correction made as per TAS 8** (***)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3.350.000**	**714**	-	-	-	**(52.953)**	**44.291**	-	**(496.342)**	**397.164**	**8.781.070**	-	**2.572.708**	**14.596.652**	**6.791**	**14.603.443**
IV.	**Total Comprehensive Income**		-	-	-	-	-	**(686)**	**23.094**	-	**(213.795)**	**54.902**	-	-	**655.382**	**518.897**	**156**	**519.053**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**2.572.708**	-	**(2.572.708)**	-	-	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	2.572.708	-	(2.572.708)	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**3.350.000**	**714**	-	-	-	**(53.639)**	**67.385**	-	**(710.137)**	**452.066**	**11.353.778**	-	**655.382**	**15.115.549**	**6.947**	**15.122.496**

							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								
	Reviewed	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation on Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Current Period - 01.01 – 31.03.2020																	
I.	**Balances at Beginning of Period**		**3.350.000**	**714**	-	-	-	**(76.340)**	**101.267**	-	**(269.687)**	**(565.855)**	**11.353.778**	-	**2.864.094**	**16.757.971**	**7.337**	**16.765.308**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3.350.000**	**714**	-	-	-	**(76.340)**	**101.267**	-	**(269.687)**	**(565.855)**	**11.353.778**	-	**2.864.094**	**16.757.971**	**7.337**	**16.765.308**
IV.	**Total Comprehensive Income**		-	-	-	-	-	**145**	**(17.091)**	-	**(1.031.976)**	**(262.798)**	-	-	**748.591**	**(563.129)**	**225**	**(562.904)**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**2.864.094**	-	**(2.864.094)**	-	-	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	2.864.094	-	(2.864.094)	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**3.350.000**	**714**	-	-	-	**(76.195)**	**84.176**	-	**(1.301.663)**	**(828.653)**	**14.217.872**	-	**748.591**	**16.194.842**	**7.562**	**16.202.404**

(*) Accumulated amounts of share of investments accounted for by the equity method that cannot be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss
(*)Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2020
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

VI. CONSOLIDATED CASH FLOW STATEMENT

		Reviewed 01.01 – 31.03.2020	Reviewed 01.01 – 31.03.2019
A.	**CASH FLOWS FROM / (TO) BANKING OPERATIONS**		
1.1	**Operating profit before changes in operating assets and liabilities (+)**	**4.064.759**	**7.679.440**
1.1.1	Interest received (+)	3.909.302	4.503.199
1.1.2	Interest paid (-)	(1.743.404)	(3.913.161)
1.1.3	Dividend received (+)	-	891
1.1.4	Fees and commissions received (+)	868.905	816.838
1.1.5	Other income (+)	12.877	9.495
1.1.6	Collections from previously written off loans (+)	475.034	402.818
1.1.7	Payments to personnel and service suppliers (-)	(435.383)	(807.194)
1.1.8	Taxes paid (-)	(437.679)	(215.356)
1.1.9	Other (+/-)	1.415.107	6.881.910
1.2	**Changes in operating assets and liabilities**	**(930.220)**	**(4.136.975)**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit/loss (+/-)	122.254	(41.853)
1.2.2	Net (increase) decrease in due from banks (+/-)	(3.771.812)	(420.015)
1.2.3	Net (increase) decrease in loans (+/-)	(4.644.797)	6.318.841
1.2.4	Net (increase) decrease in other assets (+/-)	(2.468.893)	457.095
1.2.5	Net increase (decrease) in bank deposits (+/-)	152.261	401.607
1.2.6	Net increase (decrease) in other deposits (+/-)	8.076.383	(7.232.428)
1.2.7	Net (increase) decrease in financial assets measured at fair value through other comprehensive income (+/-)	-	-
1.2.8	Net increase (decrease) in funds borrowed (+/-)	(2.826.340)	(6.493.826)
1.2.9	Net increase (decrease) in matured payables (+/-)	-	-
1.2.10	Net increase (decrease) in other liabilities (+/-)	4.430.724	2.873.604
I.	**Net cash provided from banking operations (+/-)**	**3.134.539**	**3.542.465**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
II.	**Net cash provided from / (used in) investing activities (+/-)**	**(293.196)**	**(3.115.223)**
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (-)	-	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (+)	-	-
2.3	Fixed assets purchases (-)	(45.256)	(63.174)
2.4	Fixed assets sales (+)	623	1.747
2.5	Cash paid for purchase of financial assets measured at fair value through other comprehensive income (-)	(3.586.844)	(2.765.936)
2.6	Cash obtained from sale of financial assets measured at fair value through other comprehensive income (+)	3.000.863	1.644.459
2.7	Cash paid for purchase of Financial Assets Measured at Amortized Cost (-)	(986.743)	(2.797.217)
2.8	Cash obtained from sale of Financial Assets Measured at Amortized Cost (+)	1.379.004	911.548
2.9	Other (+/-)	(54.843)	(46.650)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
III.	**Net cash provided from / (used in) financing activities (+/-)**	**(243.152)**	**4.544.111**
3.1	Cash obtained from funds borrowed and securities issued (+)	3.809.357	6.898.447
3.2	Cash used for repayment of funds borrowed and securities issued (-)	(4.006.135)	(2.293.410)
3.3	Capital increase (+)	-	-
3.4	Dividends paid (-)	-	-
3.5	Payments for finance leases (-)	-	(60.926)
3.6	Other (+/-)	(46.374)	-
IV.	**Effect of foreign currency translation differences on cash and cash equivalents (+/-)**	**877.482**	**490.044**
V.	**Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)**	**3.475.673**	**5.461.397**
VI.	**Cash and cash equivalents at the beginning of the period (+)**	**14.814.910**	**9.184.452**
VII.	**Cash and cash equivalents at end of the period (V+VI)**	**18.290.583**	**14.645.849**

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

1. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The Parent Bank prepared the accompanying consolidated financial statements regarding to the Banking Law No.5411 "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA") and in case where a specific regulation is not made by BRSA, the format and detail of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements". Consolidated financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency, is indicated by the full amount.

Explanation for Convenience Translation to English

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

Consolidated financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency, is indicated by the full amount.

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

Accounting policies and valuation principles used in the preparation of the interim financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and are consistent with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2019.

The accounting policies and valuation principles related with current period are explained in Notes II to XXVII below.

Consolidated financial statements are prepared in TL accordance with the historical cost basis except for financial instruments measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, derivative financial assets and liabilities. In addition, carrying value of assets subject to fair value hedge but are carried at historical cost is adjusted to reflect fair value changes related to risks being hedged.

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

The ongoing COVID-19 pandemic, which has recently emerged in China, has spread to various countries in the world, causing potentially fatal respiratory infections, negatively affects both regional and global economic conditions, as well as it causes disruptions in operations, especially countries that are exposed to the epidemic. As a result of the spread of COVID-19 around the world, several measures have been taken in our country as well as in the world in order to prevent the spread of the virus and measures are still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of March 31, 2020, considering the magnitude of the economic changes due to COVID-19, the Parent Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Parent Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions

1. Strategy for the use of financial instruments

The major funding sources of the Parent Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of 1-3 months in line with the sector. Domestic bond issues are realized within the maturity of 6 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad mostly bear floating rates and are reprised at an average period of 3-6 months. The Parent Bank diverts its placements to assets with high return and sufficient collaterals. The Parent Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed.

Besides customer deposits, the Parent Bank funds its long-term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (fixed TL interest rate and floating FC interest rate). Thus, the Parent Bank generates TL denominated resources for funding long term loans with fixed interest rates.

The Parent Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking the risk tolerance as a cap. The maximum VAR amounts are determined by interest and currency risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above-mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the Group's foreign currency debt securities which are categorized as financial assets at fair value through other comprehensive income explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

Hedging strategies for foreign exchange risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

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

2. Foreign currency transactions

2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates".

Foreign exchange gains and losses arising from transactions that are completed as of March 31, 2020 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement. The Parent Bank's foreign currency exchange rates for the related period ends are as follows:

	March 31, 2020	December 31, 2019
US Dollar	TL 6,5160	TL 5,9402
Euro	TL 7,2150	TL 6,6506

2.2 Total exchange rate differences that are included in net profit or loss for the year

The foreign currency position of the Parent Bank and the profit / loss from the foreign exchange transactions realized are included in the income statement of foreign exchange gains / losses and income/losses from derivative financial instruments in the income statement. While gain / loss from spot foreign exchange transactions are included in the profit / loss item of foreign exchange gain/loss on balance sheet, profit / loss from derivative transactions (forward, option etc.) for the purpose of hedging related transactions are included in income / loss statement of derivative financial instruments. Therefore, in order to determine the net profit / loss effects of foreign exchange transactions, two balances should be assessed together. As of March 31, 2020, net foreign exchange transaction income is TL 48.885 (March 31, 2019- TL 188.298 net foreign exchange transaction income) when the net interest expense amounting to TL 608.300 (March 31, 2019- TL 297.163) arising from derivative transactions is excluded from the derivative transactions loss amounting to TL 736.906 (March 31, 2019- TL 62.325 derivative transactions loss) foreign exchange income amounting to TL 177.491 (March 31, 2019- TL 46.540 net foreign exchange loss).

2.3. Foreign Associates

None.

III. Information on Associates, Subsidiaries and Entities Under Common Control

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 "Turkish Financial Reporting Standard in regards to Consolidated Financial Statements" and BRSA's "Regulation on Preparation of Consolidated Financial Statements of Banks" published on the Official Gazette numbered 26340 and dated November 8, 2006.

The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

		Consolidation Method	Place of Establishment	Subject of Operations	Effective Share of the Group (%)	
					March 31, 2020	December 31, 2019
1.	QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full consolidation	Turkey	Securities Intermediary Services	100,00	100,00
2.	QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full consolidation	Turkey	Portfolio Management	100,00	100,00
3.	Hemenal Finansman A.Ş. (Tüketici Finansman)	Full consolidation	Turkey	Consumer Financing	100,00	100,00
4.	QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full consolidation	Turkey	Financial Leasing	99,40	99,40
5.	QNB Finans Faktoring A.Ş. (Finans Faktoring)	Full consolidation	Turkey	Factoring Services	100,00	100,00
6.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Full consolidation	Turkey	Asset Lease	100,00	100,00
7.	Cigna Finans Emeklilik ve Hayat A.Ş. (Cigna Finans Emeklilik)	Equity Method	Turkey	Private Pension and Insurance	49,00	49,00

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board ("CMB") regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, in accordance with Turkish Accounting Standards ("TFRS") and Turkish Financial Reporting Standards ("TFRS") and related additions and interpretations published by Public Accounting and Auditing Oversight Authority ("POA").

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of March 31, 2020.

1. Subsidiaries

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

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

Subsidiaries are consolidated using the full consolidation method based on the size of their asset equity and result of operations. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank and are put out of consolidation's scope as soon as control is removed. Accounting policies applied by subsidiaries that are included in consolidated financial statements are not different from the Parent Bank's accounting policies.

According to full consolidation method, 100% of subsidiaries' asset, liability, income, expense and off-balance sheet items are consolidated with the Parent Bank's asset, liability, income, expense and off-balance sheet items. Book value of the Group's investment in each subsidiary is netted off with Group's equity shares. Unrealized gains and losses and balances that arise due to transactions between subsidiaries within consolidation scope, have been net off. Non-controlling interests are shown separately from earnings per share on consolidated balance sheet and income statement.

2. Associates and entities under common control

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank's capital. Subject joint venture is included in consolidated financial statements by using equity method.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiary's or joint venture's accordingly recalculated value.

IV. Explanations on Derivative Financial Assets and Liabilities

The Group enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Group also carries out currency and interest options and credit default swap and futures agreements.

Besides customer deposits, the Parent Bank funds its long-term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from customer deposits and the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long-term fixed interest rate loans with TL but also hedges itself against interest rate risk.

The Parent Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "TFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit/Loss "," Derivative Financial Liabilities at Fair Value Through Profit & Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts of derivative transactions presented on the balance sheet, represent the fair value differences based on the valuation.

Fair values of foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data.

Fair values of option contracts are calculated with option pricing models.

Futures transactions are accounted for at settlement as of the balance sheet date.

The Parent Bank does not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

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

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

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the income statement on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Gains/Losses" account.

<u>In cash flow hedge accounting:</u>

The Parent Bank applies cash flow hedge accounting using interest swap transactions to hedge its TL and FC customer deposits with short term cyclical basis and subordinated loans which have floating interest payment. The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss" whereas the amount concerning ineffective parts is associated with income statement.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, applies cash flow hedge accounting through interest rate swaps to hedge itself against changes floating rate foreign currency borrowings and floating rates TL securities.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

<u>In fair value hedge accounting:</u>

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 using swaps to hedge a portion of its long term, fixed rate mortgage and project finance loans against possible fair value change due to market interest rate fluctuations.

The Parent Bank applies fair value hedge accounting using FX swaps to hedge long term, fixed rate, foreign currency Eurobonds in financial assets measured at fair value through other comprehensive income portfolio against interest rate fluctuations.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon payment in financial assets measured at fair value through other comprehensive income portfolio using swap transactions as hedging instruments.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swap transactions as hedging instruments.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, applies fair value hedge accounting to hedge itself against changes in interest rates related to fixed rate TL securities issued.

The Parent Bank applies fair value hedge accounting through interest rate swaps to hedge itself against changes in the interest rates related to foreign currency borrowings.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, applies fair value hedge accounting through interest rate swaps to hedge itself against changes in interest rates related to TL borrowings.

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank issues securities, uses loan and financial through swaps, in order to hedge itself against changes in interest and exchange rates regarding lease receivables.

Fair value hedge accounting effects are accounted under "Derivative Financial Transactions Profit / Loss from Derivative Financial Transactions" in the statement of profit or loss. QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts efficiency tests on every balance sheet date for transactions where fair value hedge accounting is applied.

QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts cash flow hedge accounting transactions effectiveness tests on every balance sheet date, the active segments are as defined in TAS 39 accounted in line with under Equity, "Reclassification of Accumulated Other Comprehensive Income and Expense in Profit or Loss" in financial statements and the amount related to the inactive part is associated with income statement.

At each balance sheet date, the Parent Bank and QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, apply effectiveness tests for fair value hedge accounting.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

V. Explanations on Interest Income and Expenses

Interest income is recorded according to the effective interest rate method (Rate equal to net present value of future cash flows of financial assets or liabilities) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

When applying the effective interest method, The Parent Bank amortized any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements. If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Parent Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income From Loans" for such calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Parent Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

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

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Parent Bank tested all financial assets whether their "contractual cash-flows solely represent payments of principal and interest" and assessed the asset classification within the business model.

Assessment of business model

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

The Parent Bank's business models are divided into three categories.

Business model aimed to hold assets in order to collect contractual cash flows:

This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realize cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Receivables from the Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

Business model aimed to collect contractual cash flows and sell financial assets:

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial Assets Measured at Fair Value through Other Comprehensive Income are assessed in this business model.

Other business models:

Financial assets are measured at fair value through profit or loss when they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss are assessed in this business model.

Measurement categories of financial assets and liabilities

Within the scope of TFRS 9, the Group's financial assets are classified in three main categories as listed below:

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

Financial Assets at the Fair Value Through Profit or Loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/losses in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Parent Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Group' business model. In accordance with TFRS 9, the Parent Bank has classified cash flows are solely payments of principal and interest at certain dates under financial assets at fair value through profit and loss related to private purpose loans as of December 2018.

Financial Assets at Fair Value Through Other Comprehensive Income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and are accounted under the "Other comprehensive income/expense items to be recycled to profit/loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Parent Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios.

CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as financial assets at fair value through other comprehensive income are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, and some portion of the TL government bonds are designated as fair value hedged items, hedged against interest rate fluctuations, starting from July 2011. Those securities are disclosed under financial assets at FV through OCI in order to be in line with balance sheet presentation. The fair value differences of Eurobond and TL government bond hedged items are accounted for under “Trading Account Gains/ Losses” in the income statement.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. After fair value accounting is ceased value differences, previously reflected to the income statement are amortized through the equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are immediately recognized in the income statement.

Financial Assets Measured at Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

The Parent Bank as explained in part IV, “Explanations on Derivative Financial Assets and Liabilities”, enters into FX swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Parent Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period’s income statement.

When the fair value hedge accounting could not be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans.

VIII. Explanations on Expected Credit Losses:

The Group recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from January 1, 2018. At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group considers the changes in the default risk of financial instrument, when making the assessment.

Within the scope Articles 4 and 5 of Regulation on Principles and Procedures Regarding the Classification of Loans and Provisions in accordance with the BRSA Decision numbered 8948 dated 17 March 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days according to assembly’s resolution dated on March 17, 2020. This measure will be effective until December 31, 2020. In this context,

- The 90 days default period for loans to be classified as non-performing loans (NPL) is now 180 days
- In restructured installment receivables, the practice of shifting installments without a contract breakdown, within the defined terms has started for customers who do not want to be late in their installments.
- In the process of completing the Pro-rata banks protocols, the time to be given to time-consuming operations was extended by a joint agreement.

Terminatively, this leads the Banks to continue to set aside provisions for such receivables in accordance with their own risk models used in calculation of expected credit losses under TFRS 9.

As of March 31, 2020, the Group has not made any changes related to classification, measurement and calculation of expected credit losses of financial assets coherent to accounting policies of year-end financial statements dated December 31, 2019.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. These financial assets are divided into three categories depending on increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of March 31, 2020, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained above.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation approach is quite similar with approach mentioned above, but probability of default and loss amount in default ratios estimated for the lifetime of instruments.

Stage 3:

Financial assets considered as impaired at the reporting date are classified as stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and Parent Bank accounts lifetime expected credit losses. In determining the impairment, the Parent Bank takes into consideration the following criteria:

- Delay of over 90 days
- Impairment of credit worthiness
- Collateral and / or equity of debtor is inadequate cover the payment of receivables on the maturity.
- If it is convinced that will be delayed by more than 90 days for recovery of receivables due to macroeconomic, sector-specific or customer-specific reasons.

Calculation of expected credit losses

The Parent Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PDs and LGDs used in the ECL calculation are point in time ("PIT")-based for key portfolios and consider both current conditions and expected cyclical changes.

While the expected credit loss is estimated, three scenarios (baseline scenario, adverse scenario, New Economic Plan) are evaluated. Each of these scenarios was associated with the different PD and LGD.

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

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

Probability of Default ("PD")

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from through the cycle (TTC) PDs and scenario forecasts. It is used internal rating systems for both retail and commercial portfolios to measure risk level. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; the behavioral data of the customer and the product in the Bank, the demographic information of the customer, and the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward-looking macroeconomic parameters.

Loss Given Default ("LGD")

The LGD represents an estimate of the economic loss at the time of a potential default occurring during the life of a financial instrument. The LGD is calculated taking into account expected future cash flows from collateral and other credit enhancements by considering time value of money. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections. The Bank bases its estimates on models for collateralized portfolios and on previous experience for unsecured parties, except for corporate loans that are assigned by the Basel Committee individually or as designated by the Basel Committee.

Exposure at Default ("EAD")

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios. While the expected credit loss is estimated, three scenarios (baseline scenario, adverse scenario, New Economic Plan) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

Consideration of the Macroeconomic Factors

Loss given default and probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the calculation of the expected loss are as follows:

- Five-year credit risk of Turkey
- Real GDP growth
- Unemployment rate
- European Region inflation rate
- Five-year government bond interest rate of Turkey

Stages were determined through the models created using internal information for the Parent Bank, the simplified method has been applied for other financial institutions.

Stages were determined through the models created using internal information for the Parent Bank and QNB Finans Finansal Kiralama A.Ş., the simplified method has been applied for other financial institutions.

As of 31 March 2020, the Group Bank has reflected the possible effects of the COVID-19 outbreak to the estimates and judgments used in the calculation of expected credit losses by using the data that is received with the maximum effort with the best estimation method. Within the light of the aforementioned data, the Group Bank revised its macroeconomic expectations and weights in the expected credit loss calculation and the calculation which is made by taking into consideration the changes in PD and LGD is reflected in the financial statements as of March 31, 2020. The model effects are tardily reflected to the financial statements due to the nature of the events that cause change and the effects of the events occur at different times. Therefore, the Group Bank has booked additional provisions for the sector and customers who are considered to have a high impact by performing individual assessments to eliminate the timing difference.

This approach, which is preferred in reserve calculations for the first quarter of 2020, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

As of March 31, 2020, the normal risk cost of the loan portfolio purged from the COVID-19 effect was at 125 basis point, yet, in order to reflect the uncertainty originated from the Covid-19 to the financial asset portfolio of the Parent Bank, the total risk cost has reached to 223 basis points in corporate into the effects arising from the aforementioned estimation changes, increase in the Stage 2 reserve ratios and additional exchange rate.

Calculating the Expected Loss Period

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the Parent Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Parent Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Significant increase in credit risk

The Parent Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Parent Bank has calculated thresholds at which point the relative change is a significant deterioration. In the quantitative evaluation of the significant increase in credit risk, the Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables below the absolute threshold value of default are not included in the relative threshold value comparison.

The Parent Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment:

- Loans overdue more than 30 days as of the reporting date
- Loans classified as watch-list of the Bank
- When there is a change in the payment plan due to restructuring

IX. Explanations on Netting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Group has a legally enforceable right to offset the recognized amounts, and the intention of collecting or paying the net amount of related assets and liabilities or to realize the asset and settle the liability simultaneously.

X. Derecognition of Financial Instruments

a) Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered as ‘new’ financial asset. When the Parent Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Parent Bank retains control of the asset, the Parent Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Parent Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

b) Derecognition of financial assets without any change in contractual terms

The Parent Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

c) Derecognition of financial liabilities

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

d) Reclassification of financial instruments

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

e) Restructuring and refinancing of financial instruments

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

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

Changes in the original terms of a credit risk can be made in the current contract or through a new contract. Corporate and commercial companies which have been restructured and refinanced can be removed from watchlist when the following conditions are met:

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

- At least 1 years should pass over the date of restructuring (or if it later) the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring / refinancing shall be paid.

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

- Recovery in debt service;

- At least 1 year should pass over the date restructuring;

- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring / refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring / refinancing: and

- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification.

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

In personnel loans, loans can be restructured in order to give liquidity power to the debtor and to ensure the collection of the receivables of the Parent Bank in case of temporary liquidity problems due to the failure of the payment obligation to the Parent Bank. The Parent Bank removing customers from the restructuring scope in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation).

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the Group’s management’s future intentions, either at market prices or using discounting method with internal rate of return.

Funds lent against securities purchased under agreements to resell (“Reverse repos”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued over the life of repurchase agreements using the “Effective interest method”.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 17.388.306 (December 31, 2019– TL 11.992.093).

As of March 31, 2020, the Parent Bank has no securities that are subject to lending transactions (December 31, 2019 – none).

Securities purchased with a commitment to resell (reverse repurchase agreements) has shown under “Cash and Cash Equivalents” on the line of “Money Market Placements” in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with TFRS 5 ("Assets Held for Sale and Discontinued Operations"), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the bank's control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of March 31, 2020, the Parent Bank has assets held for sale and discontinued operations explained in footnote I.15. of Section Five.

A discontinued operation is a part of the Parent Banks' business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Parent Bank has no discontinuing operations.

The Parent Bank classifies tangible assets which are acquired due to non-performing receivables as other assets.

XIII. Explanations on Goodwill and Other Intangible Assets

The Group's intangible assets consist of software, intangible rights and goodwill.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis. Software's have been classified as other intangible fixed assets. The useful life of software's is determined as 3-5 years.

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

XIV. Explanations on Tangible Assets

Tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of tangible assets. The annual amortization rates used are as follows:

Properties	2%
Movables purchased and acquired under finance lease contracts	7 % – 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of the leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease duration is certain; or 5 years where the lease period is not certain in accordance with "Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes" dated January 10, 2011.

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than a year as of the balance sheet date.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in "Other Operating Expenses" in the related period income statement when the fair value is below the net book value in accordance with "Turkish Accounting Standard on Impairment of Assets" (TAS 36).

Gains or losses resulting from disposals of the tangible assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise, they are expensed.

There are no changes in the accounting estimates in regard to amortization duration, which could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There are no purchase commitments related to the fixed assets.

XV. Explanations on Leasing Transactions

Fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

At the commencement date of a lease, the Group (lessee) measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognizes an asset representing the right to use the underlying asset and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

TFRS 16 Leases

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Group has started to apply "TFRS 16 Leases" Standard starting from January 1, 2019.

Set out below are the accounting policies of the Group upon application of TFRS 16:

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right use includes the presence of:

- The initial measurement of the lease,
- The amount obtained by deducting all lease payments received from all lease payments made on or on the date of actual lease; and
- All initial direct costs incurred by the Group

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group depreciates the asset until the end of the life of the underlying asset on which the lease actually began. Right-of-use assets are subject to impairment.

Lease Liabilities

The Group measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- Fixed payments,
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
- Amounts expected to be paid by the Group under the residual value commitments

- The use price of this option and, if the Group is reasonably confident that it will use the purchase option;
- Fines for termination of the lease if the lease term indicates that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Group revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Group's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation; and
- Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-Term Leases And Leases Of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Due to the Group's implementation of TFRS 16, assets classified under tangible assets as of March 31, 2020 amounted to TL 425.757, lease liability amounted to TL 405.498, financing expense amounted to TL 14.151 and depreciation expense amounted to TL 55.257.

XVI. Explanations on Factoring Receivables

Factoring receivables are measured at amortized cost using the effective interest rate method after deducting unearned interest income and expected provisions for losses.

XVII. Explanations on Provisions and Contingent Liabilities

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank. Whenever the amount of such obligations cannot be measured, they are regarded as "contingent". 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 obligation. If these criteria are not met, the Parent Bank discloses these issues in the explanations and notes related to the financial statements. In cases where reliable estimate cannot be made of the amount of the obligation, it is considered contingent liabilities. For contingent liabilities if the probability that the event will occur is greater than the probability that it will not and the amount of the obligation can be measured reliably, a provision is made.

XVIII. Explanations on Obligations of the Group for Employees Benefits

Provision for employee severance benefits of the Group has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, the Group recognizes all actuarial gains and losses immediately through other comprehensive income.

The Group does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension trusts or similar associations of which the Group employees are members.

XIX. Explanations on Taxation

1. Corporate Tax

In accordance with the Corporate Tax Law No. 5520 published in the Official Gazette No: 26205 dated June 21, 2006, statutory income is subject to corporate tax at 20%. However, according to temporary article 10 added to the Corporate Income Tax Law, the rate of 20% shall be applied as 22% for the corporate earnings of the taxation periods of the companies in 2018, 2019 and 2020 (accounting periods starting within the relevant year for companies appointed for the special accounting period). Advance corporate taxes paid are followed under "Current Tax Liability" or "Current Tax Asset" account and are deducted from the corporate taxes of the current year.

50% of gain from the sale of real estate which are held more than two years in the assets of the Parent Bank and 75% of gain on disposal of subsidiary shares which are held for more than two years in the assets of the Parent Bank are exemption from tax according to Corporate Tax Law in condition with adding these gains into equity or allocating into a specific fund account in the Parent Bank's liabilities for five years.

Companies calculate their advance tax at the rate of 22% (for taxation periods of 2018, 2019 and 2020) on their quarterly financial profits, declare until the 14th day of the second month following that period and pay until the evening of the seventeenth day. The advance tax paid belongs that year and is offset from the corporation tax that will be calculated on the tax declaration of the companies to be given in the following year. If the advance tax paid amount remains after offsetting, this amount could be either returned as cash or offset.

According to the Corporate Tax Law, financial losses in the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years by the tax office. On the other hand, if document subjects to stamp duty and the statute of limitations of tax and penalty is used after the expiry of the time limit, the taxable income of document is regenerated.
The provision for corporate and income taxes for the period is recognized as "Current Tax Charge" in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

2. Deferred Taxes

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In calculating deferred tax, legalized tax rates effective as of balance sheet date are used as per tax legislations.

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit.

The Group has started to be recognized deferred tax from the expected credit losses of Stage 1 and Stage 2 expected credit losses provisions.

Deferred tax effect in regard to transactions accounted for profit/loss effect in equity, is also reflected to equity.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from January 1, 2018, 22% tax rate is used in the deferred tax calculation of March 31, 2020 for the temporary differences expected to be realized/closed for the year 2020 (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% (December 31, 2019: 20%) tax rate is used for the temporary differences expected to be realized/closed after 2020.

3. Transfer Pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on November 18, 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing.

Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

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

XX. Additional Explanations on Borrowings

The Parent Bank and consolidated Group companies generate funds from domestically and internationally resident people and institutions by using debt instruments such as syndication, securitization, collateralized debt and bond issuance. Aforementioned transactions are initially recorded at transaction cost plus acquisition cost, reflective of their fair value, and are subsequently measured at amortized cost by using effective interest rate method.

XXI. Explanations on Share Issues

The Parent Bank's paid in capital has not been changed for the current period (The Parent Bank's paid in capital has not been changed for the prior period).

XXII. Explanations on Confirmed Bills of Exchange and Acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

XXIII. Explanations on Government Incentives

As of March 31, 2020, the Group does not have any governmental incentives or support (December 31, 2019 – None).

XXIV. Explanation on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time, demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. Other than those mentioned above, the Group also serves in trading financial instruments, treasury operations, and performs insurance, factoring, and domestic and abroad finance lease operations.

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

The calculations based on the income statement for retail banking (consumer banking and plastic cards), corporate and commercial banking that have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Parent Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Parent Bank's internal policies are considered.

The Corporate Marketing Unit provides services to firms that are institutional, big size, that have annual revenues of TL 300.000 and higher and multi-national firms operating in Turkey. The firms that have annual revenues between TL 60.000 - TL 300.000 are considered as "Commercial Enterprise". The Parent Bank gives importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; The Parent Bank also offers sectoral solution packages to these small and medium-size firms.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, SME and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

Current Period (January 1 – March 31, 2020)	**Retail Banking**	**Corporate and Commercial Banking**	**Treasury and Head Office**	**Total Operations of the Group**
Net Interest Income	791.397	650.550	1.041.277	2.483.224
Net Fees and Commissions Income	455.502	216.420	34.134	706.056
Other Operating Income and Net Trading Income	9.805	491	(491.501)	(481.205)
Dividend Income	-	-	-	-
Operating Income	**1.256.704**	**867.461**	**583.910**	**2.708.075**
Expected Loss Provisions (-)	383.486	269.943	2.837	656.266
Other Loss Provisions (-)	-	-	39.945	39.945
Personnel Expense (-)	110.993	156.708	236.429	504.130
Other Operating Expenses (-)	485.179	265.581	(149.203)	601.557
Gain /(Loss) on joint venture accounted for at equity method	-	-	22.283	22.283
Profit Before Taxes	**277.046**	**175.229**	**476.185**	**928.460**
Tax Provision (-)	**-**	**-**	**(179.644)**	**(179.644)**
Net Profit/Loss	**-**	**-**	**-**	**748.816**
Total Assets	**41.506.332**	**85.660.926**	**67.928.259**	**211.962.099**
Segment Assets	41.506.332	85.660.926	67.928.259	195.095.517
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	242.141
Undistributed Assets	-	-	-	16.624.441
Total Liabilities	**75.675.154**	**40.255.031**	**61.631.637**	**211.962.099**
Segment Liabilities	75.675.154	40.255.031	61.631.637	177.561.822
Undistributed Liabilities	-	-	-	18.197.873
Equity	-	-	-	16.202.404
Other Segment Accounts	**354.579**	**191.308**	**(121.442)**	**424.445**
Capital Expenditures	240.726	129.880	(81.875)	288.731
Depreciation and Amortization	113.853	61.428	(39.567)	135.714

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

Prior Period (January 1 - March 31, 2019)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	587.554	741.654	386.830	1.716.038
Net Fees and Commissions Income	465.535	180.694	10.818	657.047
Other Operating Income and Net Trading Income	9.263	37.736	(141.251)	(94.252)
Dividend Income	-	-	891	891
Operating Income	**1.062.352**	**960.084**	**257.288**	**2.279.724**
Expected Loss Provisions (-)	141.478	584.630	(191.847)	534.261
Other Loss Provisions (-)	-	-	9.903	9.903
Personnel Expense (-)	93.451	134.975	195.488	423.914
Other Operating Expenses (-)	419.961	237.854	(151.263)	506.552
Gain /(Loss) on joint venture accounted for at equity method	-	-	18.342	18.342
Profit Before Taxes	**407.462**	**2.625**	**413.349**	**823.436**
Tax Provision (-)	-	-	-	**(167.898)**
Net Profit/Loss	-	-	-	**655.538**
Total Assets(*)	**39.764.608**	**76.885.580**	**58.274.195**	**187.526.186**
Segment Assets	39.764.608	76.885.580	58.274.195	174.924.383
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	217.648
Undistributed Assets	-	-	-	12.384.155
Total Liabilities(*)	**68.846.852**	**31.246.986**	**53.749.223**	**187.526.186**
Segment Liabilities	68.846.852	31.246.986	53.749.223	153.843.061
Undistributed Liabilities	-	-	-	16.917.817
Equity	-	-	-	16.765.308
Other Segment Accounts	**144.542**	**74.408**	**(44.021)**	**174.929**
Capital Expenditures	39.894	20.537	(6.364)	54.067
Depreciation and Amortization	104.648	53.871	(37.657)	120.862

(*) Refers to year-end figures

XXV. Profit Reserves and profit distribution

The Ordinary General Assembly Meeting of the Parent Bank was held on March 26, 2020. In the Ordinary General Assembly, it was decided that profit distribution 2019 operations to be distributed as follows.

2019 Profit Distribution Table:

Current Year Profit	2.622.157
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	670.000
C – Extraordinary Reserves	1.952.157

XXVI. Earnings Per Share

Earnings per share listed on income statement is calculated by dividing net profit to weighted average amount of shares issued within respective year.

	Current Period	Prior Period
Group's Net Profit for the Period	748.591	655.382
Weighted Average Amount of Shares Issued (Thousands)	33.500.000	33.500.000
Earnings per Share	**0,0223**	**0,0196**

In Turkey, companies can increase capital through "bonus share" distributed from previous year earnings to current shareholders. Such "bonus share" distributions are accounted as issued shares while calculating earnings per share. Accordingly, weighted average amount of shares issued used in these calculations is found through taking into consideration retroactive effects of subject share distributions. In case, amount of shares issued increases after the balance sheet date but before the date of financial statement preparation due to distribution of "bonus share", earnings per share is calculated taking into consideration the new amount of shares.

Amount of issued bonus shared in 2020 is none (Amount of issued bonus shared in 2019 is none).

XXVII. Explanations on Other Matters

None.

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Consolidated Equity:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks." As of March 31, 2020, Group's total capital has been calculated as TL 25.456.676 (December 31, 2019: TL 24.442.427), capital adequacy ratio is 14,72% (December 31, 2019: 15,23%) calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

Based on the press release made by the BRSA on 23 March, 2020; due to the fluctuations in the financial markets as a result of the COVID-19 outbreak; in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; with monetary assets and non-monetary assets excluding assets that are measured in terms of historical cost in a foreign currency valued amount of items in accordance with TAS and its special provision amounts, spot purchase exchange rate can be used in preparation of financial statements as of 31 December, 2019, may be considered in the calculation of Turkish Lira equivalent of credit risk exposures in foreign currencies, and negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which acquired before 23 March, 2020 may not be included in capital calculation.

Components of consolidated shareholders' equity items:

	Current Period March 31, 2020
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.350.000
Share issue premiums	714
Reserves	14.217.872
Gains recognized in equity as per TAS	151.652
Profit	748.591
Current Period Profit	748.591
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-
Minorities' Share	7.562
Common Equity Tier 1 Capital Before Deductions	**18.476.391**
Deductions from Common Equity Tier 1 Capital	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	628.284
Improvement costs for operating leasing	69.542
Goodwill (net of related tax liability)	431.704
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions From Common Equity Tier 1 Capital	**1.129.530**
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption	284.516
Total Common Equity Tier 1 Capital	**17.631.377**

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

	Current Period March 31, 2020
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	3.420.900
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Third parties' share in the Additional Tier I capital	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-
Additional Tier I Capital before Deductions	**3.420.900**
Deductions from Additional Tier I Capital	**-**
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	**-**
Total Additional Tier I Capital	**-**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**21.052.278**
TIER II CAPITAL	
Debt instruments and premiums deemed suitable by the BRSA	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	2.508.660
Third parties' share in the Tier II Capital	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.915.534
Tier II Capital Before Deductions	**4.424.194**
Deductions From Tier II Capital	**-**
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	**-**
Total Tier II Capital	**4.424.194**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**25.476.472**
Total Capital	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	5.784
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	14.012
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-

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

	Current Period March 31, 2020
TOTAL CAPITAL	
Total Capital	25.456.676
Total risk weighted amounts	172.999.681
Capital Adequacy Ratios	
Core Capital Adequacy Ratio	10,19
Tier 1 Capital Adequacy Ratio	12,17
Capital Adequacy Ratio	14,72
BUFFERS	
Bank specific total common equity tier 1 capital ratio	3,51
a) Capital conservation buffer requirement	2,50
b) Bank specific counter-cyclical buffer requirement	0,01
c) Systemic significant bank buffer ratio	0,01
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4,19
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	196.055
Amount arising from mortgage-servicing rights	
Amount arising from deferred tax assets based on temporary differences	
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before ten thousand twenty-five limitation)	3.165.908
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.915.534
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	3.420.900
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	2.508.660
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

Components of consolidated shareholders' equity items:

	Prior Period December 31, 2019
COMMON EQUITY	
Paid-in capital following all debts in terms of claim in liquidation of the Bank's	3.350.000
Share issue premiums	714
Reserves	11.353.778
Gains recognized in equity as per TAS	281.457
Profit	2.864.094
Current Period Profit	2.864.094
Prior Period Profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-
Minority shares	7.337
Common Equity Before Deductions	**17.857.380**
Common Equity Tier 1 Capital Before Deductions	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	530.371
Improvement costs for operating leasing	74.263
Goodwill (net of related tax liability)	411.865
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss	-
amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of	-
Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions From Common Equity Tier 1 Capital	**1.016.499**
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adaptation	426.774
Total Common Equity Tier 1 Capital	**17.267.655**

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

	Prior Period December 31, 2019
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	3.118.605
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Third parties' share in the Additional Tier I capital	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-
Additional Tier I Capital before Deductions	**3.118.605**
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	**-**
Total Additional Tier I Capital	**-**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**20.386.260**
TIER II CAPITAL	
Debt instruments and premiums deemed suitable by the BRSA	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	2.286.977
Third parties' share in the Tier II Capital	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.797.715
Tier II Capital Before Deductions	**4.084.692**
Deductions From Tier II Capital	**-**
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	**-**
Total Tier II Capital	**4.084.692**
Total Capital (The sum of Tier I Capital and Tier II Capital) (Before deduction)	**24.470.952**
Deductions from Total Capital	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	7.103
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA (-)	21.422
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-

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

	Prior Period December 31, 2019
TOTAL CAPITAL	
Total Capital	24.442.427
Total risk weighted amounts	160.490.548
Capital Adequacy Ratios	
Core Capital Adequacy Ratio	10,76
Tier 1 Capital Adequacy Ratio	12,70
Capital Adequacy Ratio	15,23
BUFFERS	
Bank specific total common equity tier 1 capital ratio	2,51
a) Capital conservation buffer requirement	2,50
b) Bank specific counter-cyclical buffer requirement	0,01
c) Systemic significant bank buffer ratio	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4,76
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	153.686
Amount arising from mortgage-servicing rights	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.664.452
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.797.715
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	3.118.605
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	2.286.977
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

Information on debt instruments included in the calculation of equity:

Information on debt instruments included in the calculation of equity:			
	1	**2**	**3**
Issuer	QATAR NATIONAL BANK S.A.Q	QATAR NATIONAL BANK S.A.Q	QATAR NATIONAL BANK S.A.Q
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Secondary Capital	Secondary Capital
Since 1/1/2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone / consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	3.421	815	1.694
Par value of instrument (Currency in million)	3.421	815	1.694
Accounting classification	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost	Liability – Subordinated Loans-amortized cost
Original date of issuance	June 30, 2019	April 1, 2019	May 22, 2017
Perpetual or dated	Undated	Dated	Dated
Original maturity date	-	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	5 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9,50%, next 5 years at MS + 7,08	6M LIBOR + 5,75 %	6M LIBOR + 3,87 %
Existence of a dividend stopper	There would be any charges for the reduced value after depreciation date.	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

	1	2	3
Existence of step up or other incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	Yes
If convertible, conversion trigger (s)	-	Article number 7-2-i of "Own fund regulation"	Article number 7-2-i of "Own fund regulation"
If convertible, fully or partially	-	All of the remaining capital	All of the remaining capital
If convertible, conversion rate	-	(*)	(*)
If convertible, mandatory or optional conversion	-	Discretionary	Discretionary
If convertible, specify instrument type convertible into	-	Equity Share	Equity Share
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	QNB Finansbank A.Ş.
Write-down feature	Yes	None	None
If write-down, write-down trigger(s)	Disappearance of non-existence and lower core capital ratio than 5,125 %	-	-
If write-down, full or partial	Full and partial	-	-
If write-down, permanent or temporary	Temporary	-	-
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5,125 %	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, and TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER2
Incompliance with article number 7 and 8 of "Own fund regulation"	Article number 7&8 of "Own fund regulation"	Article number 7&8 of "Own fund regulation"	Article number 7&8 of "Own fund regulation"
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	-

(*) The conversion rate / value will be calculated based on the market data available when the right is exercised.

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

Information on Article 5 of the Regulation on Equities of Banks:

EQUITY ITEMS	**T**	**T-1**	**T-2**
Common Equity	17.631.377	17.489.120	17.346.862
Transition process not implemented Common Equity	17.346.861	17.346.862	17.346.862
Tier 1 Capital	21.052.278	20.910.020	20.767.762
Transition process not implemented Tier 1 Capital	20.767.762	20.767.762	20.767.762
Total Capital	25.456.676	25.314.421	25.172.163
Transition process not implemented Equity	25.172.163	25.172.163	25.172.163
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	172.999.681	172.999.681	172.999.681
Capital Adequacy Ratio			
Common Equity Adequacy Ratio (%)	10,19%	10,11%	10,03%
Transition process not implemented Common Equity Ratio (%)	10,03%	10,03%	10,03%
Tier 1 Capital Adequacy Ratio (%)	12,17%	12,09%	12,00%
Transition process not implemented Tier 1 Capital Adequacy Ratio (%)	12,00%	12,00%	12,00%
Capital Adequacy Ratio (%)	14,72%	14,63%	14,55%
Transition process not implemented Capital Adequacy Ratio (%)	14,55%	14,55%	14,55%
LEVERAGE			
Leverage Ratio Total Risk Amount	290.222.028	290.222.028	290.222.028
Leverage (%)	7,16%	7,16%	7,16%
Transition process not implemented Leverage Ratio (%)	7,06%	7,06%	7,06%

Explanations on the reconciliation of shareholders' equity items and balance sheet amounts:

There are differences between amounts in the explanation on equity items and amounts on the balance sheet. In this context; up to 1,25% of the amount of the first and second part of the expected loss provisions is taken into account as contribution capital, loses from cash flow hedges have not been taken into consideration in the information on the equity items and valuation adjustments calculated according to item (i) of the first paragraph of the ninth article of the “Regulation on Equity of Banks” have been taken into consideration in the explanations on equity items.

II. Explanations on Consolidated Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Parent Bank, the following tables have not been presented as of March 31, 2020:

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

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

GB1 - Overview of risk weighted assets:

		Risk Weighted Assets		Minimum Capital Requirements	
		31.03.2020	**31.12.2019**	**31.03.2020**	**31.12.2019**
1	Credit risk (excluding counterparty credit risk)	146.246.515	138.971.870	11.699.721	11.117.750
2	Standardized approach	146.246.515	138.971.870	11.699.721	11.117.750
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	6.996.183	4.845.334	559.695	387.627
5	Standardized approach for counterparty credit risk	6.996.183	4.845.334	559.695	387.627
6	Internal model method	-	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitization exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	4.257.963	3.584.213	340.637	286.737
17	Standardized approach	4.257.963	3.584.213	340.637	286.737
18	Internal model approaches	-	-	-	-
19	Operational risk	15.499.020	13.089.131	1.239.922	1.047.130
20	Basic Indicator Approach	15.499.020	13.089.131	1.239.922	1.047.130
21	Standardized Approach	-	-	-	-
22	Advanced Measurement Approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor adjustment	-	-	-	-
25	**TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)**	**172.999.681**	**160.490.548**	**13.839.975**	**12.839.244**

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

III. Explanations on Consolidated Foreign Exchange Risk

1. Whether the Group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Parent Bank sets limits for positions that are monitored daily

The difference between the Parent Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure ("cross currency risk").

Board of Directors has determined the limits considering the consistency with the "Foreign Currency Net General Position." Positions are being followed daily and limits are reviewed at least once a year depending on economic conditions and The Parent Bank strategy and updated as deemed necessary.

In measuring the exchange rate exposure of The Parent Bank, the "standard method" used in the legal reports and the internal method. The measurements made within the scope of the standard method are carried out monthly and the measurements made within the scope of VaR calculations are carried out on a daily basis.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Group hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments.

3. The spot foreign exchange bid rates of the Parent Bank as of the balance sheet date and for each of the five days prior to that date

US Dollars purchase rate in the balance sheet date	TL 6,5160
Euro purchase rate in the balance sheet date	TL 7,2150

Date	US Dollar	Euro
March 31, 2020	6,5160	7,2150
March 30, 2020	6,4346	7,0896
March 27, 2020	6,4560	7,0610
March 26, 2020	6,4024	6,9271
March 25, 2020	6,4943	7,0455

4. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days

The basic arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for March 2020 are TL 6,3329 and TL 6,9997 respectively.

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

5. Information on the consolidated foreign exchange risk of the Group (Thousands of TL)

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank[1]	12.310.339	11.959.730	1.505.104	25.775.173
Due From Banks	323.809	673.532	21.836	1.019.177
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)[2]	547.604	1.036.821	370	1.584.795
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI)	1.820.944	5.674.767	-	7.495.711
Loans[3]	27.482.284	17.385.388	152.151	45.019.823
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	1.274.864	6.369.044	-	7.643.908
Derivative Financial Assets Hedging Purposes	500	500.115	-	500.615
Tangible Assets	166	-	43	209
Intangible Assets	-	-	-	-
Other Assets [4]	2.773.660	3.900.464	2.528	6.676.652
Total Assets	**46.534.170**	**47.499.861**	**1.682.032**	**95.716.063**
Liabilities				
Bank Deposits	1.979.331	3.192.103	248.773	5.420.207
Foreign Currency Deposits[5]	16.474.119	40.515.040	7.797.578	64.786.737
Money Market Borrowings	2.580.583	8.304.449	-	10.885.032
Funds Provided from Other Financial Institutions	8.563.379	15.124.627	375	23.688.381
Securities Issued	-	10.260.638	201.582	10.462.220
Sundry Creditors	3.279.491	1.001.069	2.183	4.282.743
Derivative Fin. Liabilities Hedging Purposes	141.679	1.614.144	-	1.755.823
Other Liabilities [6]	739.378	1.332.267	3.639	2.075.284
Total Liabilities	**33.757.960**	**81.344.337**	**8.254.130**	**123.356.427**
Net Balance Sheet Position	**12.776.210**	**(33.844.476)**	**(6.572.098)**	**(27.640.364)**
Net Off-Balance Sheet Position	**(12.871.882)**	**31.107.535**	**6.573.984**	**24.809.637**
Financial Derivative Assets	20.284.572	94.317.460	8.455.897	123.057.929
Financial Derivative Liabilities	33.156.454	63.209.925	1.881.913	98.248.292
Non-Cash Loans [7]	8.869.978	10.380.706	575.646	19.826.330
Prior Period				
Total Assets	**37.636.024**	**39.710.280**	**1.010.312**	**78.356.616**
Total Liabilities	**26.816.268**	**73.369.217**	**5.652.534**	**105.838.019**
Net Balance Sheet Position	**10.819.756**	**(33.658.937)**	**(4.642.222)**	**(27.481.403)**
Net Off-Balance Sheet Position	**(10.492.971)**	**32.393.436**	**4.660.215**	**26.560.680**
Financial Derivative Assets	17.572.458	89.046.950	4.984.701	111.604.109
Financial Derivative Liabilities	28.065.429	56.653.514	324.486	85.043.429
Non-Cash Loans	8.106.409	9.513.236	625.822	18.245.467

[1] Cash and Balances with TR Central; Other FC include TL 1.465.779 (December 31, 2019 – TL 737.276) precious metal deposit account.

[2] Does not include TL 672.265 (December 31, 2019 – TL 167.549) of currency income accruals arising from derivative transactions and derivative financial instruments amounting to TL 86.838 are not included under financial assets at fair value through profit and loss in accordance with TFRS 9.

[3] Includes TL 1.047.899 (December 31, 2019 – TL 1.083.065) FC indexed loans. Does not include repealed financial leasing receivables amounting to TL 24.695 (December 31, 2019 – TL 38.035) accounted as FC in balance sheet. Includes FC indexed factoring receivables is none (December 31, 2019 – None) accounted as TL in balance sheet.

[4] Does not include FC prepaid expenses amounting to TL 37.770 (December 31, 2019 – TL 37.315) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.

[5] Foreign currency deposits include TL 6.619.650 (December 31, 2019 – TL 3.700.363) of precious metal deposit account.

[6] Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TL 2.297.

[6] Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL 202.708 (December 31, 2019– TL 103.590)

[7] Does not have an effect on Net Off-balance Sheet Position.

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

IV. Explanations on Consolidated Interest Rate Risk

Interest rate risk that would arise from the changes in interest rates depending on the Parent Bank's position is managed by the Asset/Liability Committee of the Parent Bank.

Interest rate sensitivity of assets, liabilities and off-balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every month by taking the market developments into consideration. The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary. Parent Bank's asset and liabilities carry positive interest rate income and are repriced every six months. Therefore, the Parent Bank holds limited amount of interest rate risk.

Besides customer deposits, the Parent Bank funds its long-term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank changes the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long-term fixed interest rate loans with TL but also hedges itself from interest rate and maturity risk.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items
(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (1)	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank (2)	7.373.123	-	-	-	-	20.496.219	27.869.342
Due from Banks (3)	1.102.924	-	-	-	-	903.846	2.006.770
Financial Assets at Fair Value Through Profit/Loss (4)	7.119	41.103	138.976	34.083	6.574	8.664.201	8.892.056
Money Market Placements	429.888	-	-	-	-	-	429.888
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) (5)	552.345	2.581.702	1.903.825	3.279.902	4.605.244	1.191.128	14.273.146
Loans and Receivables	27.724.908	19.481.678	42.356.161	31.830.499	3.279.961	2.503.623	127.176.830
Financial Assets Measured at Amortized Cost (6)	1.348.257	2.647.512	5.141.669	2.873.027	4.179.423	274.401	16.464.289
Other Assets	-	-	-	-	-	14.849.778	14.849.778
Total Assets	**38.538.564**	**24.751.995**	**49.540.631**	**38.176.511**	**12.071.202**	**48.883.196**	**211.962.099**
Liabilities							
Bank Deposits	4.199.029	1.133.110	86.998	-	-	83.615	5.502.752
Other Deposits	62.575.190	18.428.180	3.099.342	289.141	132	31.538.239	115.930.224
Money Market Borrowings	7.657.750	2.350.305	4.958.252	-	-	46.720	15.013.027
Sundry Creditors	4.204.545	-	-	-	-	3.260.361	7.464.906
Securities Issued	1.381.321	1.723.533	2.066.090	10.069.670	-	-	15.240.614
Funds Borrowed	3.249.801	14.273.276	4.813.979	32.705	3.503.270	2.173	25.875.204
Other Liabilities (7)	276	2.077	4.894	214.037	180.708	26.533.380	26.935.372
Total Liabilities	**83.267.912**	**37.910.481**	**15.029.555**	**10.605.553**	**3.684.110**	**61.464.488**	**211.962.099**
On Balance Sheet Long Position	-	-	34.511.076	27.570.958	8.387.092	-	70.469.126
On Balance Sheet Short Position	(44.729.348)	(13.158.486)	-	-	-	(12.581.292)	(70.469.126)
Off-Balance Sheet Long Position	5.639.646	13.588.909	-	-	-	-	19.228.555
Off-Balance Sheet Short Position	-	-	(669.714)	(5.518.907)	(7.674.768)	-	(13.863.389)
Total Position	**(39.089.702)**	**430.423**	**33.841.362**	**22.052.051**	**712.324**	**(12.581.292)**	**5.365.166**

(1) Non-Interest-Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.
(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL 3.490 expected loss provisions.
(3) Banks include balance of expected loss provisions amounting to TL 17.538.
(4) Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets reflected to Profit/Loss amounting to TL 8.636.673
(5) Financial Assets at Fair Value through Other Comprehensive Income includes Derivative Financial Assets reflected to Other Comprehensive Income amounting to TL 1.681.074.
(6) Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL 9.572.
(7) Other liabilities includes Derivative Financial Liabilities amounting to TL 984.443.

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

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items
(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (1)	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	5.273.825	-	-	-	-	13.474.408	18.748.233
Due from Banks	572.476	16.914	-	-	-	508.237	1.097.627
Financial Assets at Fair Value Through Profit/Loss (2)	114.900	7.350	100.830	86.489	10.889	6.639.245	6.959.703
Money Market Placements	3.225.937	-	-	-	-	-	3.225.937
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI)	891.037	951.296	3.187.056	3.129.517	3.756.217	1.790.817	13.705.940
Loans and Receivables	27.700.757	13.803.079	40.572.727	28.942.473	3.091.832	2.551.172	116.662.040
Financial Assets Measured at Amortized Cost	2.102.380	2.924.348	3.936.398	2.689.458	4.240.488	276.378	16.169.450
Other Assets	-	-	-	-	-	10.957.256	10.957.256
Total Assets	**39.881.312**	**17.702.987**	**47.797.011**	**34.847.937**	**11.099.426**	**36.197.513**	**187.526.186**
Liabilities							
Bank Deposits	3.244.393	1.864.410	103.276	-	-	194.282	5.406.361
Other Deposits	56.663.202	14.301.370	3.507.551	253.342	152	25.368.275	100.093.892
Money Market Borrowings	3.253.435	3.117.558	2.580.779	47.000	94.372	55.791	9.148.935
Sundry Creditors	3.943.414	-	-	-	-	3.652.883	7.596.297
Securities Issued	1.573.004	2.922.752	841.857	9.013.934	-	-	14.351.547
Funds Borrowed	3.670.059	9.627.167	8.206.998	223.973	3.121.371	2.302	24.851.870
Other Liabilities (3)	-	1.061	19.649	405.269	6.604	25.644.701	26.077.284
Total Liabilities	**72.347.507**	**31.834.318**	**15.260.110**	**9.943.518**	**3.222.499**	**54.918.234**	**187.526.186**
On Balance Sheet Long Position	-	-	32.536.901	24.904.419	7.876.927	-	65.318.247
On Balance Sheet Short Position	(32.466.195)	(14.131.331)	-	-	-	(18.720.721)	(65.318.247)
Off-Balance Sheet Long Position	3.660.119	15.498.899	-	-	-	-	19.159.018
Off-Balance Sheet Short Position	-	-	(297.505)	(11.030.706)	(3.103.007)	-	(14.431.218)
Total Position	**(28.806.076)**	**1.367.568**	**32.239.396**	**13.873.713**	**4.773.920**	**(18.720.721)**	**4.727.800**

(1) Non-Interest-Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.
(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL 2.309 expected loss provisions.
(3) Banks include balance of expected loss provisions amounting to TL 5.508.
(4) Financial Assets at Fair Value Through Profit/Loss includes derivative financial assets reflected to Profit/Loss amounting to TL 6.579.467.
(5) Includes Receivables from Money Markets include the balance of expected loss provisions .
(6) Financial Assets at Fair Value Through Other Comprehensive Income include 1.359.842 derivative financial assets used for hedging purposes.
(7) Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL 11.852.
(8) Other Liabilities include derivative Financial Liabilities amounting to TL 5.135.493.

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

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	JPY %	TL %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	6,00
Due from Banks	0,06	0,21	-	9,20
Financial Assets Measured at Fair Value through Profit/Loss	2,41	8,77	-	10,68
Money Market Placements	-	-	-	10,33
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,14	5,30	-	15,46
Loans and Receivables	4,36	6,52	2,45	14,59
Financial Assets Measured at Amortized Cost	3,76	5,48	-	10,22
Liabilities				
Bank Deposits	0,30	2,15	-	8,90
Other Deposits	0,24	1,35	0,04	9,51
Money Market Borrowings	(0,01)	1,81	-	8,50
Sundry Creditors	(0,45)	0,65	-	-
Securities Issued	-	5,71	-	11,31
Funds Borrowed	2,34	5,71	-	12,54

Average interest rates applied to monetary financial instruments:

	EUR %	USD %	JPY %	TL %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	10,00
Due from Banks	0,01	2,02	-	11,25
Financial Assets at Fair Value Through Profit/Loss	2,94	8,64	-	11,82
Money Market Placements	-	-	-	11,55
Financial Assets at Fair Value through Other Comprehensive Income	2,92	5,27	-	18,00
Loans and Receivables	4,90	6,66	2,46	16,68
Financial Assets Measured at Amortized Cost	3,20	5,50	-	12,46
Liabilities				
Bank Deposits	0,33	2,39	-	10,95
Other Deposits	0,22	2,00	0,02	10,16
Money Market Borrowings	0,07	2,06	-	9,87
Sundry Creditors	(0,46)	1,55	-	-
Securities Issued	-	5,74	-	12,98
Funds Borrowed	2,33	5,88	-	15,06

V. Explanations on Consolidated Position Risk of Equity Securities in Banking Book

	Comparison		
Equity Securities (shares)	**Carrying Value**	**Fair Value**	**Market Value**
1. Equity Investments Grade A	**33.222**	**-**	**33.222**
Quoted Securities	33.222	-	33.222
2. Equity Investments Grade B	**-**	**-**	**-**
Quoted Securities	-	-	-
3. Equity Investments Grade C	**-**	**-**	**-**
Quoted Securities	-	-	-
4. Equity Investments Grade Other (*)	**242.406**	**233.978**	**-**

(*) Includes associates, subsidiaries and entities under common control not quoted to ISE and not classified as investment in shares by CMB.

		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	**Gains/Losses in Current Period**	**Total**	**Amount under Core Capital**	**Total**	**Amount under Core Capital**	**Amount under Supplementary Capital**
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	(6.846)	-	-	(3.612)	-	(3.612)
3. Other Shares						
4. Total	**(6.846)**	**-**	**-**	**(3.612)**	**-**	**(3.612)**

VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio

Liquidity Risk of the Parent Bank is monitored and managed in accordance with Liquidity Risk Management Policy. According to this policy, Board of Directors is responsible to review and approve risk profile and appetite of the Parent Bank periodically. Senior Management takes necessary measures to monitor aforementioned risk and controls liquidity risk in line with accepted strategies and policies.

Treasury Department is responsible to carry out liquidity strategy determined and approved by Board of Directors. Risk Management Department is responsible to define, measure, monitor and control liquidity risk besides developing internal and external methods and procedures which are in line with context and structure of applicable activities in The Parent Bank in order to monitor related limits. Senior management of The Parent Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of the Parent Bank's liquidity risk profile. Assets and Liabilities Committee (ALC) meetings, which ensure the necessary monitoring for liquidity risk, are held monthly. Risk Committee reviews the liquidity risk of the Parent Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Parent Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALC meetings monthly with the participation of senior management. Several decisions are taken related to management of short- and long-term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

The Parent Bank has no liquidity management center and each entity, which is under control of the Parent Bank, performs its liquidity management separately from the Parent Bank by an authority responsible for liquidity management. Fund amounts, which shall be used by associates from the Parent Bank, are determined in the framework of limits.

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent Bank is carried out in line with limits and internal warning systems within the framework of ALC decisions. Funding and placement strategies are developed through evaluating the liquidity of the Parent Bank.

A large part of the Parent Bank's liabilities consists of TL, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALC meetings. Maturity mismatches based on currencies are managed through FX swap and FX forward.

The Parent Bank diversifies its funding sources as customer deposits, foreign loans and bond issuance in order to reduce its liquidity risk. Measures are taken through making investments to assets having higher capacity to generate cash against liquidity crisis. The Parent Bank watches over reducing customer deposit concentration and controls concentration level daily in line with warning level approved by the Board of Directors.

Liquidity life cycle approach is determined as the liquidity risk stress test methodology. This approach is a stress test to measure the period in which the Parent Bank can meet its cumulative cash outflows without providing a fund from the market. Liquidity life cycle is calculated according to various scenarios and simulated in line with possible scenarios in crisis situation and the results are reported to Risk Committee and Board of Directors.

Emergency Funding Plan (EMP) of the Parent Bank regulates funding activities to be used in liquidity crisis periods specific to the Parent Bank or in liquidity crisis at financial markets. EMP defines components triggering the crisis and early warning indicators which help to evaluate and manage the liquidity crisis and determine primary funding structure. EMP also defines actions of the Parent Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

Due to the financial uncertainty caused by the coronavirus epidemic, undemonstrative liquidity management has been one of the top priorities of the Parent Bank. Although a flexibility provided to comply with the minimum ratios of the Liquidity Coverage Ratio (LCR) according to the regulation published by the BRSA on March 26, 2020, the Parent Bank manages LCR above the limit by keeping its high-quality liquid assets at a sufficient level. The Parent Bank has created four different stress test scenarios that measure how long it can meet the cumulative cash outflows, without providing any new funds from the market or by providing very low levels of funding. A new scenario created by observing the financial movements that occurred during the coronavirus epidemic process, and it is observed that the Parent Bank's liquid assets can be converted into cash in order to meet its liquidity needs over 30 days, which is the minimum life span of all scenarios.

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

Liquidity Coverage Ratio

	Unweighted Amounts(*)		Weighted Amounts(*)	
Current Period – March 31, 2020	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS			**35.904.143**	**22.435.686**
1. High Quality Liquid Assets	35.904.143	22.435.686	35.904.143	22.435.686
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	80.752.655	43.110.163	7.253.110	4.311.016
3. Stable deposits	16.443.112	-	822.156	-
4. Less stable deposits	64.309.543	43.110.163	6.430.954	4.311.016
5. Unsecured Funding other than Retail and Small Business Customers Deposits	32.309.517	18.052.406	19.515.339	11.172.073
6. Operational deposits	647.560	131.299	161.890	32.825
7. Non-Operational Deposits	26.111.317	16.414.556	15.176.322	9.750.252
8. Other Unsecured Funding	5.550.640	1.506.551	4.177.127	1.388.996
9. Secured funding	-	-	176.741	176.741
10. Other Cash Outflows	34.516.115	25.237.726	34.516.115	25.237.726
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	34.516.115	25.237.726	34.516.115	25.237.726
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	36.698.111	300.405	1.834.906	15.020
15. Other irrevocable or conditionally revocable commitments	79.011.911	19.707.788	5.843.348	1.905.050
16. TOTAL CASH OUTFLOWS			**69.139.559**	**42.817.626**
CASH INFLOWS				
17. Secured Lending Transactions	1.458.299	-	-	-
18. Unsecured Lending Transactions	8.868.695	1.979.564	5.663.518	1.600.905
19. Other contractual cash inflows	32.603.147	29.642.503	32.603.146	29.642.503
20. TOTAL CASH INFLOWS	**42.930.141**	**31.622.067**	**38.266.664**	**31.243.408**
				Capped Amounts
21. TOTAL HIGH-QUALITY LIQUID ASSETS			**35.904.143**	**22.435.686**
22. TOTAL NET CASH OUTFLOWS			**30.872.895**	**11.745.004**
23. LIQUDITY COVERAGE RATIO (%)			**116,30%**	**191,02%**

(*) Basic arithmetic average calculated for the last three months of values calculated by taking the monthly basic arithmetic average.

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

	Unweighted Amounts(*)		Weighted Amounts(*)	
Prior Period- December 31, 2019	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS			**34.537.663**	**34.537.663**
1. High Quality Liquid Assets	34.537.663	18.786.744	34.537.663	18.786.744
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	77.324.958	40.212.082	6.971.835	4.021.208
3. Stable deposits	15.213.206	-	760.660	-
4. Less stable deposits	62.111.752	40.212.082	6.211.175	4.021.208
5. Unsecured Funding other than Retail and Small Business Customers Deposits	29.503.502	16.376.799	18.497.353	10.647.498
6. Operational deposits	754.342	114.237	188.585	28.559
7. Non-Operational Deposits	21.821.732	13.538.637	12.715.441	7.991.675
8. Other Unsecured Funding	6.927.428	2.723.925	5.593.327	2.627.264
9. Secured funding			79.316	79.316
10. Other Cash Outflows	27.177.794	18.901.582	27.177.794	18.901.582
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	27.177.794	18.901.582	27.177.794	18.901.582
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	34.356.331	924.733	1.717.817	46.237
15. Other irrevocable or conditionally revocable commitments	73.084.411	17.294.518	5.291.243	1.508.991
16. TOTAL CASH OUTFLOWS			**59.735.358**	**35.204.832**
CASH INFLOWS				
17. Secured Lending Transactions	2.636.541	-	-	-
18. Unsecured Lending Transactions	8.713.614	1.946.498	5.475.556	1.580.400
19. Other contractual cash inflows	25.358.044	23.068.744	25.358.045	23.068.744
20. TOTAL CASH INFLOWS	**36.708.199**	**25.015.242**	**30.833.601**	**24.649.144**

	Capped Amount	
21. TOTAL HIGH-QUALITY LIQUID ASSETS	**34.537.663**	**18.786.744**
22. TOTAL NET CASH OUTFLOWS	**28.901.757**	**10.654.273**
23. LIQUDITY COVERAGE RATIO (%)	**119,50%**	**176,33%**

(*) Basic arithmetic average calculated for the last three months of values calculated by taking the basic arithmetic average was used for calculating the average in last days of the related last three month.

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

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the first three months of 2020 are explained in the table below. According to "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
TL+FC	125,97	10.01.2020	98,77	19.03.2020	116,51
FC	227,09	21.02.2020	157,27	06.02.2020	192,83

Liquidity coverage ratio is regulated by the BRSA to make sure that the banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of the Parent Bank's high-quality liquid assets are comprised of first quality liquid assets, most of which are CBT accounts and securities that are issued by the Turkish Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally, syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Parent Bank mainly consist of deposits which constitute 57% of total liabilities of the Group (December 31, 2019 – 56%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent Bank effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and one-month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated [1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank [2]	15.951.199	11.921.633	-	-	-	-	(3.490)	27.869.342
Due from Banks [3]	914.011	1.110.297	-	-	-	-	(17.538)	2.006.770
Financial Assets at Fair Value Through Profit/Loss [4]	23.947	1.019.691	772.566	2.086.095	3.648.561	1.310.384	30.812	8.892.056
Money Market Placements	-	429.888	-	-	-	-	-	429.888
Financial Assets Measured at Fair Value through Other Comprehensive Income [5]	179.603	174.153	54.618	2.678.166	6.331.062	4.855.544	-	14.273.146
Loans and Receivables [6]	-	21.453.100	10.933.632	38.473.178	40.362.733	13.450.564	2.503.623	127.176.830
Financial Assets Measured at Amortized Cost[7]	-	665.760	4.940	1.011.097	8.467.433	6.324.631	(9.572)	16.464.289
Other Assets	-	8.298.045	6.503	260.058	1.473.365	687	4.811.120	14.849.778
Total Assets	**17.068.760**	**45.072.567**	**11.772.259**	**44.508.594**	**60.283.154**	**25.941.810**	**7.314.955**	**211.962.099**
Liabilities								
Bank Deposits	83.615	4.199.032	1.133.110	86.995	-	-	-	5.502.752
Other Deposits	31.538.239	62.575.191	18.428.180	3.099.341	289.141	132	-	115.930.224
Funds Borrowed	-	1.914.908	2.220.819	5.150.230	11.950.237	4.639.010	-	25.875.204
Money Market Borrowings	-	6.603.010	2.135.143	4.307.787	944.505	1.022.582	-	15.013.027
Securities Issued	-	1.385.166	1.722.253	1.903.925	10.229.270	-	-	15.240.614
Sundry Creditors	-	7.464.906	-	-	-	-	-	7.464.906
Other Liabilities [8]	61.077	2.880.658	306.200	1.370.910	2.331.581	2.853.309	17.131.637	26.935.372
Total Liabilities	**31.682.931**	**87.022.871**	**25.945.705**	**15.919.188**	**25.744.734**	**8.515.033**	**17.131.637**	**211.962.099**
Liquidity Excess / Gap	**(14.614.171)**	**(41.950.304)**	**(14.173.446)**	**28.589.406**	**34.538.420**	**17.426.777**	**(9.816.682)**	**-**
Net Off- Balance Sheet Position [9]	**-**	**602.002**	**569.560**	**1.508.534**	**1.820.832**	**117.070**	**-**	**4.617.998**
Receivables from financial derivative instruments	-	33.707.892	9.361.706	20.875.432	44.388.449	26.875.409	-	135.208.888
Liabilities from derivative financial instruments	-	33.105.890	8.792.146	19.366.898	42.567.617	26.758.339	-	130.590.890
Non-Cash Loans [10]	**-**	**3.350.380**	**4.081.135**	**11.630.939**	**5.554.220**	**496.925**	**4.636.863**	**29.750.462**
Prior period								
Total Assets	**11.333.569**	**39.042.490**	**12.454.211**	**37.567.003**	**56.063.148**	**23.641.924**	**7.423.841**	**187.526.186**
Total Liabilities	**25.623.207**	**77.603.774**	**23.124.519**	**12.382.846**	**24.204.377**	**6.637.953**	**17.949.510**	**187.526.186**
Liquidity Gap	**(14.289.638)**	**(38.561.284)**	**(10.670.308)**	**25.184.157**	**31.858.771**	**17.003.971**	**(10.525.669)**	**-**
Net Off- Balance Sheet Position [9]	**-**	**128.075**	**660.565**	**1.577.261**	**1.094.394**	**73.885**	**-**	**3.534.180**
Receivables from financial derivative instruments	-	27.996.638	11.389.515	19.110.747	42.730.763	25.436.082	-	126.663.745
Liabilities from derivative financial instruments	-	27.868.563	10.728.950	17.533.486	41.636.369	25.362.197	-	123.129.565
Non-Cash Loans [10]	**-**	**1.444.446**	**3.429.954**	**10.398.162**	**5.527.961**	**574.047**	**7.128.674**	**28.503.244**

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under this column. Unallocated other liabilities include equities amount of TL 16.202.405 and also include amount of TL 858.176 unallocated provisions and deferred tax liabilities.

(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TL 3.490.

(3) Banks include balance of expected loss provisions amounting to TL 17.538.

(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TL 8.636.673 (December 31, 2019 – TL 6.579.467).

(5) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TL 1.681.074 (December 31, 2019 – TL 1.359.842).

(6) Loans and receivables include leasing and factoring receivables.

(7) Financial assets measured at amortized cost include TL 9.572 of expected loss provisions.

(8) Other Liabilities include Derivative Financial Liabilities amounting to TL 6.741.205 (December 31. 2019 – TL 5.135.493)

(9) Liquidity excess / (deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess / (deficit) through valuations of related transactions to balance sheet.

(10) Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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

VII. Explanations on Consolidated Leverage Ratio

a) Information in regard to the differences between current period and prior period leverage ratio:

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 7,16% (December 31, 2019: 7,32%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

b) Summary comparative table for total asset and total risk amount in consolidated financial statements prepared in accordance with TFRS:

		Current Period (**)	**Prior Period (**)**
1	Total asset amount in consolidated financial statements prepared in accordance with TFRS (*)	199.775.346	183.777.771
2	Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	361.879	409.792
3	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	1.712.153	1.359.218
4	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	42.558	112.438
5	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of off-balance transactions	89.111.974	88.094.563
6	Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	(781.882)	(762.528)
7	**Total Risk Amount**	**290.222.028**	**272.991.254**

(*) Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communique on the Preparation of Consolidated Financial Statements.
(**) Amounts presented above represent the arithmetic average of the last three months.

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

c) Leverage ratio public disclosure template

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette dated November 5, 2013 and numbered 28812 is below:

	Book Value	
	Current Period (*)	**Prior Period (*)**
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	190.831.972	176.451.247
(Assets deducted from capital stock)	781.882	762.528
Total risk amount related to Assets on Balance sheet	**190.050.090**	**175.688.719**
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	9.305.252	7.736.316
Potential credit risk amount of derivative financial instruments and credit derivatives	1.712.153	1.359.218
Total risk amount related to derivative financial instruments and credit derivatives	**11.017.405**	**9.095.534**
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	13.151	110.193
Risk amount sourcing from transactions mediated	29.407	2.245
Total risk amount related to financial transactions having security or commodity collateral	**42.558**	**112.438**
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	122.400.617	119.023.330
(Adjustment amount sourcing from multiplying to credit conversion rates)	33.288.642	30.928.767
Total risk amount related to off-balance sheet transactions	**89.111.975**	**88.094.563**
Capital and Total Risk		
Core Capital	20.766.939	19.993.423
Amount of total risk	290.222.028	272.991.254
Financial leverage ratio		
Financial leverage ratio	7,16%	7,32%

(*) Amounts stated in table shows the last three months averages of the related period.

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations And Disclosures Related To Consolidated Assets

1. a) Cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	656.546	1.229.262	681.486	944.326
T.R. Central Bank	1.397.737	24.458.291	446.072	16.659.924
Others	43.376	87.620	-	18.734
Total	**2.097.659**	**25.775.173**	**1.127.558**	**17.622.984**

b) Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	1.397.737	12.536.658	446.072	8.505.856
Restricted Time Deposits	-	11.921.633	-	8.154.068
Total	**1.397.737**	**24.458.291**	**446.072**	**16.659.924**

As of March 31, 2020, amount of TL 3.490 (December 31, 2019 – TL 2.309) provision provided for the account T.R. Central Bank.

As of 31 March 2020, our bank has been appointed to C.B.R.T. depending on the maturity structure, the required reserve rates for TL liabilities vary between 1% and 7% for TL deposits and other liabilities according to their maturities as of 31 March 2020. The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities.

In accordance with the "Communiqué Regarding the Reserve Requirements", the reserve requirements can be maintained as TL, USD, EUR and standard gold.

2. Further information on financial assets at fair value through profit/loss (net amounts are expressed):

a) Information on financial assets at fair value through profit/loss subject to repo agreements and given as collateral or blocked:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Given as Collateral/blocked	47	7.318	2.297	6.227
Subject to repurchase agreement	2.939	-	-	-
Total	**2.986**	**7.318**	**2.297**	**6.227**

b) Positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Forward Transactions	69.560	-	65.165	-
Swap Transactions	3.189.381	2.019.927	2.662.334	870.620
Futures	-	-	-	-
Options	4.863	225.625	1.371	152.948
Other	-	-	-	-
Total	**3.263.804**	**2.245.552**	**2.728.870**	**1.023.568**

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

3. a) Information on banks accounts:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks	1.005.102	1.019.206	403.520	699.615
Domestic	1.005.097	180.384	403.517	245.357
Foreign	5	838.822	3	454.258
Foreign Head Offices and Branches	-	-	-	-
Total	**1.005.102**	**1.019.206**	**403.520**	**699.615**

Amount of TL 17.538 provision established for banks account as of March 31, 2020 (December 31,2019 – TL 5.508).

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
EU Countries	196.429	133.694	26.496	24.603
USA and Canada	508.487	193.790	83.929	79.671
OECD Countries (*)	2.978	3.084	-	-
Off-shore Banking Regions	-	-	-	-
Other	20.508	19.419	-	-
Total	**728.402**	**349.987**	**110.425**	**104.274**

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

(**) Includes blocked placements amounting to TL 110.425 at foreign banks (December 31, 2019 - TL 104.274) for the funds borrowed from foreign banks.

4. Information on receivables from Reverse Repurchase Agreements

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From domestic transactions	**103.012**	-	**3.128.856**	-
T.R. Central Bank	-	-	-	-
Banks	-	-	3.040.962	-
Brokerage Houses	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	103.012	-	87.894	-
Real persons	-	-	-	-
From foreign transactions	-	-	-	-
T.R. Central Bank	-	-	-	-
Banks	-	-	-	-
Brokerage Houses	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	**103.012**	-	**3.128.856**	-

5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income:

a) Information on financial assets measured at fair value through other comprehensive income subject to repurchase agreements and provided as Collateral /blocked

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Given as Collateral / Blocked	932.456	625.316	307.921	533.272
Subject to repurchase agreements	1.052.855	6.170.191	257.608	5.217.454
Total	**1.985.311**	**6.795.507**	**565.529**	**5.750.726**

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

b) Information on financial assets measured at fair value through other comprehensive income:

	Current Period	Prior Period
Debt securities	**13.372.779**	**12.315.104**
Quoted on a stock exchange (*)	13.372.779	12.315.104
Unquoted on a stock exchange	-	-
Share certificates	**182.111**	**192.561**
Quoted on a stock exchange	2.402	987
Unquoted on a stock exchange(**)	179.709	191.574
Impairment provision (-)(***)	**(962.818)**	**(161.567)**
Total	**12.592.072**	**12.346.098**

(*) The Eurobond Portfolio amounting to TL 2.652.763 (December 31, 2019 - TL 2.788.968) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009. The mentioned financial assets are accounted for as financial assets measured at fair value through other comprehensive income in order to be in line with balance sheet presentation.
(**) It includes 11.695 Type C Visa Inc. shares transferred to Main Partner Bank because of exchange of stock as a result of transferring of Visa Europe Ltd to Visa Inc.
(***) As of March 31, 2020, amount of TL 2.269 (December 31,2019 – TL 1.958) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans:

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank

	Current Period		Prior Period	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Direct Loans Granted to Shareholders	**4.172**	**40.725**	**3.192**	**37.126**
Corporate Shareholders	4.172	40.725	3.192	37.126
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	134.392	-	127.384	-
Total	**138.564**	**40.725**	**130.576**	**37.126**

(*) Includes advances given to the bank personnel.

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

b) Performing loans and loans under follow-up including restructured or rescheduled loans, and other receivables

b.1) Financial assets measured at amortized cost

Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Non-Specialized Loans	**108.299.279**	**4.597.731**	**786.246**	**7.174.853**
Enterprise Loans	1.448.224	2.547	-	-
Export Loans	4.595.707	3.753	-	-
Import Loans	1.865	-	-	-
Financial Sector Loans	1.246.031	-	-	-
Consumer Loans	22.524.649	960.298	404.709	723.003
Credit Cards	14.871.982	1.163.468	-	755.025
Other	63.610.821	2.467.665	381.537	5.696.825
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**108.299.279**	**4.597.731**	**786.246**	**7.174.853**

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	1.112.114	-
Significant Increase in Credit Risk	-	1.886.780
Prior Period		
12 Month Expected Credit Losses	926.955	-
Significant Increase in Credit Risk	-	1.598.718

b.2) Loans measured at fair value through profit/loss

The Parent Bank has classified the loan amounted to TL 97.132 (December 31, 2019 – TL 86.838) under financial assets at fair value through profit or loss in accordance with TFRS 9.

c) Loans according to their maturity structure:

Cash Loans	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	39.835.446	1.163.491	755.025
Medium and Long-term Loans	68.463.833	3.434.240	7.206.074
Total	**108.299.279**	**4.597.731**	**7.961.099**

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

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	**224.111**	**22.377.500**	**22.601.611**
Housing Loans	481	4.209.572	4.210.053
Automobile Loans	78	11.357	11.435
Personal Need Loans	221.340	18.143.991	18.365.331
Other	2.212	12.580	14.792
Consumer Loans-FC Indexed	**-**	**3.158**	**3.158**
Housing Loans	-	2.846	2.846
Automobile Loans	-	-	-
Personal Need Loans	-	312	312
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	**12.451.578**	**607.940**	**13.059.518**
Installment	4.623.391	541.011	5.164.402
Non- Installment	7.828.187	66.929	7.895.116
Individual Credit Cards-FC	**14.873**	**43**	**14.916**
Installment	-	-	-
Non- Installment	14.873	43	14.916
Personnel Loans-TL	**15.407**	**72.498**	**87.905**
Housing Loans	-	199	199
Automobile Loans	-	-	-
Personal Need Loans	15.407	72.299	87.706
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**41.684**	**357**	**42.041**
Installment	15.855	136	15.991
Non-Installment	25.829	221	26.050
Personnel Credit Cards-FC	**93**	**-**	**93**
Installment	-	-	-
Non-Installment	93	-	93
Overdraft Accounts-TL (Real Persons)	**1.827.033**	**92.952**	**1.919.985**
Overdraft Accounts-FC (Real Persons)	**-**	**-**	**-**
Total	**14.574.779**	**23.154.448**	**37.729.227**

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

e) Information on commercial loans with installments and corporate credit cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TL	**311.975**	**18.245.763**	**18.557.738**
Real Estate Loans	-	329.418	329.418
Automobile Loans	967	154.263	155.230
Personal Need Loans	311.008	17.762.082	18.073.090
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	**-**	**566.092**	**566.092**
Real Estate Loans	-	10.868	10.868
Automobile Loans	-	18.591	18.591
Personal Need Loans	-	536.633	536.633
Other	-	-	-
Commercial Loans with Installment Facility - FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TL	**3.592.145**	**79.964**	**3.672.109**
Installment	1.085.394	58.532	1.143.926
Non-Installment	2.506.751	21.432	2.528.183
Corporate Credit Cards –FC	**1.793**	**5**	**1.798**
Installment	-	-	-
Non-Installment	1.793	5	1.798
Overdraft Accounts-TL (Legal Entities)	**1.098.033**	**7.454**	**1.105.487**
Overdraft Accounts-FC (Legal Entities)	**-**	**-**	**-**
Total	**5.003.946**	**18.899.278**	**23.903.224**

f) Allocation of loans by customers:

	Current Period	Prior Period
Public	-	-
Private	120.858.109	110.715.820
Total	**120.858.109**	**110.715.820**

g) Allocation of domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	119.930.641	109.994.925
Foreign Loans	927.468	720.895
Total	**120.858.109**	**110.715.820**

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	602.830	1.015.749
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	**602.830**	**1.015.749**

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

i) Specific provisions for loans (Stage III/Specific Provision):

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	338.469	1.101.109
Loans and Receivables with Doubtful Collectability	1.424.618	938.973
Uncollectible Loans and Receivables	4.580.543	4.140.245
Total	**6.343.630**	**6.180.327**

j) Non-performing loans (NPLs) (Net):

j.1) Non-performing loans and other receivables restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	69.137	81.815	221.818
Restructured Loans	69.137	81.815	221.818
Prior Period			
Gross Amounts Before the Provisions	16.482	47.994	148.689
Restructured Loans	16.482	47.994	148.689

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior Period End Balance	**1.944.826**	**1.542.332**	**5.244.342**
Additions (+)	540.362	24.988	26.304
Transfers from Other Categories of Non-Performing Loans (+)	3.766	1.602.070	787.163
Transfers to Other Categories of Non-Performing Loans (-)	1.600.078	790.771	2.150
Collections (-)	123.215	73.447	278.374
Write-offs (-)	-	-	864
Debt Sells	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	**765.661**	**2.305.172**	**5.776.421**
Specific Provision (-)	338.469	1.424.618	4.580.543
Net Balances on Balance Sheet	**427.192**	**880.554**	**1.195.878**

j.3) Information on foreign currency of non-performing loans and other receivables

None (December 31, 2019 – None).

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

j.4) Breakdown of non-performing loans according to their gross and net values

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	**427.192**	**880.554**	**1.195.878**
Loans to Real Persons and Legal Entities (Gross)	765.661	2.305.172	5.613.046
Provision (-)	338.469	1.424.618	4.417.168
Loans to Real Persons and Legal Entities (Net)	427.192	880.554	1.195.878
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	163.375
Provision (-)	-	-	163.375
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**843.717**	**601.076**	**1.106.376**
Loans to Real Persons and Legal Entities (Gross)	1.944.826	1.542.332	5.118.224
Specific provision (-)	1.101.109	938.973	4.014.127
Loans to Real Persons and Legal Entities (Net)	843.717	603.359	1.104.097
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	126.118
Specific provision (-)	-	-	126.118
Other Loans and Receivables (Net)	-	-	-

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (Net)			
Interest accruals and valuation differences	65.728	259.781	405.120
Provision amount (-)	34.241	174.882	299.935
Prior Period (Net)			
Interest accruals and valuation differences	215.934	152.408	332.642
Provision amount (-)	137.941	98.762	251.187

k) Liquidation policies for uncollectible loans and other receivables:

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The Parent Bank prefers to liquidate the risk through negotiations with the debtors as well as The Parent Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

l) Explanations on write-off policy:

The Group’s general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

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

7. Information on factoring receivables:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short Term	1.265.552	200.732	1.297.791	221.571
Medium and Long Term	53.923	-	32.221	-
Total	**1.319.475**	**200.732**	**1.330.012**	**221.571**

As of March 31, 2020, and March 31, 2019, changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
Prior Period End Balance	83.937	74.990
Provided Provision / (reversal), Net	976	27.362
Collections	(3.765)	(18.415)
Write-offs	-	-
Provision at the End of Period	**81.148**	**83.937**

8. Information on financial assets measured at amortized cost:

a) Information on financial assets measured at amortized cost subject to repurchase agreements and provided as Collateral/Blocked :

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Given as Collateral / Blocked	762.623	84.698	364.213	116.736
Subject to repurchase agreements	2.751.753	7.410.568	-	6.517.031
Total	**3.514.376**	**7.495.266**	**364.213**	**6.633.767**

b) Information on government debt securities measured at amortized cost:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Government Bond	8.829.953	6.979.071	8.588.791	6.727.312
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	183.468	-	300.871
Total	**8.829.953**	**7.162.539**	**8.588.791**	**7.028.183**

c) Information on investments securities measured at amortized cost:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Debt Securities	**8.829.953**	**7.643.908**	**8.588.791**	**7.592.511**
Publicly-traded	8.829.953	7.643.908	8.588.791	7.592.511
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	**8.829.953**	**7.643.908**	**8.588.791**	**7.592.511**

d) Movement of financial assets measured at amortized cost:

	Current Period	Prior Period
Balance at the beginning of the period	**16.181.302**	**12.932.193**
Exchange differences on monetary assets	655.269	790.412
Acquisitions during the year	986.743	3.406.328
Disposals through sales and redemptions	(1.379.004)	(1.496.516)
Impairment provision (-)	-	-
Valuation Effect	29.551	548.885
The sum of end of the period	**16.473.861**	**16.181.302**

As of March 31, 2020, a provision amounting to TL 9.572 (December 31, 2019 – TL 11.852) is provided for the financial assets measured at amortized cost.

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

9. Investments in associates (Net):

9.1. Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkez (BKM) (*)	Istanbul/Turkey	9,23	9,23
Ulusal Derecelendirme A.Ş.	İstanbul/Turkey	2,86	2,86

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
151.277	91.498	70.415	5.591	-	26.532	15.953	-
31.238	25.827	22.785	1.354	-	6.146	-	-

(*) Current period information is based on December 31, 2019 financials. Prior period profit and loss amounts are based on December 31, 2018 financials.

9.2. Movements of investments in associates:

	Current Period	Prior Period
Balance at the Beginning of Period	**5.982**	**5.982**
Movements During the Period	**2.066**	**-**
Acquisitions	-	-
Bonus Shares Received	2.066	-
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	**8.048**	**5.982**
Capital Commitments	**-**	**-**
Share Percentage at the end of the Period	**-**	**-**

On January 17, 2020, the Group registered to JCR Avrasya Rating Anonim Şirketi as a Non-Financial Subsidiary, with a nominal value of the 28.599 shares purchase price amounting to TL 28.599, based on the share transfer agreement.

9.3. Sectoral information on investments and associates, and the related carrying amounts:

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	8.048	5.982
Total	**8.048**	**5.982**

9.4. Quoted Associates:

None (December 31, 2019 - None).

9.5. Valuation of investments in associates:

	Current Period	Prior Period
Valued at Cost	8.048	5.982
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	**8.048**	**5.982**

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

9.6. Investments in associates sold during the current period:

None (December 31, 2019 - None).

9.7. Investments in subsidiaries (Net):

a) Information on the Parent Bank's unconsolidated subsidiaries:

Subsidiaries below have not been consolidated since they are Non-financial investments, they are instead valued by cost method.

	Title	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. Ve Tic. A.Ş.	Istanbul/Turkey	99,91	99,99
2.	EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş	Istanbul/Turkey	100,00	100,00

(*)	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	52.876	9.862	30.054	-	-	(3.698)	3.251	-
2.	20.969	7.941	4.847	300	-	(3.490)	1.761	-

b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries :

	Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	QNB Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99,80	100,00
2.	QNB Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	99,40	99,40
3.	Hemenal Finansman A.Ş.	Istanbul/Turkey	100,00	100,00
4.	QNB Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0,03	100,00
5.	QNB Finans Faktoring A.Ş.	Istanbul/Turkey	99,99	100,00
6.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Istanbul/Turkey	-	100,00

Information on subsidiaries in the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value(*)
1.	1.110.230	281.541	11.115	29.514	336	32.419	15.840	280.902
2.	6.182.900	935.719	8.627	142.369	-	37.459	25.893	567.168
3.	41.289	25.271	682	1.180	-	5.806	(3.855)	-
4.	18.590	15.235	333	89	-	2.436	(398)	-
5.	1.574.466	181.060	11.682	49.591	-	10.394	16.832	244.256
6.	235.574	233	-	-	-	33	-	-

(*) The fair value measurement method of the Subsidiary QNB Finans Finansal Kiralama A.Ş. has been amended, and measurement has been made on data not based on market data as of the balance sheet date.

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

b.2) Movement schedule for consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	**1.212.068**	**1.103.202**
Movements during the Period	**(59.347)**	**108.866**
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Changes Due to Reclassification	-	-
Revaluation Difference	(59.347)	108.866
Impairment Provision	-	-
Balance at the End of the Period	**1.152.721**	**1.212.068**
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

b.3) Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Factoring Companies	244.256	266.769
Leasing Companies	567.168	624.551
Finance Companies	60.395	58.395
Other Subsidiaries	280.902	262.353
Total	**1.152.721**	**1.212.068**

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

b.4) Subsidiaries quoted on stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	567.168	624.551
Quoted on International Stock Exchanges	-	-
Total	**567.168**	**624.551**

b.5) Explanation to capital adequacy of the significant subsidiaries

None.

10. Information on joint ventures:

	Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Cigna Finans Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	49,00%	49,00%
2.	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	Istanbul/Turkey	33,33%	33,33%

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	1.789.175	287.585	32.697	-	-	36.792	21.734	233.977
2.	136.056	85.531	53.021	-	-	5.761	4.316	-

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

11. Information on finance lease receivables (Net):

11.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	2.467.556	2.048.549	2.365.178	1.115.307
Between 1-4 years	3.655.877	3.141.155	3.649.423	3.121.245
Over 4 years	613.791	563.581	597.375	551.605
Total	**6.737.224**	**5.753.285**	**6.611.976**	**4.788.157**

Finance lease receivables include non-performing finance lease receivables amounting to TL 385.837 (December 31, 2019 – TL 341.485) and specific provisions amounting to TL 157.257 (December 31, 2019 – TL 147.828).

Changes in non-performing finance lease receivables provision as of March 31, 2020 and March 31, 2019, are as follows:

	Current Period	Prior Period
End of the prior period	147.828	110.677
Provided provision / (reversal), Net	11.085	-
Collections	(1.656)	11.445
Written-off	-	(310)
Provision at the end of the period	**157.257**	**121.812**

11.2 Information on net investment on leases

	Current Period	Prior Period
Gross Finance Lease Investments	6.712.838	5.763.671
Unearned Finance Income (-)	959.553	975.514
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	**5.753.285**	**4.788.157**

11.3 Information of finance lease contracts of the Parent Bank

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

12. Information on hedging purpose derivatives:

	Current Period(***)		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge (*)	2.855.729	271.588	2.693.288	133.741
Cash Flow Hedge(**)	1.452.047	229.027	1.314.595	45.247
Net Investment Hedge	-	-	-	-
Total	**4.307.776**	**500.615**	**4.007.883**	**178.988**

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of March 31, 2020, TL 0 (December 31, 2019 - TL 1.927) from securities, TL 2.855.729 (December 31, 2019 – TL 2.693.288) from funds borrowed, TL 271.588 (December 31, 2019- TL 74.535) from financial leasing, TL 0 (December 31, 2019 - TL 2.390) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

(**) Represents the fair value of derivatives which are the hedging instruments of deposits and floating dividends' cash flow risk.
(***)At derivative financial assets for fair value hedge has shown at line 1.4.1. and derivative financial assets for cash flow hedge presented at line 1.4.2 in financial statements.

13. Explanations on investment property:

None (December 31, 2019- None).

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

14. Information on tax asset

As of March 31, 2020, the Parent Bank has TL 642.124 deferred tax asset calculated under the related regulations.

According to TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are netted off separately in their financial statements. As of March 31, 2020, the Parent Bank has deferred tax assets amounting to TL 1.562.100 and deferred tax liabilities amounting to TL 919.976, which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit / the tax liability is netted and recorded.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax assets amounting to TL 365.938 are netted under equity. (December 31, 2019 – TL 297.978 deferred tax assets).

	Accumulated Temporary Differences		**Deferred Tax Assets/(Liabilities)**	
	March 31, 2020	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**
Provision for Employee Rights	424.829	560.445	93.462	123.298
Difference Between the Book Value of Financial Assets and Tax Base	2.197.013	1.047.818	483.343	230.520
Other (*)	4.480.203	3.294.221	985.295	724.727
Deferred Tax Assets			**1.562.100**	**1.078.545**
Difference Between the Book Value Financial Assets and Tax Base	(281.859)	(279.982)	(62.009)	(61.596)
Difference Between the Book Value of Financial Assets and Tax Base	(2.659.703)	(1.834.533)	(585.135)	(403.597)
Other	(1.240.144)	(764.133)	(272.832)	(168.108)
Deferred Tax Liabilities			**(919.976)**	**(633.301)**
Deferred Tax Assets/(Liabilities), Net			**642.124**	**445.244**

(*) Includes expected loss provision and accumulated temporary differences for other provisions.

	Current Period 01.01-31.03.2020	**Prior Period 01.01-31.03.2019**
Deferred Tax as of January 1 Asset/ (Liability)- Net	445.244	618.081
Deferred Tax (Loss) / Gain	(169.058)	(149.775)
Deferred Tax that is Realized Under Shareholder's Equity	365.938	32.509
Deferred Tax Asset/ (Liability) – Net	**642.124**	**500.815**

15. Information on assets held for sale and discontinued operations

	Current Period	**Prior Period**
Opening Balance Net Book Value	-	-
Additions (*)	-	47.455
Impairment (-)	-	47.455
Closing Net Book Value	-	-

(*) In prior period, within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192,500,000,000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 1,19% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 Assets Held for Sale and Discontinued Operation.

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

16. Information on other assets:

16.1. Information on prepaid expense, tax and similar items

	Current Period	Prior Period
Collateral Given for Derivative Transactions	6.531.268	3.148.281
Assets Held for Resale (net)	1.423.523	1.308.747
Other Prepaid Expenses	931.215	753.795
Cheques Receivables from Other Banks	509.094	506.612
Miscellaneous Receivables	242.937	300.050
Prepaid Agency Commissions	41.610	42.170
Advances Given	22.079	7.816
Prepaid Rent Expenses	360	310
Other	445.945	379.734
Total	**10.148.031**	**6.447.515**

As of March 31, 2020, provision allocated for other assets amounting to TL 9.857 (December 31, 2019 – TL 9.213).

16.2 If other assets exceed 10% of total assets, excluding off balance sheet commitments, the names and the balances of these accounts, the name and the amount of the subaccounts which create at least 20% of them are:

Details of the other assets are described in note 16.1 section of disclosure.

17. Accrued interest and income

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows:

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets	7.571.580	2.746.167	6.736.753	1.202.556
Loans	3.310.024	713.836	3.289.333	477.119
Securities Measured at Amortized Cost	201.740	82.233	175.593	112.638
Financial Assets Measured at Fair Value through Other Comprehensive Income	252.053	(842.163)	258.970	89.025
Central Bank	6.750	-	5.441	-
Leasing Receivables	-	-	-	-
Banks	317	2	1.567	-
Financial Assets Measured at Fair Value through Profit/Loss	449	(1.053)	1.648	347
Other Accruals	79.810	921	3.547	1.913
Total	**11.422.723**	**2.699.943**	**10.472.852**	**1.883.598**

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

SECTION FIVE

II. Explanations And Disclosures Related To Consolidated Liabilities

1. Information on maturity structure of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**5.504.100**	**-**	**9.167.302**	**19.285.823**	**413.836**	**248.245**	**1.012.139**	**898**	**35.632.343**
Foreign Currency	**15.988.756**	**-**	**5.444.038**	**29.276.144**	**4.281.638**	**1.498.131**	**1.564.265**	**3.461**	**58.056.433**
Residents in Turkey	15.351.547	-	5.390.328	28.856.437	4.234.751	1.367.847	1.171.625	3.461	56.375.996
Residents Abroad	637.209	-	53.710	419.707	46.887	130.284	392.640	-	1.680.437
Public Sector Deposits	**437.747**	**-**	**5.171**	**5.896**	**1.064**	**5**	**-**	**-**	**449.883**
Commercial Deposits	**3.242.973**	**-**	**4.238.204**	**6.462.299**	**290.189**	**14.592**	**47.090**	**-**	**14.295.347**
Other Ins. Deposits	**62.076**	**-**	**38.529**	**712.737**	**15.189**	**46.182**	**1.854**	**-**	**876.567**
Precious Metal Deposits	**6.302.587**	**-**	**-**	**57.612**	**3.606**	**19.163**	**236.683**	**-**	**6.619.651**
Bank Deposits	**83.615**	**-**	**4.199.031**	**1.133.110**	**32.686**	**54.310**	**-**	**-**	**5.502.752**
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	3.927	-	-	-	-	-	-	-	3.927
Foreign Banks	76.630	-	4.199.031	1.133.110	32.686	54.310	-	-	5.495.767
Participation Banks	3.058	-	-	-	-	-	-	-	3.058
Other	-	-	-	-	-	-	-	-	-
Total	**31.621.854**	**-**	**23.092.275**	**56.933.621**	**5.038.208**	**1.880.628**	**2.862.031**	**4.359**	**121.432.976**

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**4.749.725**	**-**	**8.315.746**	**18.244.106**	**214.359**	**247.901**	**1.113.219**	**910**	**32.885.966**
Foreign Currency	**13.163.632**	**-**	**5.441.324**	**24.205.278**	**3.533.737**	**2.032.562**	**1.474.563**	**2.998**	**49.854.094**
Residents in Turkey	12.648.241	-	5.373.650	23.887.001	3.492.160	1.913.436	1.106.461	2.998	48.423.947
Residents Abroad	515.391	-	67.674	318.277	41.577	119.126	368.102	-	1.430.147
Public Sector Deposits	**403.375**	**-**	**2.296**	**9.734**	**569**	**19**	**-**	**-**	**415.993**
Commercial Deposits	**3.470.806**	**-**	**4.537.787**	**4.486.426**	**82.770**	**35.395**	**66.801**	**-**	**12.679.985**
Other Ins. Deposits	**63.232**	**-**	**31.454**	**418.746**	**1.441**	**40.772**	**1.847**	**-**	**557.492**
Precious Metal Deposits	**3.517.505**	**-**	**1.068**	**7.602**	**1.192**	**2.780**	**170.215**	**-**	**3.700.362**
Bank Deposits	**194.282**	**-**	**3.244.395**	**1.864.410**	**74.941**	**28.333**	**-**	**-**	**5.406.361**
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	5.126	-	-	-	-	-	-	-	5.126
Foreign Banks	183.473	-	3.244.395	1.864.410	74.941	28.333	-	-	5.395.552
Participation Banks	5.683	-	-	-	-	-	-	-	5.683
Other	-	-	-	-	-	-	-	-	-
Total	**25.562.557**	**-**	**21.574.070**	**49.236.302**	**3.909.009**	**2.387.762**	**2.826.645**	**3.908**	**105.500.253**

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

1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Saving Deposits	18.980.548	18.451.527	16.659.894	14.447.019
Foreign Currency Savings Deposits	11.135.062	10.426.031	31.501.087	28.403.256
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	**30.115.610**	**28.877.558**	**48.160.981**	**42.850.275**

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Group is not located abroad.

1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund:

	Current Period	**Prior Period**
Deposits and accounts in branches abroad	13.108	25.886
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	167.916	149.317
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
Total	**181.024**	**175.203**

2. Information on trading derivative financial liabilities:

a) Negative differences table for derivative financial liabilities held for trading:

	Current Period(*)		Prior Period	
	TL	**FC**	**TL**	**FC**
Forwards	276.349	-	110.238	-
Swaps	2.930.297	1.553.615	2.559.946	860.117
Futures	-	-	-	-
Options	6.946	42.078	211	34.565
Other	-	-	-	-
Total	**3.213.592**	**1.595.693**	**2.670.395**	**894.682**

(*) Derivative financial liabilities held for trading in the current period are shown on the financial statement in 7.1 Derivative Financial Liabilities line.

3. Information on funds borrowed:

a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
T.R. Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	1.670.961	1.298.610	1.561.228	1.093.841
Foreign Banks, Institutions and Funds	515.862	16.311.081	481.728	16.282.520
Total	**2.186.823**	**17.609.691**	**2.042.956**	**17.376.361**

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

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-Term	1.507.072	1.311.422	1.083.483	1.747.269
Medium and Long-Term	679.751	16.298.269	959.473	15.629.092
Total	**2.186.823**	**17.609.691**	**2.042.956**	**17.376.361**

The Parent Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Parent Bank and does not present any risk concentration with its consistent structure extended to a wide base. Funds borrowed mainly consist of funds provided by foreign financial institutions which have different characteristics and maturity-interest structure such as syndication, securitization, and post-financing. There isn't risk concentration on the fund sources of the Parent Bank.

c) Additional information on concentrations of the Group's liabilities

As of March 31, 2020, the Group's liabilities comprise; 57% deposits (December 31, 2019 – 56%), 9% funds borrowed (December 31, 2019 – 10%), 7% issued bonds (December 31, 2019 – 8%) and 7% funds provided from money market borrowings. (December 31, 2019 – 5%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From domestic transactions	**3.799.452**	**-**	**255.279**	**-**
Financial institutions and organizations	3.768.997	-	232.383	-
Other institutions and organizations	15.580	-	11.123	-
Real persons	14.875	-	11.773	-
From foreign transactions	**1.667**	**10.885.032**	**2.393**	**8.797.038**
Financial institutions and organizations	-	10.885.032	-	8.797.038
Other institutions and organizations	1.667	-	2.393	-
Real persons	-	-	-	-
Total	**3.801.119**	**10.885.032**	**257.672**	**8.797.038**

5. Information on securities issued (Net):

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bank Bonds	3.755.078	282.898	4.459.553	116.648
Asset-backed securities	478.588	-	442.887	-
Bills	544.728	10.179.322	168.227	9.164.232
Total	**4.778.394**	**10.462.220**	**5.070.667**	**9.280.880**

The Parent Bank has bond issue program (Global Medium Term Note Programme) amounting to USD 5 Billion.

6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceed 20% of the individual liability item in the consolidated balance sheet

Other liabilities do not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 2019 – Does not exceed 10%).

7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Interest rate and cash flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

7.1. Changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2019 – None).

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

7.2. Information on liabilities arising from financial lease transactions

The leasing balances between the Parent Bank and its subsidiaries have been eliminated as part of the consolidation principles.

7.3. Information on liabilities arising from operational lease transactions

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	16.414	15.185	32.010	25.011
Between 1 - 4 years	221.133	192.224	480.608	412.274
More than 4 years	228.247	198.089	-	-
Total	**465.794**	**405.498**	**512.618**	**437.285**

7.4 Information and footnotes on operational lease

The Parent Bank records lease payments made in accordance with its operating lease agreements during the lease period, in equal amounts. The bank makes operating lease agreements for some branches and ATM machines. The lease agreements are amortized during the lease period by measuring the lease obligation based on the present value of the lease payments (lease obligation) that has not been paid at that time (the lease obligation) as well as the relevant usage right as of the same date. Lease payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. If the tenant cannot easily determine this rate, he uses the alternative borrowing interest rate. The tenant separately records the interest expense on the rental obligation and the depreciation expense of the right to use asset.

7.5. Information on "Sale -and- lease back" agreements

The Parent Bank does not have any sale-and-lease back transactions in the current period (December 31, 2019 None).

8. Information on liabilities arising from hedging purpose derivatives

	Current Period(***)		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge (*)	125.583	821.894	290.333	398.907
Cash Flow Hedge (**)	50.514	933.929	487.387	393.789
Net Investment Hedge	-	-	-	-
Total	**176.097**	**1.755.823**	**777.720**	**792.696**

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of March 31, 2020, TL 120.537 from loans (December 31, 2019 – TL 285.204), TL 703.634 (December 31, 2019 - TL 355.077) from securities, TL 123.306 (December 31, 2019 - TL 48.959) from financial leasing operations represents the fair value of the derivative financial instruments used in the fair value hedging transaction.

(**) Represents the fair value of derivatives which are the hedging instruments of deposits and floating dividends' cash flow risk.

(***) At the current period, derivative financial liabilities for fair value hedge has shown at the line 7.1 in financial statements and derivative financial liabilities for cash flow hedge has shown at the line 7.2 in financial statements.

9. Information on provisions:

9.1. Provision for currency exchange gain/loss on foreign currency indexed loans

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	-	-

(*) The foreign exchange provision for foreign currency indexed loans netted against "Loans and Receivables" in asset.

9.2. Specific provisions for non-cash loans that are not indemnified and converted into cash or expected loss provisions for non-cash

	Current Period	Prior Period
Stage 1	113.737	92.437
Stage 2	12.820	17.471
Stage 3	49.755	45.614
Total	**176.312**	**155.522**

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

9.3 Information on employee termination benefits and unused vacation accrual

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in TAS 19 and reflected these accompanying financial statements.

As of March 31, 2020, TL 244.168 (December 31, 2019 - TL 240.184) reserve for employee termination benefits was provided in the accompanying financial statements.

As of March 31, 2019, the Group accrued TL 57.536 (December 31, 2019 - TL 52.660) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of March 31, 2020, TL 123.125 (December 31, 2019 – TL 267.601) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

9.3.1 Movement of employee termination benefits

	Current Period 01.01-31.03.2020	Prior Period 01.01-31.03.2019
As of January, 1	240.184	180.496
Service cost	8.634	6.125
Interest Cost	8.161	7.536
Settlement / curtailment / termination loss	2.172	3.791
Actuarial differences	(186)	879
Paid during the period	(14.797)	(10.078)
Total	**244.168**	**188.749**

9.4. Information on other provisions

Except for those mentioned in footnote 9.2, other provisions of the balance sheet amounting to TL 257.035 (December 31, 2019 – TL 190.554) consist of lawsuits, tax cases and miscellaneous risks against the Parent Bank.

10. Explanations on Tax Liabilities

10.1 Information on current tax liability

10.1.1 Information on tax provision

The current tax liability and the prepaid taxes of the consolidated subsidiaries have been offset separately in their financial statements. After the offsetting, the current tax liability amounting to TL 30.531 (December 31, 2019 – TL 213.410) is disclosed with current tax asset TL 6.327 (December 31, 2019– TL 6.248).

10.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	30.531	213.410
Taxation on Securities Income	74.888	84.849
Taxation on Real Estates Income	3.199	3.002
Banking and Insurance Transaction Tax (BITT)	88.785	95.128
VAT Payable	5.665	21
Other	48.398	35.166
Total	**251.466**	**431.576**

The Group presents The “Corporate Taxes Payable” balance in the “Current Tax Liability” account and other taxes are presented in the “Other Liabilities” account in the accompanying consolidated financial statements.

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

10.1.3 Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	14.213	12.318
Social Security Premiums - Employer Share	15.768	13.826
Pension Fund Fee and Provisions – Employee Share	23	19
Pension Fund Fee and Provisions – Employer Share	73	58
Unemployment Insurance - Employee Share	1.000	870
Unemployment Insurance - Employer Share	1.999	1.738
Other	54	46
Total	**33.130**	**28.875**

11. Information on payables related to assets held for sale

None (December 31, 2019- None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments subject to common equity	**-**	**3.502.714**	**-**	**3.120.203**
Subordinated Loans	-	3.502.714	-	3.120.203
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 common equity	**-**	**2.575.976**	**-**	**2.312.350**
Subordinated Loans	-	2.575.976	-	2.312.350
Subordinated Debt Instruments	-	-	-	-
Total	**-**	**6.078.690**	**-**	**5.432.553**

On April 1, 2019, the current due date of subordinated loan of amounting to US $ 125 million was renewed as 2029 in line with Basel III.
As of June 30, 2019, necessary adjustments were made in the subordinated loan prospectus of US $ 525 million.

13. Information on shareholder's equity

13.1 Paid-in capital

	Current Period	Prior Period
Common Stock	3.350.000	3.350.000
Preferred Stock	-	-

13.2 Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3.350.000	12.000.000

13.3 Information on share capital increases and their sources; other information on any increase in capital shares during the current period.

None (December 31, 2019 – None).

13.4 Information on share capital increases from revaluation funds

None (December 31, 2019 - None).

13.5 Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments

The Group does not have any capital commitments, all of the capital is fully paid-in.

13.6 Prior periods' indicators related with the Parent Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Parent Bank's equity

None (December 31, 2019 - None).

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

13.7 Information on the privileges given to stocks representing the capital

None (December 31, 2019 - None).

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	33.500.000	33.500.000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	714
Common Stock Withdrawal Profits	-	-

(*) Due to the Parent Bank's capital increase at the prior periods, common stock issue premium accounted amounting to TL 714.

15. Marketable securities value increase fund

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Associates, Subsidiaries and Entities under Common Control	**1.283**	**-**	**1.283**	**-**
Valuation Differences	1.283	-	1.283	-
Foreign Exchange Rate Differences	-	-	-	-
Securities Measured at FV Through Other Comprehensive Income	**418.051**	**(1.634.406)**	**210.214**	**(381.200)**
Valuation Differences	418.051	(1.634.406)	210.214	(381.200)
Foreign Exchange Rate Differences	-	-	-	-
Total	**419.334**	**(1.634.406)**	**211.497**	**(381.200)**

16. Accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liabilities side of the balance sheet are as follows:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Derivative Financial Liabilities	3.389.689	3.351.516	3.448.115	1.687.378
Deposits	216.349	65.271	234.755	76.634
Funds Borrowed	38.847	385.787	121.497	118.564
Money Market Borrowings	63.670	219.003	74	55.717
Issued Securities	3.155	43.564	22.382	188.376
Other Accruals	264.492	174.712	175.722	159.239
Total	**3.976.202**	**4.239.853**	**4.002.545**	**2.285.908**

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

SECTION FIVE

III. Explanations And Disclosures Related To Consolidated Off-Balance Sheet Items

1. Information related to consolidated off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	32.340.807	28.781.240
Commitment For Use Guaranteed Credit Allocation	15.334.175	14.309.950
Payment Commitments for Cheques	4.783.967	5.330.542
Forward Asset Purchase Commitments	2.556.010	2.377.515
Other Irrevocable Commitments	2.501.785	2.045.048
Commitments for Promotions Related with Credit Cards and Banking Activities	30.058	71.447
Tax and Fund Liabilities due to Export Commitments	29.615	29.197
Total	**57.576.417**	**52.944.939**

1.2. Type and amount of possible losses and commitments from off-balance sheet items

Specific provision is provided for the non-cash loans followed in the off-balance sheet accounts that are not indemnified and not liquidated yet and expected credit loss provisions for non-cash loans amounting to TL 176.312 (December 31, 2019 – TL 155.522).

1.3. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Bank Loans	6.341.767	5.822.343
Other Letters of Guarantee	3.139.057	2.667.496
Total	**9.480.824**	**8.489.839**

1.4. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	977.211	990.557
Final Letters of Guarantee	8.298.360	9.374.933
Advance Letters of Guarantee	2.688.395	2.421.977
Letters of Guarantee Given to Customs Offices	457.522	486.170
Other Letters of Guarantee	7.848.150	6.739.768
Total	**20.269.638**	**20.013.405**

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	**2.876.401**	**2.009.077**
Less Than or Equal to One Year with Original Maturity	675.322	341.272
More Than One Year with Original Maturity	2.201.079	1.667.805
Other Non-Cash Loans	26.874.061	**26.494.167**
Total	**29.750.462**	**28.503.244**

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

3. Information on risk concentration in sector terms in non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	**37.105**	**0,37**	**70.352**	**0,35**	**37.497**	**0,37**	**69.559**	**0,38**
Farming and Raising Livestock	32.932	0,33	2.381	0,01	32.555	0,32	9.636	0,05
Forestry	2.934	0,03	-	-	3.919	0,04	-	-
Fishing	1.239	0,01	67.971	0,34	1.023	0,01	59.923	0,33
Manufacturing	**1.683.091**	**16,96**	**9.365.375**	**47,24**	**1.645.765**	**16,04**	**8.248.440**	**45,21**
Mining and Quarrying	79.297	0,80	34.470	0,17	73.698	0,72	39.774	0,22
Production	1.441.266	14,52	9.182.634	46,32	1.429.199	13,93	8.147.353	44,65
Electricity, gas and water	162.528	1,64	148.271	0,75	142.868	1,39	61.313	0,34
Construction	**3.059.038**	**30,82**	**2.769.412**	**13,97**	**3.132.469**	**30,54**	**2.776.877**	**15,22**
Services	**4.969.234**	**50,07**	**7.513.116**	**37,89**	**5.271.352**	**51,39**	**7.068.110**	**38,74**
Wholesale and Retail Trade	3.338.274	33,64	2.811.867	14,18	3.305.446	32,22	2.917.959	15,99
Hotel, Food and Beverage Services	152.520	1,54	738.227	3,72	150.928	1,47	661.151	3,63
Transportation Communication	408.293	4,11	1.131.785	5,71	411.693	4,01	901.782	4,94
Financial Institutions	656.543	6,62	2.590.497	13,07	1.014.605	9,89	2.028.298	11,12
Real Estate and Renting Services	13.955	0,14	722	0,00	13.138	0,13	665	0,00
Self-Employment Services	217.506	2,19	100.886	0,51	213.365	2,08	98.682	0,54
Educational Services	9.049	0,09	14.306	0,07	7.721	0,08	13.334	0,07
Health and Social Services	173.094	1,74	124.826	0,63	154.456	1,51	446.239	2,45
Other	**175.664**	**1,78**	**108.075**	**0,55**	**170.694**	**1,66**	**82.481**	**0,45**
Total	**9.924.132**	**100,00**	**19.826.330**	**100,00**	**10.257.777**	**100,00**	**18.245.467**	**100,00**

4. Information on non-cash loans classified in first and second groups

Current Period(*)	**I. Group**		**II. Group**	
	TL	**FC**	**TL**	**FC**
Letters of Guarantee	9.635.349	10.363.478	155.957	65.099
Bill of Exchange and Acceptances	19.217	6.301.868	-	20.682
Letters of Credit	63.854	3.073.168	-	2.035
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**9.718.420**	**19.738.514**	**155.957**	**87.816**

(*) Does not include non-cash loans amounting to TL 49.755, for which specific provision is provided, but which are not indemnified and not liquidated yet.

Prior Period(*)	**I. Group**		**II. Group**	
	TL	**FC**	**TL**	**FC**
Letters of Guarantee	9.959.260	9.790.859	162.338	55.334
Bill of Exchange and Acceptances	22.742	5.782.178	-	17.423
Letters of Credit	67.823	2.563.908	-	35.765
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**10.049.825**	**18.136.945**	**162.338**	**108.522**

(*) Does not include non-cash loans amounting to TL 45.614, for which specific provision is provided, but which are not indemnified and not liquidated yet.

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

5. Information related to derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	**122.718.090**	**114.822.334**
Forward transactions (*)	16.573.734	13.396.912
Swap transactions	93.743.166	87.985.455
Futures transactions	135.343	197.110
Option transactions	12.265.847	13.242.857
Interest Related Derivative Transactions (II)	**66.166.348**	**58.871.980**
Forward rate transactions	-	-
Interest rate swap transactions	66.166.348	58.871.980
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	**1.205.460**	**1.217.741**
A. Total Trading Derivative Transactions (I+II+III)	**190.089.898**	**174.912.055**
Types of hedging transactions		
Fair value hedges	30.433.715	30.105.102
Cash flow hedges	50.060.132	50.106.695
Net investment hedges	-	-
B. Total Hedging Related Derivatives	**80.493.847**	**80.211.797**
Total Derivative Transactions (A+B)	**270.583.745**	**255.123.852**

(*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

Breakdown of the Parent Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy (**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TL	2.647.504	696.781	7.914.101	26.909.840	1.654.242	3.210.496	66.554	-	-
USD	1.673.635	6.189.788	91.085.719	56.738.366	3.630.734	2.430.863	-	68.789	1.205.460
Euro	3.055.220	778.086	16.527.213	32.431.632	820.155	446.312	-	-	-
Other	803.327	729.393	7.651.094	1.145.396	57.425	15.620	-	-	-
Total	**8.179.686**	**8.394.048**	**123.178.127**	**117.225.234**	**6.162.556**	**6.103.291**	**66.554**	**68.789**	**1.205.460**

(*) This column also includes hedging purpose derivatives.
(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

	Forward Buy (**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TL	3.137.983	1.025.504	10.336.647	31.944.301	1.385.083	4.320.320	99.198	-	-
USD	1.386.439	4.949.705	85.799.941	51.545.436	4.580.793	1.983.433	-	97.912	1.217.741
Euro	1.716.130	475.852	15.255.300	27.592.548	625.884	287.800	-	-	-
Other	437.012	268.287	4.540.838	54.221	12.948	46.596	-	-	-
Total	**6.677.564**	**6.719.348**	**115.932.726**	**111.136.506**	**6.604.708**	**6.638.149**	**99.198**	**97.912**	**1.217.741**

(*) This column also includes hedging purpose derivatives.
(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

5.1 Fair value hedge accounting

a) Loans

The Parent Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of balance sheet date; the mortgage loans amounting to TL 9.121.693 (December 31, 2019 – TL 8.122.097) were subject to hedge accounting by swaps with a nominal of TL 6.216.795 (December 31, 2019 – TL 6.608.353). On March 31, 2020 the net market valuation difference gain amounting to TL 1.339 due to the loss from the loans amounting to TL 30.577 (December 31, 2019 – TL 919.613 gain) and gain from swaps amounting to TL 31.916 (December 31, 2019 – TL 864.039 loss) gain is accounted for under “gain / (loss) from financial derivatives transactions” line in the accompanying financial statements.

Regarding the project financing loan extended by the Parent Bank in the previous periods, the Parent Bank terminated its hedge accounting for the purpose of hedging for fair value risk on June 30, 2019, as detailed in the following paragraph.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. As of the balance sheet date, swaps amounting to TL 58.900 have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference expense amounting to TL 47 before tax was recognized in the financial statements as “Profit / Loss from Derivative Financial Transactions”.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 48.460 (December 31, 2019 – TL 136.950 loss) related to the loans that are ineffective for hedge accounting under “gain / (loss) from financial derivatives transactions” as loss during the current period**.**

b) Financial assets measured at fair value through other comprehensive income

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with a nominal of USD 372.763 million and EUR 49.8 million (December 31, 2019 – USD 373.663 million and EUR 49.8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On March 31, 2020, the net market valuation difference gain amounting to TL 1.207 due to gain from Eurobonds amounting to TL 350.027 (December 31, 2019 – TL 215.945 gain) and loss from swaps amounting to TL 348.820 (December 31, 2019 – TL 215.250 loss) is accounted for under “gain / (loss) from financial derivatives transactions” line in the accompanying financial statements.

c) Bonds issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 780 million (December 31, 2019 – USD 780 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of March 31, 2020, TL 2.084 net fair valuation difference loss, net of TL 192.169 (December 31, 2019 – TL 69.763 loss) loss from issued bonds and TL 190.085 (December 31, 2019 – TL 69.801 gain) gain from swaps, has been recorded under “Gain / (loss) from financial derivatives transactions” on accompanying financial statements.

d) Borrowings

The Parent Bank, applies fair value hedge accounting through interest rate swaps in order to protect itself from changes in interest rates with respect to the fixed rate foreign currency loan it uses. In this context; The Bank ended its fair value hedge accounting practice on January 1, 2020, which started on December 27, 2015, regarding the loan amounting to EUR 30 million.

Accounting application is terminated when fair value hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects created by the fair value hedge accounting applied on hedged loans are reflected in the income statement throughout the life of the loans. Regarding the said hedge accounting practice whose effectiveness has deteriorated, the Bank has recognized the valuation effect amounting to TL 324 (31 December 2019 - None) in the income statement as income in the “Profit / Loss from Derivative Financial Transactions” account.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TL loans. As of the balance sheet date, swaps amounting to TL 251.852 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference income amounting to TL 1 before tax was recognized in the financial statements as “Profit / Loss from Derivative Financial Transactions”.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through swaps in order to protect itself from changes in interest rates with respect to TL and foreign currency loans and securities. As of the transaction date, a loan amounting to TL 360.116 has been subject to hedge accounting with the same consistent swaps. As of March 31, 2020, net income of valuation of TL 46, including TL 742 of expense from loans and TL 788 of income from swaps, was accounted in the “Profit / Loss from Derivative Financial Transactions” account in the attached financial statements.

5.2 Cash flow hedge accounting

a) Floating Rate Loans

The Parent Bank is subject to cash flow risk protection accounting through interest rate swaps in order to protect a certain portion of its long-term variable rate loans from changes in market interest rates. At each balance sheet date, the Bank conducts efficiency tests for hedging accounting, and the active parts are accounted in “hedging funds” under equity in the financial statements as defined in TAS 39, while the amount related to the inactive part is associated with the income statement. As of the balance sheet date, swaps with a nominal amount of USD 875 million (31 December 2019- USD 875 million) have been subject to hedging accounting as hedging instruments. As a result of the said hedging accounting, fair value income before tax of TL 204.898 (31 December 2019 – TL 20.790) was accounted under equity in the current period

b) Deposit

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL 300.000 are subject to hedge accounting as hedging instruments (December 31, 2019 – TL 1.600.000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TL 17.134 are accounted for under equity during the current period (December 31, 2019 – TL 243.972 loss). The amounts for the ineffective portion of revenues in the amount of TL 117 gain is associated with the income statement (December 31, 2019 – TL 182 gain).

As of the balance sheet date, swaps with a nominal amount of USD 2.439 (December 31, 2019 – USD 2.529 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 104 million (December 31, 2019 – EUR 104 million) have been subject to hedge accounting with Euro deposits. As a result of above-mentioned hedge accounting, fair value loss before taxes amounting to TL 438.402 are accounted under equity during the current period (December 31, 2019 – TL 790.817 gain). The loss amounting to TL 6.475 (December 31, 2019 – TL 1.525 loss) relating to the ineffective portion is accounted under at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness at periods when the expected cash flows subject to hedge accounting affect profit or loss (as in periods when interest income or expense is recognized). In the current period there is gain of TL 12.875 transferred amount from equity to income statement due to ineffectiveness or matured swaps (December 31, 2019– TL 20.045 gain).

c) Floating Rate Liabilities

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge its subordinated loans which have floating interest payment. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity "Hedging Funds", whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to USD 485 million are subject to hedge accounting as hedging instruments (December 31, 2019 – USD 485 million). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL 115.734 are accounted for under equity during the current period (December 31, 2019- TL 94.034 loss).

On the other hand; Accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. The effective amounts classified under equity due to hedge accounting are reclassified into profit or loss as the reclassification adjustments during periods or periods when the estimated cash flows subject to hedging in case of deterioration of the event affect profit or loss (such as the periods when interest income or expense is accounted for). In this context; In the current year, the Bank ended the hedge accounting practice of the USD 325 million subordinated loan it used for the purpose of hedging cash flow due to the change in the contract conditions. Due to hedge accounting practices terminated in the current year, a loss amounting to TL 10.130 (31 December 2019 - TL 4.568 loss) was transferred from the equity to the income statement.

Subsidiary, QNB Finans Finansal Kiralama A.Ş. applies cash flow hedge accounting through interest and exchange rate swaps in order to protect itself from changes in interest rates in relation to variable interest rate foreign currency loans and variable interest securities. The Company conducts effectiveness tests for hedge accounting on every balance sheet date, the active parts are accounted in the "Hedge Funds" account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the income statement. As of the balance sheet date, swaps amounting to TL 221.318 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, fair value income amounting to TL 681 before tax was recognized under equity.

The measurements as of March 31, 2020, hedge of cash flow transactions stated above are determined as effective.

6. Credit derivatives and risk exposures on credit derivatives

As of March 31, 2020, the Parent Bank has no commitments "Credit Linked Notes" (As of December 31, 2019 - None).

As of March 31, 2020, "Other Derivative Financial Instruments" with nominal amount of USD 185.000.000 (December 31, 2019: USD 205.000.000) are included in Parent Bank's "Credit Default Swap". In aforementioned transaction, The Bank is the seller of the protection for USD 185.000.000.

7. Information on contingent liabilities and assets

The Parent Bank has recorded a provision of TL 151.437 (December 31, 2019 - TL 106.152) for litigation and has accounted for it in the accompanying financial statements. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

8. Information on the services in the name and account of third parties

The Group acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

9. Information on the Parent Bank's rating by international rating institutions

MOODY'S June 2019		FITCH February 2020	
Long-Term Deposit Rating (FC)	B3	Long -Term Issuer Default Rating(FC)	B+
Long-Term Deposit Rating (TL)	B1	Short-Term Issuer Default Rating(FC)	B
Short-Term Deposit Rating (FC)	NP	Long-Term Issuer Default Rating(TL)	BB-
Short-Term Deposit Rating (TL)	NP	Short-Term Issuer Default Rating(TL)	B
Main Credit Evaluation	b3	Long-Term National	AA(tur)
Adjusted Main Credit Evaluation	b1	Appearance	Stable
Appearance	Negative	Support	4
Long-Term Foreign Currency Denominated Debt Rating(FC)	B1	Financial Capacity Rating	b+
Long-Term Deposit Rating (FC)	B3		

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

SECTION FIVE

IV. Explanations And Disclosures Related To Consolidated Income Statement

1. a) Information on interest income received from loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-Term Loans	1.138.505	82.371	1.638.493	47.793
Medium and Long-Term Loans	1.719.608	478.472	1.620.837	433.636
Non-Performing Loans	21.585	-	23.042	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total(*)	**2.879.698**	**560.843**	**3.282.372**	**481.429**

(*) Includes fees and commissions income from cash loans.

b) Information on interest income from banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
T.R. Central Bank (*)	-	-	-	-
Domestic Banks	24.840	362	33.180	825
Foreign Banks	162	9.582	1.147	12.784
Foreign Headquarters and Branches	-	-	-	-
Total	**25.002**	**9.944**	**34.327**	**13.609**

(*) The interest income on Required Reserve amounting TL 6.761 excluded from interest income on Banks (March 31, 2019: TL 58.778).

c) Information on interest income from securities portfolio

	Current Period	
	TL	**FC**
Financial Assets Measured at Fair Value through Profit/Loss	6.332	257
Financial Assets Measured at Fair Value through Other Comprehensive Income	184.933	92.701
Financial Assets Measured at Amortized Cost	217.702	101.827
Total	**408.967**	**194.785**

	Prior Period	
	TL	**FC**
Financial Assets Measured at Fair Value through Profit/Loss	907	142
Financial Assets Measured at Fair Value through Other Comprehensive Income	215.901	61.238
Financial Assets Measured at Amortized Cost	345.911	78.575
Total	**562.719**	**139.955**

As stated in Section Three disclosure VII.2, the Parent Bank has inflation indexed (CPI) government bonds in its financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary. In this context, as of March 31, 2020, valuation of such assets is made according to estimated annual inflation rate of 6%. If valuation of these securities indexed to the CPI had been done by the reference index valid through March 31, 2020, the Group's Marketable securities valuation differences after tax would be decreased by TL 7,9 million and net profit would be increased by TL 61,4 million to TL 810 million.

d) Information on interest income received from associates and subsidiaries:

None (March 31, 2019 – None)

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

1. a) Information on interest expense related to funds borrowed (*):

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Banks	**57.189**	**280.455**	**59.793**	**276.947**
T.R. Central Bank	-	-	-	-
Domestic Banks	39.336	10.861	57.367	9.067
Foreign Banks	17.853	269.594	2.426	267.880
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	**-**	**-**	**-**	**-**
Total	**57.189**	**280.455**	**59.793**	**276.947**

(*) Includes fees and commissions expenses related to the cash loans.

b) Information on interest expense paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	387	1.747

c) Information on interest expense paid to securities issued:

As of March 31, 2020, the amount paid to securities issued is TL 277.094 (March 31, 2019 – TL 375.526).

d) Information on maturity structure of interest expenses on deposits:

Current Period		Time Deposits						
Account Name	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**Over 1 Year**	**Accumulated Deposit Account**	**Total**
Turkish Lira								
Bank Deposits	-	3.132	48	-	-	-	-	3.180
Saving Deposits	7	155.704	431.704	5.699	6.899	36.818	-	636.831
Public Sector Deposits	-	43	170	13	-	-	-	226
Commercial Deposits	1	107.351	136.381	4.532	1.037	1.838	-	251.140
Other Deposits	-	812	15.578	78	1.384	65	-	17.917
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**8**	**267.042**	**583.881**	**10.322**	**9.320**	**38.721**	**-**	**909.294**
Foreign Currency								
Deposits	53	8.359	74.350	19.040	10.034	11.134	-	122.970
Bank Deposits	18	18.744	5.140	148	245	-	-	24.295
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	192	-	-	-	-	-	192
Total	**71**	**27.295**	**79.490**	**19.188**	**10.279**	**11.134**	**-**	**147.457**
Grand Total	**79**	**294.337**	**663.371**	**29.510**	**19.599**	**49.855**	**-**	**1.056.751**

Prior Period		Time Deposits						
Account Name	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**Over 1 Year**	**Accumulated Deposit Account**	**Total**
Turkish Lira								
Bank Deposits	-	3.555	247	-	494	-	-	4.296
Saving Deposits	6	219.725	828.227	162.065	94.403	122.392	-	1.426.818
Public Sector Deposits	-	46	188	74	3	5	-	316
Commercial Deposits	175	195.338	248.959	59.931	13.980	16.281	-	534.664
Other Deposits	-	3.966	40.045	776	1.066	506	-	46.359
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**181**	**422.630**	**1.117.666**	**222.846**	**109.946**	**139.184**	**-**	**2.012.453**
Foreign Currency								
Deposits	-	12.487	169.863	17.711	12.633	8.284	-	220.978
Bank Deposits	105	15.396	8.958	289	68	-	-	24.816
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	385	-	-	-	-	-	385
Total	**105**	**28.268**	**178.821**	**18.000**	**12.701**	**8.284**	**-**	**246.179**
Grand Total	**286**	**450.898**	**1.296.487**	**240.846**	**122.647**	**147.468**	**-**	**2.258.632**

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

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements (*)	68.081	50.690	11.538	46.749

(*) Includes "Interest on Money Market Transactions".

f) Information on finance lease expenses

None (March 31, 2019 – None).

g) Information on interest expenses on factoring payables

None (March 31,2019 – None).

3. Information on dividend income:

	Current Period	Prior Period
Derivative Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	-	891
Total	**-**	**891**

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	**7.661.953**	**5.752.724**
Trading account gain	89.815	19.158
Gain from derivative transactions	3.618.292	4.142.256
Foreign exchange gain/losses	3.953.846	1.591.310
Trading Loss (-)	**8.156.035**	**5.856.471**
Losses on Capital Market Operations	24.482	14.040
Derivative Financial Instruments	4.355.198	4.204.581
Foreign Exchange Losses	3.776.355	1.637.850
Net Trading Income/Loss	**(494.082)**	**(103.747)**

5. Information on other operating income

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and expense accruals cancelations in "Other Operating Income" account.

6. Provision for losses

	Current Period	Prior Period
Expected Credit Losses	**655.956**	**551.910**
12 Month Expected Credit Loss (Stage I)	194.483	53.735
Significant Increase in Credit Risk (Stage 2)	304.160	170.356
Lifetime ECL Impaired Credits (Stage 3)	157.313	327.819
Marketable Securities Impairment Provision	**310**	**(17.649)**
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	310	(17.649)
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	**-**	**-**
Investment in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	**39.945**	**10.039**
Total	**696.211**	**544.300**

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

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits(*)	4.170	7.373
Bank social aid fund deficit provision	-	-
Impairment expenses on tangible fixed asset	-	-
Depreciation expenses on intangible fixed asset	100.139	89.960
Impairment expenses on intangible fixed asset	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible asset	35.575	30.902
Impairment expenses of equity participation for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale	-	-
Other Operating Expenses	332.172	274.549
TFRS 16 Leasing expenses	*1.224*	*1.043*
Maintenance expenses	*60.786*	*56.759*
Advertisement expenses	*27.536*	*21.415*
Other expenses	*242.626*	*195.332*
Loss on sales of assets	7	18
Other (**)	133.664	111.123
Total	**605.727**	**513.925**

(*)Reserve for employee termination benefits has classified under personnel expenses in balance sheet.

(**) Comprising repayments amounting to TL 1.087 (March 31, 2019: TL 1.468) in respect of Consumer Arbitration Committee and courts' decision, which were fees and commissions recognized in previous year as income. Also, SDIF premium amounts and financial operation fees are included.

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

For the period ended March 31, 2020 net interest income in income items amounting to TL 2.483.224 (March 31, 2019– TL 1.716.308), net fees and commission income amounting to TL 706.056 (March 31, 2019 – TL 657.047), and other operating income amounting to TL 12.877 (March 31, 2019 – TL 9.495) constitute an important part of the income.

9. Explanations on tax provision for continued and discontinued operations

9.1. Current period taxation benefit or charge and deferred tax benefit or charge

As of March 31, 2020, the Group recorded current tax income of TL 10.586 (March 31, 2019 - TL 18.123 current tax charge) and a deferred tax expense of TL 169.058 (March 31, 2019 – TL 149.775 deferred tax expense).

	Current Period	Prior Period
Current Tax Provision	(10.586)	(18.123)
Correction in regard to Corporate Tax from Prior Period	-	-
Deferred Tax Income/Expense	(169.058)	(149.775)
Total	**(179.644)**	**(167.898)**

9.2. Explanations on operating profit/loss after taxes

None (March 31, 2019 – None).

10. Explanations on net profit/(loss) from continued and discontinued operations:

Net profit of the Group from continued operations is TL 748.816 (March 31, 2019 – TL 655.538).

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

11. Explanations on net income/loss for the period

11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period

None (March 31, 2019 – None).

11.2 There is no material effect of changes in accounting estimates by the Group on income statement for the current and, for subsequent periods.

None (March 31, 2019 – None).

11.3 Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit / Loss Attributable to Minority Shares	225	156

11.4 There is no change in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.

12. Information on the components of other items in the income statement exceeding 10% of the total or items that comprise at least 20% of the income statement

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account, while fees and commissions given to credit cards are recorded in the "Others" line under "Fees and Commissions Paid" account by the Parent Bank.

V. Explanations And Disclosures Related To Consolidated Change in Shareholders' Equity

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

VI. Explanations And Disclosures Related To Consolidated Cash Flows Statement

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

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

SECTION FIVE

VII. Explanations And Disclosures Related To The Parent Bank's Risk Group

1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

1.1. As of March 31, 2020, the Bank's risk group has deposits amounting to TL 220.262 (December 31, 2019 – TL 226.069), cash loans amounting to TL 4.241 (December 31, 2019 – TL 3.213) and non-cash loans amounting to TL 45.176 (December 31, 2019 – TL 42.650).

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	3.192	37.126	21	5.524
Balance at the End of the Period	-	-	4.172	40.725	69	4.451
Interest and Commission Income (**)	-	-	-	-	1	1

Prior Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	10	1.755	16.572	96	8.887
Balance at the End of the Period	-	-	3.192	37.126	21	5.524
Interest and Commission Income (**)	-	-	-	5	8	64

(*) As described in the Article 49 of Banking Law No 5411.
(**) Prior Period represents March 31, 2019 balance.

1.2. Information on deposits held by the Parent Bank's risk group

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	17.880	27.885	-	-	208.189	159.107
Balance at the End of the Period	14.012	17.880	-	-	206.250	208.189
Interest on deposits (**)	387	1.747	-	-	2.383	4.824

(*) As described in the Article 49 of Banking Law No 5411.

(**) Prior Period represents March 31, 2019 balance.

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

1.3. Information on forward and option agreements and similar agreements made with the Parent Bank's risk group

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(**)	-	-	-	-	-	24
Transactions for Hedging Purposes					-	
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(**)	-	-	-	-	-	-

(*) As described in the Article 49 of Banking Law No 5411.

(**) Prior Period represents March 31, 2019 balance.

1.4 Information on benefits provided for Key Management

As of March 31, 2020, the total amount of remuneration and bonuses paid to key management of the Group is TL 112.046 (March 31, 2019 - TL 133.128).

2. Disclosures of transactions with the Parent Bank's risk group

2.1. Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters

As of March 31, 2020, the rate of cash loans of the risk group divided by to total loans is 0%; (December 31, 2019 – 0%); the deposits represented 2% (December 31, 2019 – 2%) The ratio of total derivative transactions with derivatives risk is 0% (December 31, 2019 – 0%).

2.3 Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

The Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş.

The Parent Bank has signed an agreement with Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Parent Bank participated with 33,33% shareholding, provides cash transfer services to the Parent Bank.

Information in regard to subordinate loans the Parent Bank received from Parent's Bank is explained in Section 5 Note II. 12.

The Parent Bank offers agency services to Cigna Finans Emeklilik and Hayat A.Ş. that is 49,00% jointly controlled for its insurance services.

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

SECTION FIVE

VIII. Other explanations related to the Group's operations

1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements

1.1 In accordance with the BRSA Decision No. 9000 dated 18 April 2020, in order to minimize the negative impact of the process we experienced due to the COVID-19 outbreak on our economy, market, production and employment, and to ensure the most efficient use of the resources available to banks according to the second paragraph of Article 43 and 93 of the Banking Law (Law) No. 5411, it has been decided that Banks shall calculate Asset Ratio (AR) on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 100% for deposit banks and below 80% for participation banks. In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 100% and 80%, respectively, for banks with an active ratio below 100% and participation banks below 80%. This regulation is valid as of May 1, 2020.

1.2 The issuances of the Parent Bank after the balance sheet date are as follows.

Date	Currency	Nominal	Interest Rate (%)	Due Date
01.04.2020	TRY	78.037	11,32	90
01.04.2020	GBP	10.000	0,83	91
02.04.2020	TRY	29.100	11,30	62
03.04.2020	TRY	216.500	11,05	77
07.04.2020	GBP	10.000	1,10	91
08.04.2020	TRY	73.089	11,50	70
09.04.2020	TRY	67.490	11,28	70
10.04.2020	TRY	351.300	11,04	84
16.04.2020	TRY	217.854	10,87	69
16.04.2020	GBP	12.000	1,40	91
17.04.2020	TRY	293.850	10,82	84
21.04.2020	GBP	10.000	1,40	91
22.04.2020	TRY	185.300	10,64	64
22.04.2020	TRY	111.093	10,86	70
29.04.2020	TRY	81.361	9,33	69
30.04.2020	TRY	23.900	9,23	63
30.04.2020	TRY	274.500	9,38	78

2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users and foreign operations of the Bank

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision-making process of the readers of the financial statements.

3. Other matters

None.

SECTION SIX

INDEPENDENT AUDITOR'S LIMITED REPORT

I. Explanations on Independent Limited Review Report

The consolidated financial statements for the period ended March 31, 2020 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor's limited report dated April 30, 2020 is presented preceding the consolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (December 31, 2019 – None).

SECTION SEVEN

CONSOLIDATED INTERIM ACTIVITY REPORT

I. Interim Consolidated Activity Report that Includes the Assessment of the Chairman of the Board of Directors and General Manager of Operations

Message by the Chairman

Dear Partners,

2020 has unfortunately made a start with a great global pandemic that will make a stamp in history. As of 2020, we are hearing the footsteps of a new era in human and economic relations at a global scale.

We have not yet started to tackle the consequences of the COVID-19 outbreak, which is anticipated to bring along an economic impact similar to that of the world wars. The world is still seeking ways to keep the outbreak under control.

In such a period, projections and forecasts can only be based on the signals the World Health Organization gives to us. We all base our plans on the projection that the strict quarantine measures across the world will be loosened incrementally as of June, when people will gradually start going back to their daily routines.

The world will take a new turn in the second half of the year. All national economies and financial systems will take a new shape in the aftermath of the COVID-19 outbreak. The World Bank and IMF are also looking to develop a new global economic model in this period. Although it is essential to restructure economies according to the new situation, access to funding channels to support such efforts, particularly in developing countries, is getting harder. Therefore, international institutions have a significant duty to assume. Matters such as effective and timely distribution of limited funds, coordination for the most appropriate economy policies, and raised awareness on potential risks will define the speed and long-lasting impact of recovery.

We are going through days when countries and even cities isolate themselves from the rest of the world. Since cross-border trade almost came to a halt, supply chains will run via local resources for a while longer. Finance and services industries, as well as the business world will build and maintain a digital future. The second half of 2020 will be restructured with limited business and tourism activities and locally-intensive supply chain management activities.

In Turkey, we also make our plans according to the prediction that the lockdown measures will be loosened and social isolation measures will be removed slowly and in a controlled manner. At first, our work and daily lives will incrementally get back to normal. However, this process will span over a period. Starting with our lives going back to normal, the most important fight will begin. In Turkey, our priorities will be to reduce unemployment and to help the real sector recover.

It is also quite clear that the coming period after the outbreak will be marked by a new economic and banking model. We will witness an even more widespread use of digital banking services, while call center activities will also increase and human health will become our number one priority. Taking all these developments into account, a robust banking industry will play the most important role to help Turkey's economy recover quickly, and with minimum harm.

At QNB Finansbank, we are proud to have solid financial statements in the face of the COVID-19 outbreak. As of March 31, 2020, the Bank's total assets reached TRY 211 billion 962 million, with a 13% increase compared to the year-end figures. In the same period, net loans extended by the Bank grew 9%, totaling TRY 120 billion, while customer deposits recorded a 16% hike which corresponded to TRY 115 billion 930 million, compared to the 2019 year-end. The Bank's profit before tax amounted to TRY 928 million, while net profit for the period was TRY 749 million. As of March 31, 2020, the Bank's total equities reached TRY 16 billion 202 million and the capital adequacy ratio was 14.72%

At QNB Finansbank, we have taken quick action to primarily protect our employees' and customers' health as part of our fight against the COVID-19 outbreak. We maintained our pioneering position in the sector, through introducing on-call branch practices, allowing limited number of customers inside branches, and swiftly adopting home working models. Working in harmony with the Head Office, regions, branches and subsidiaries, we have provided uninterrupted and secure services and stood by our customers in this challenging period.

Beyond all the measures we implemented, our teamwork and solidarity were the most important. Once again, I would like to express my gratitude to our financiers, customers and stakeholders for their contributions to this achievement.

Message by the General Manager

Dear Shareholders and Board Members,

Since the COVID-19 outbreak first took hold of Turkey and showed its impact in March, QNB Finansbank has proved to be one of the most successful banks in addressing the situation through taking measures both for the financial statements of our Bank and our employees.

As of March 31, 2020, our Bank's total assets reached TRY 211 billion 962 million, with a 13% increase compared to the end of 2019. Net loans extended by the Bank grew 9%, totaling TRY 120 billion, while customer deposits recorded a 16% hike which corresponded to TRY 115 billion 930 million, compared to the 2019 year-end. Our Bank's net interest income in the first 3 months of 2020 increased by 45% year-on-year, reaching TRY 2 billion 483 million, and the net fee and commission revenues rose 7% to 706 million. The Bank's profit before tax amounted to TRY 928 million and the net profit for the period to TRY 749 million.

As of March 31, 2020, total equities reached TRY 16 billion 202 million and the capital adequacy ratio of our Bank was 14.72%.

When the COVID-19 outbreak first started to spread across the world, we undertook swift scenario planning and implementation efforts, primarily to protect our employees and customers, and to continue our banking activities without interruption.

Accordingly, QNB Finansbank was the quickest bank to adopt home working in mid-March, and the first to limit the number of customers inside its branches and to start on-call branch practices.

We informed our employees without a moment of delay. We closely monitored both our employees' and their families' health with an increased effort to protect them in the best manner from the outbreak, through putting in place hygiene and protective equipment.

Financiers continued to work incessantly despite being at home during this period and played a significant role in helping us come out strong from these challenging times, which is also confirmed by the considerable increase attained in our Bank's Net Promoter Score.

In this period, we also have clearly recognized the importance of digital banking efforts undertaken by QNB Finansbank. We are navigating these days seamlessly, conducting our banking activities with uninterrupted service and quick solutions.

As we have a responsibility by virtue of our position in the banking industry, it goes without saying that we have also actively participated in the fight against the COVID-19 outbreak. As of March 2020, we have donated TRY 10 million for this fight, either through individual equipment purchases or various financial aids.

We also fulfill all our responsibilities as a bank to help corporations and individuals affected by this outbreak through postponing loan repayments and credit card debts, offering Credit Guarantee Fund support, and cheque payment support.

Our bank will play an active role in the upcoming economic fight and recovery period. Driven by our strong financial statements, we will continue to ensure uninterrupted banking services.

We are still exerting best efforts to rank among the leading banks of the industry in the post-coronavirus world order with a focus on digital banking, call center and innovative banking solutions, as well as HR frameworks aimed at an active and effective young generation in new working models and new start-up practices.

I would like to thank our financiers, customers, all our strategic business partners and correspondent banks for their infinite support to us in these efforts.

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

Summary Consolidated Financials Belonging to the Period of March 31, 2020

Principal Financial Indicators (Million TL)	March 31, 2020	December 31, 2019
Total Loans	120.000	110.409
Securities	29.214	28.809
Total Assets	211.962	187.536
Customer Deposits	115.930	105.500
Equity	16.202	16.765

	March 31, 2020	March 31, 2019
Net Interest Income	2.483	1.716
Net Fee and Commission Income	706	657
Provision for Loans and Other Receivables (-)	656	(534)
Profit Before Tax	**928**	**823**
Tax Provision	(180)	(168)
Net Profit for the Period	**749**	**656**

As of March 31, 2020, total assets of the Group increased by 13% and realized TL 211 billion and 962 million. When compared with the end of year 2019, performing loans increased by 9% and reached TL 120 billion while Customer Deposits increased by 16% and reached up to TL 115 billion and 930 million.

When compared with the first three-month of year 2020, net interest income grew 45% and reached TL 2 billion 483 million in the three-month period of the year 2019. Net fees and commission income increased by 7% and reached TL 706 million. Consolidated profit of the Group before tax reached TL 928 million and the consolidated net profit for the first three-month came in at TL 749 million.

When compared with the March 31, 2019, total consolidated shareholders' equity decreased by 3% and reached to TL 16 billion 202 million. As of March 31, 2020, capital adequacy ratio of the Group was 14,72%.

As of March 31,2020, The Parent Bank has operated with 518 branches and 12.403 employers.

Information Regarding the Financial Status, Profitability and Solvency of the Bank

Assets

The Parent Bank maintained its customer-oriented activities during year 2020 and continued to grow mainly in corporate banking and commercial loans. As of March 31, 2020, total consolidated performing loans increased by 9% and reached TL 120 billion in 2020 while total consolidated assets increased by 13% and reached TL 211 billion and 962 million compared to the end of 2019. The Parent Bank has maintained developing of corporate based loans (Corporate, Commercial and SMEs) which the Parent Bank has focused strategically during 2019 and corporate based loans has increased by 10%.

Liabilities

Shareholders' equity of the Group decreased by 3% and reached TL 16 billion and 202 million and customer deposits of the Group increased by 16% and reached TL 115 billion and 930 million.

Profitability

Net interest income increased by 45% and reached TL 2 billion and 483 million and net fees and commission income increased by 7% and reached TL 706 million. Profit before tax of the Parent Bank reached TL 928 million and the net profit for the period reached TL 749 million.

Solvency:

Due to its strong capital structure and high shareholders' equity profitability, the Parent Bank has a sound financial structure. Parent Bank has been utilizing of its capital efficiently for it banking activities and it maintains its profitability of shareholders' equity. When taking into consideration of its funding structure; Parent Bank is funding its credit facilities both by its large basis of deposits as well as by utilization of long-term external sources. Parent Bank has a quite great cost advantage due to benefiting from such various funding resources and at the same time it is minimizing the risks probable to occur due to differences in the maturity dates.

As having a significant place in the Turkish financial markets; QNB Finansbank with its strong financial structure also proves its credibility by the high ratings it received from the independent rating firms.

General Grants realized during the Period:

General grants realized as of March 31, 2020 was TL 5.