

**Kuveyt Türk Katılım Bankası
Anonim Şirketi and Its Subsidiaries**

**Independent Auditor's Audit Report, Consolidated Financial
Statements And Notes For The Period Ended 1 January-31 March
2019 with Independent Auditor's Limited Review Report**

**(Convenience translation of consolidated financial statements and
independent auditor's audit report originally issued in Turkish)**

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

REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Kuveyt Türk Katılım Bankası A.Ş.

Introduction

We have reviewed the consolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the “Bank”) and its subsidiaries (collectively referred as the “Group”) at March 31, 2019 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 of interim financial information in accordance with 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 Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. 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 (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards 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 consolidated financial position of Kuveyt Türk Katılım Bankası A.Ş. and its subsidiaries at March 31, 2019, and the results of its operations and its consolidated cash flows for the three-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Legal and Regulatory Requirements

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



Other Matter

The consolidated financial statements of the Bank as at 31 December 2018 and 31 March 2018 were audited and reviewed by another audit firm, which expressed an unqualified opinion and an unqualified conclusion in their reports issued on 7 March 2019 and 25 May 2018, respectively.

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 Financial Reporting Legislation” and the 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



Emre Çelik, SMMM
Associate Partner

21 May 2019
İstanbul, Turkey

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**THE CONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE THREE MONTH PERIOD THEN ENDED 31 MARCH 2019**

Address of the head office : Büyükdere Cad. No: 129/1 34394 Esentepe / İSTANBUL
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E-mail address : kuveytturk@kuveytturk.com.tr

The consolidated interim financial report for the three-month period prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
- CONSOLIDATED INTERIM REPORT

The subsidiaries, associates and jointly-controlled partners which are consolidated within the framework of this financial report are as follows:

	Subsidiaries	Associates	Jointly-Controlled Partners
1.	KT Sukuk Varlık Kiralama A.Ş.	-	Katılım Emeklilik ve Hayat A.Ş.
2.	KT Kira Sertifikaları Varlık Kiralama A.Ş.	-	KT Portföy Yönetimi A.Ş.
3.	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-
4.	KT Bank AG.	-	-
5.	KT Sukuk Company Limited	-	-

The consolidated financial statements for the three-month period and the related disclosures and footnotes that were subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira (TL).

<hr/> Adnan ERTEM Vice Chairman of BOD and Head of the Audit Committee	<hr/> Ahmad S A A AL KHARJI Member of the Audit Committee	<hr/> Mohamad AL-MIDANI Member of the Audit Committee
<hr/> Ufuk UYAN General Manager	<hr/> Ahmet KARACA Chief Financial Officer	<hr/> İsmail Hakkı YEŞİLYURT Budget and Management Reporting

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

Name-Surname/Position: İsmail Hakkı YEŞİLYURT/Budget and Management Reporting Manager
Telephone: 0212 354 12 84
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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

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

SECTION ONE

GENERAL INFORMATION

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

Kuveyt Türk Katılım Bankası A.Ş. (“The Bank”) was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank’s equity, to collect funds from domestic and foreign customers through “Current Accounts” and “Profit/ Loss Sharing Accounts” and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

The Parent Bank and its consolidated financial subsidiaries are named together as “Group”.

2. Shareholding structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Parent Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Parent Bank belongs to :

As of 31 March 2019, 62.24% of the Parent Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by The Public Institution For Social Security in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the bank :

Name	Position	The Date of Assignment	The Date of Assignment of Audit Committee	Education Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Chairman of the Board of Directors	25/06/2014		Masters’ Degree	-
Dr. Adnan ERTEM	Vice Chairman of BOD and Head of the Audit Committee	10/10/2002	19/10/2010	Doctorate	-
Nadir ALPASLAN	Member of BOD	15/04/2011		Bachelor’s Degree	-
Khaled Nasser Abdulaziz AL FOUZAN	Member of BOD	02/08/2006		Bachelor’s Degree	-
Fawaz KH E AL SALEH	Member of BOD	20/10/2006		Bachelor’s Degree	%0.0105
Mazin S.A.S AL NAHEDH	Member of BOD	29/09/2015		Bachelor’s Degree	-
Mohamad Al-MİDANİ	Member of BOD and Member of the Audit Committee	05/05/2015	15/05/2015	Masters’ Degree	-
Ahmad S. AA AL KHARJİ	Member of BOD and Member of the Audit Committee	26/03/2014	24/09/2014	Masters’ Degree	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999		Masters’ Degree	%0.0567
Ahmet KARACA	Assistant General Manager of Chief Financial Officer	12/07/2006		Masters’ Degree	%0.0002
Ahmet Süleyman KARAKAYA	Assistant General Manager of Corporate and Commercial Banking	14/01/2003		Bachelor’s Degree	-
Bilal SAYIN	Assistant General Manager of Lending	20/08/2003		Bachelor’s Degree	%0.0035
İrfan YILMAZ	Assistant General Manager of Banking Services	27/10/2005		Bachelor’s Degree	%0.0161
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager of Treasury and International Banking	05/05/2005		Doctorate	%0.0091
Nurettin KOLAÇ	Assistant General Manager of Legal and Risk Follow-up	20/04/2010		Bachelor’s Degree	%0.0007
Aslan DEMİR	Assistant General Manager of Strategy	08/10/2012		Bachelor’s Degree	%0.0047
Mehmet ORAL	Assistant General Manager of Retail Banking	01/10/2012		Bachelor’s Degree	%0.0029
Abdurrahman DELİPOYRAZ	Assistant General Manager of SME Banking	09/01/2015		Bachelor’s Degree	%0.0028

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.11% of the Parent Bank’s share capital (31 December 2018 – 0.11%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

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

4. Information on qualified shareholders :

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	2,178,444	62.24%	2,178,444	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	655,174	18.72%	655,174	-
Total	2,833,618	80.96%	2,833,618	-

As of 31 March 2019, the shares of parent shareholder of the Parent Bank, Kuwait Finance House (“KFH”) are 51.95% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

5. Explanations of the Parent Bank’s services and field of Operations :

The Parent Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent Bank’s core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts, and lending such funds to its customers. As of 31 March 2019, the Group is operating through 423 domestic branches (31 December 2018 – 419) with 5,989 employees (31 December 2018 – 5,981). Summary of some of the Parent Bank’s operations described in the Articles of Association are as follows:

- To collect funds through “Current Accounts” and “Profit/Loss Sharing Accounts” and special fund pools in line with the regulations;
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking;
- To offer financial and operational leasing;
- To handle all kinds of deposits and payments, including travelers’ checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking;
- To purchase, acquire and construct any kind of real estate and if necessary lease or transfer ownership to other persons;
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies);
- To provide socially responsible aid for the benefit of the community in the light of the legislations.

The Parent Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the Parent Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Customs and Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Parent Bank and its subsidiaries :

None.

SECTION TWO

THE CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Statement of Financial Position)
- II. Consolidated Statement of off-Balance Sheet Items
- III. Consolidated Income Statement (Consolidated Statement of Profit/(Loss))
- IV. Consolidated Statement Of Income/Expense and Other Comprehensive Income
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2019

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

1. CONSOLIDATED BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note	Reviewed Current Period 31.03.2019			Audited Current Period 31.12.2018		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		2,756,835	25,347,637	28,104,472	3,352,422	20,404,674	23,757,096
1.1 Cash and Cash Equivalents		865,740	16,141,104	17,006,844	1,158,339	16,249,232	17,407,571
1.1.1 Cash and Balances With Central Bank	(5.1.1.)	879,060	9,311,757	10,190,817	1,183,109	9,428,812	10,611,921
1.1.2 Banks	(5.1.3.)	11,808	6,879,870	6,891,678	12,858	6,884,069	6,896,927
1.1.3 Receivables From Money Markets		-	-	-	-	-	-
1.1.4 Expected Credit Loss(-)		25,128	50,523	75,651	37,628	63,649	101,277
1.2 Financial Assets at Fair Value Through Profit or Loss (Net)		24,969	1,635,607	1,660,576	27,913	75,181	103,094
1.2.1 Government Debt Securities		6,867	1,556	8,423	18,327	11,770	30,097
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		18,102	1,634,051	1,652,153	9,586	63,411	72,997
1.3 Financial Assets At Fair Value Through Other Comprehensive Income	(5.1.4.)	1,849,927	7,441,355	9,291,282	2,136,687	4,067,733	6,204,420
1.3.1 Government Debt Securities		1,774,356	6,910,163	8,684,519	2,065,421	3,804,519	5,869,940
1.3.2 Equity Instruments		13,510	21,507	35,017	10,502	17,046	27,548
1.3.3 Other Financial Assets		62,061	509,685	571,746	60,764	246,168	306,932
1.4 Derivative Financial Assets	(5.1.2.)	16,199	129,571	145,770	29,483	12,528	42,011
1.4.1 Derivative Financial Assets At Fair Value Through Profit Or Loss		16,199	129,571	145,770	29,483	12,528	42,011
1.4.2 Derivative Financial Assets At Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED WITH AMORTIZED COSTS (Net)	(5.1.5.)	31,180,812	21,348,701	52,529,513	31,029,723	15,944,851	46,974,574
2.1 Loan		31,712,405	18,074,235	49,786,640	31,238,479	15,220,572	46,459,051
2.2 Lease Receivables	(5.1.10.)	1,433,058	1,092,088	2,525,146	1,439,955	1,010,744	2,450,699
2.3 Other Financial Assets Measured At Amortized Cost	(5.1.6.)	-	2,560,766	2,560,766	-	37,156	37,156
2.3.1 Government Debt Securities		-	2,560,766	2,560,766	-	37,156	37,156
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		1,964,651	378,388	2,343,039	1,648,711	323,621	1,972,332
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)		340,004	-	340,004	270,382	-	270,382
3.1 Held For Sale		340,004	-	340,004	270,382	-	270,382
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		55,470	-	55,470	52,200	-	52,200
4.1 Investments in Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)	(5.1.8.)	23,680	-	23,680	23,680	-	23,680
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
4.3 Investments in Joint Ventures (Net)	(5.1.9.)	31,790	-	31,790	28,520	-	28,520
4.3.1 Joint Ventures Valued Based on Equity Method		31,790	-	31,790	28,520	-	28,520
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		744,713	8,971	753,684	449,287	7,900	457,187
VI. INTANGIBLE ASSETS (Net)		135,883	65,780	201,663	136,932	63,833	200,765
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		135,883	65,780	201,663	136,932	63,833	200,765
VII. INVESTMENT PROPERTIES (Net)		29,632	-	29,632	29,671	-	29,671
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(5.1.12.)	332,658	34,508	367,166	346,640	34,043	380,683
X. OTHER ASSETS	(5.1.13.)	369,114	2,104,966	2,474,080	904,064	1,986,364	2,890,428
TOTAL ASSETS		35,945,121	48,910,563	84,855,684	36,571,321	38,441,665	75,012,986

In the Official Gazette dated 1 February 2019 and numbered 30673, the notification on the Amendment to thenotification on the Financial Statements to be Announced to Public by Banks and the Disclosures and Disclosures Related to these, as well as the Financial Statement formats announced by the Banks were changed. Based on this amendment, the prior year financial statements are restated in order to be comparable with the current period financial statements.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2019

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

1. CONSOLIDATED BALANCE SHEET – LIABILITIES (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note	Reviewed Current Period 31.03.2019			Audited Prior Period 31.12.2018		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(5.2.1.)	23,596,940	41,300,319	64,897,259	22,516,520	32,713,498	55,230,018
II. FUNDS BORROWED	(5.2.3.)	94,019	1,742,191	1,836,210	93,394	1,901,902	1,995,296
III. MONEY MARKETS		-	-	-	188,003	-	188,003
IV. SECURITIES ISSUED (Net)	(5.2.4.)	1,772,328	6,678,618	8,450,946	1,634,934	6,157,936	7,792,870
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		24,843	118,211	143,054	21,045	149,118	170,163
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	24,843	9,783	34,626	21,045	42,766	63,811
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.7.)	-	108,428	108,428	-	106,352	106,352
VII. LEASE PAYABLES	(5.2.6.)	283,668	21,593	305,261	-	-	-
VIII. PROVISIONS	(5.2.8.)	585,986	215,459	801,445	615,727	184,795	800,522
8.1 Restructuring Provision		-	-	-	-	-	-
8.2 Reserves For Employee Benefits		197,332	762	198,094	228,540	538	229,078
8.3 Insurance For Technical Provision (Net)		-	-	-	-	-	-
8.4 Other Provisions		388,654	214,697	603,351	387,187	184,257	571,444
IX. CURRENT TAX LIABILITIES	(5.2.9.)	45,556	4,064	49,620	175,716	1,936	177,652
X. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.10.)	-	-	-	-	-	-
11.1 Held For Sale		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(5.2.11.)	-	1,986,689	1,986,689	-	1,901,210	1,901,210
12.1 Loans		-	-	-	-	-	-
12.2 Other Debt Instruments		-	1,986,689	1,986,689	-	1,901,210	1,901,210
XIII. OTHER LIABILITIES	(5.2.5.)	623,076	126,800	749,876	1,183,827	153,891	1,337,718
XIV. SHAREHOLDERS' EQUITY	(5.2.12.)	5,823,009	(187,685)	5,635,324	5,582,198	(162,664)	5,419,534
14.1 Paid-in Capital		3,497,322	-	3,497,322	3,497,322	-	3,497,322
14.2 Capital Reserves		24,208	-	24,208	24,208	-	24,208
14.2.1 Share Premiums		24,208	-	24,208	24,208	-	24,208
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		-	-	-	-	-	-
14.3 Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(13,296)	-	(13,296)	(13,296)	-	(13,296)
14.4 Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		35,658	(78,225)	(42,567)	18,702	(51,432)	(32,730)
14.5 Profit Reserves		1,110,899	-	1,110,899	1,110,535	-	1,110,535
14.5.1 Legal Reserves		187,583	-	187,583	187,583	-	187,583
14.5.2 Statutory Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		923,536	-	923,536	923,536	-	923,536
14.5.4 Other Profit Reserves		(220)	-	(220)	(584)	-	(584)
14.6 Profit or Loss		1,143,143	(109,460)	1,033,683	919,615	(111,232)	808,383
14.6.1 Prior Years' Profits or Losses		919,615	(111,232)	808,383	106,742	(107,902)	(1,160)
14.6.2 Current Period Net Profit or Loss		223,528	1,772	225,300	812,873	(3,330)	809,543
14.7 Minority Shares	(5.2.13.)	25,075	-	25,075	25,112	-	25,112
TOTAL LIABILITIES AND EQUITY	(5.2.4.)	32,849,425	52,006,259	84,855,684	32,011,364	43,001,622	75,012,986

In the Official Gazette dated 1 February 2019 and numbered 30673, the notification on the Amendment to thenotification on the Financial Statements to be Announced to Public by Banks and the Disclosures and Disclosures Related to these, as well as the Financial Statement formats announced by the Banks were changed. Based on this amendment, the prior year financial statements are restated in order to be comparable with the current period financial statements.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 31 MARCH 2019

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

2. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

	Note	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		59,321,651	36,857,813	96,179,464	57,546,517	29,212,634	86,759,151
I. GUARANTEES AND WARRANTIES	(5.3.1.)	6,712,019	5,708,117	12,420,136	6,416,633	5,459,447	11,876,080
1.1. Letters of Guarantee		6,506,166	4,177,975	10,684,141	6,206,886	4,184,393	10,391,279
1.1.1. Guarantees Subject to State Tender Law		211,809	102,232	314,041	217,252	174,971	392,223
1.1.2. Guarantees Given For Foreign Trade Operations		375,076	170,355	545,431	371,535	167,020	538,555
1.1.3. Other Letters of Guarantee		5,919,281	3,905,388	9,824,669	5,618,099	3,842,402	9,460,501
1.2. Bank Loans		16,931	44,377	61,308	17,516	56,582	74,098
1.2.1. Import Letter of Acceptances		16,931	44,377	61,308	17,516	56,582	74,098
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		9,143	1,338,003	1,347,146	11,512	1,068,364	1,079,876
1.3.1. Documentary Letters of Credit		314	273,005	273,319	367	215,062	215,429
1.3.2. Other Letters of Credit		8,829	1,064,998	1,073,827	11,145	853,302	864,447
1.4. Guaranteed Refinancing		-	645	645	-	1,791	1,791
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		179,779	146,180	325,959	180,719	143,999	324,718
1.7. Other Warranties		-	937	937	-	4,318	4,318
II. COMMITMENTS	(5.3.1.)	50,907,663	2,135,371	53,043,034	50,194,084	1,305,169	51,499,253
2.1. Irrevocable Commitments		4,218,865	2,135,371	6,354,236	3,572,418	1,305,169	4,877,587
2.1.1. Forward Asset Purchase and Sales Commitments		405,344	2,092,546	2,497,890	345,756	1,295,480	1,641,236
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		271,332	-	271,332	214,413	-	214,413
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6. Payment Commitments For Checks		1,435,409	-	1,435,409	1,136,474	-	1,136,474
2.1.7. Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.8. Commitments For Credit Card Expenditure Limits		2,086,980	-	2,086,980	1,858,018	-	1,858,018
2.1.9. Commitments For Credit Cards and Banking Services Promotions		2,043	-	2,043	-	-	-
2.1.10. Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11. Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		17,757	42,825	60,582	17,757	9,689	27,446
2.2. Revocable Commitments		46,688,798	-	46,688,798	46,621,666	-	46,621,666
2.2.1. Revocable Loan Granting Commitments		46,688,798	-	46,688,798	46,621,666	-	46,621,666
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		1,701,969	29,014,325	30,716,294	935,800	22,448,018	23,383,818
3.1. Derivative Financial Instruments Held For Risk Management		-	2,322,555	2,322,555	-	2,165,533	2,165,533
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	2,322,555	2,322,555	-	2,165,533	2,165,533
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held For Trading Transactions		1,701,969	26,691,770	28,393,739	935,800	20,282,485	21,218,285
3.2.1. Forward Foreign Currency Buy/Sell Transactions		731,002	1,976,571	2,707,573	652,622	1,755,501	2,408,123
3.2.1.1. Forward Foreign Currency Buy Transactions		418,594	938,560	1,357,154	347,631	862,093	1,209,724
3.2.1.2. Forward Foreign Currency Sell Transactions		312,408	1,038,011	1,350,419	304,991	893,408	1,198,399
3.2.2. Other Forward Buy/Sell Transactions		970,967	24,715,199	25,686,166	283,178	18,526,984	18,810,162
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		339,736,954	154,978,814	494,715,768	316,497,679	142,487,425	458,985,104
IV. ITEMS HELD IN CUSTODY		11,501,476	10,711,975	22,213,451	10,816,866	5,644,771	16,461,637
4.1. Customers' Securities Held		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		2,289,671	292,291	2,581,962	2,159,381	156,528	2,315,909
4.3. Checks Received for Collection		7,628,975	974,857	8,603,832	7,157,340	906,367	8,063,707
4.4. Commercial Notes Received for Collection		1,582,830	260,008	1,842,838	1,500,145	242,668	1,742,813
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	9,184,819	9,184,819	-	4,339,208	4,339,208
V. PLEDGED ITEMS		328,223,839	144,200,883	472,424,722	305,669,174	136,780,695	442,449,869
5.1. Marketable Securities		187,134	105,412	292,546	185,945	99,786	285,731
5.2. Guarantee Notes		101,681	2,273,417	2,375,098	101,681	2,133,522	2,235,203
5.3. Commodity		6,828,237	673,092	7,501,329	6,094,405	633,381	6,727,786
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		118,617,346	2,882,230	121,499,576	112,015,122	2,715,023	114,730,145
5.6. Other Pledged Items		202,489,441	138,266,732	340,756,173	187,272,021	131,198,983	318,471,004
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		11,639	65,956	77,595	11,639	61,959	73,598
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		399,058,605	191,836,627	590,895,232	374,044,196	171,700,059	545,744,255

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2019
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

3. CONSOLIDATED INCOME STATEMENT

		Reviewed Current Period 31.03.2019	Reviewed Prior Period 31.03.2018
	Note		
I. PROFIT SHARE INCOME	(5.4.1.)	1,780,019	1,204,834
1.1 Profit Share on Loans		1,478,177	1,037,256
1.2 Profit Share on Reserve Deposits		26,967	18,431
1.3 Profit Share on Banks		59,451	18,223
1.4 Profit Share on Money Market Placements		-	-
1.5 Profit Share on Marketable Securities Portfolio		133,055	80,264
1.5.1 Fair Value Through Profit or Loss		6,867	2,240
1.5.2 Fair Value Through Other Comprehensive Income		114,789	78,024
1.5.3 Measured at Amortised Cost		11,399	-
1.6 Finance Lease Income		61,654	45,875
1.7 Other Profit Share Income		20,715	4,785
II. PROFIT SHARE EXPENSE		985,742	524,533
2.1 Expense on Profit Sharing Accounts	(5.4.4.)	730,259	360,949
2.2 Profit Share Expense on Funds Borrowed	(5.4.2.)	57,496	49,928
2.3 Profit Share Expense on Money Market Borrowings		2,514	14,357
2.4 Expense on Securities Issued		181,106	99,299
2.5 Profit Share Expense on Lease		14,367	-
2.6 Other Profit Share Expense		-	-
III. NET PROFIT SHARE INCOME (I - II)		794,277	680,301
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		119,041	81,107
4.1 Fees And Commissions Received		192,129	123,874
4.1.1 Non-Cash Loans		43,826	33,593
4.1.2 Other		148,303	90,281
4.2 Fees And Commissions Paid (-)		73,088	42,767
4.2.1 Non-Cash Loans		1,448	5
4.2.2 Other	(5.4.13.)	71,640	42,762
V. DIVIDEND INCOME	(5.4.3.)	803	-
VI. NET TRADING INCOME / LOSS	(5.4.5.)	263,167	52,335
6.1 Capital Market Transaction Gains/Losses		13,013	5,494
6.2 Gains/Losses From Derivative Financial Instruments		216,135	(31,957)
6.3 Foreign Exchange Gains/Losses		34,019	78,798
VII. OTHER OPERATING INCOME	(5.4.6.)	311,465	165,411
VIII. NET OPERATING INCOME / LOSS (III+IV+V+VI+VII+ VIII)		1,488,753	979,154
IX. EXPECTED CREDIT LOSS PROVISIONS (-)	(5.4.7.)	649,958	314,347
X. OTHER PROVISIONS (-)	(5.4.8.)	47,476	11,556
XI. PERSONNEL EXPENSES (-)		295,996	223,436
XII. OTHER OPERATING EXPENSES (-)		207,437	153,300
XIII. NET OPERATING INCOME/(LOSS) (IX-X-XI)		287,886	276,515
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XV. INCOME / (LOSS) ON NET MONETARY POSITION		3,270	1,659
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	(5.4.9)	291,156	278,174
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10.)	(65,893)	(43,885)
18.1 Current Tax Provision		(45,423)	(51,474)
18.2 Deferred Tax Income Effect (+)		199,503	4,770
18.3 Deferred Tax Expense Effect (-)		179,033	12,359
XIX. CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(5.4.11.)	225,263	234,289
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income on Non-Current Assets Held For Sale		-	-
20.2 Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3 Income on Other Discontinued Operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses From Non-Current Assets Held For Sale		-	-
21.2 Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
21.3 Expenses From Other Discontinued Operations		-	-
XXII. PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXV. NET PROFIT/LOSS (XVII+XXII)	(5.4.12.)	225,263	234,289
25.1 Group's Income/Loss		225,300	234,182
25.2 Minority Interest Income/Loss (-)		(37)	107
25.3 Earnings Per Share Income/Loss		-	-

In the Official Gazette dated 1 February 2019 and numbered 30673, the notification on the Amendment to thenotification on the Financial Statements to be Announced to Public by Banks and the Disclosures and Disclosures Related to these, as well as the Financial Statement formats announced by the Banks were changed. Based on this amendment, the prior year financial statements are restated in order to be comparable with the current period financial statements.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY AS OF 31 MARCH 2019

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

4. CONSOLIDATED STATEMENT OF INCOME/ EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY

	Reviewed Current Period 31.03.2019	Reviewed Prior Period 31.03.2018
I. CURRENT PROFIT (LOSS)	225,263	234,289
II. OTHER COMPREHENSIVE INCOME	(9,837)	9,994
2.1 Other Comprehensive Income Not Reclassified Through Profit Or Loss	-	-
2.1.1 Property And Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit Or Loss	-	-
2.1.5 Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2 Other Comprehensive Income Reclassified Through Profit Or Loss	(9,837)	9,994
2.2.1 Foreign Currency Translation Difference	22,863	16,990
2.2.2 Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	(6,424)	(8,149)
2.2.3 Cash Flow Hedge Income/Loss	(7,897)	15,230
2.2.4 Foreign Net Investment Hedge Income/Loss	(23,607)	(21,178)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Taxes Related Other Comprehensive Income Items Reclassified Through Profit Or Loss	6,953	5,725
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	215,426	244,283

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 MARCH 2019

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity	
						1	2	3	4	5	6							
Prior Period (01/01/2018 – 31/03/2018)																		
I.		3,097,322	24,208	-	-	(26,947)	-	-	(10,583)	(60,766)	927,236	673,991	-	4,587,761	23,054	4,610,815		
II.		-	-	-	-	-	-	-	-	-	-	35,540	-	35,540	-	35,540		
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2		-	-	-	-	-	-	-	-	-	-	35,540	-	35,540	-	35,540		
III.		3,097,322	24,208	-	-	(26,947)	-	-	(10,583)	(60,766)	927,236	672,831	-	4,623,301	23,054	4,646,355		
IV.		-	-	-	-	-	-	16,990	(5,283)	1,606	-	-	234,182	244,283	-	244,283		
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XI.		-	-	-	-	-	-	-	-	(107)	4,229	(673,991)	-	4,122	1,225	(5,347)		
11.1		-	-	-	-	-	-	-	-	-	669,097	(4,894)	-	(4,894)	-	(4,894)		
11.2		-	-	-	-	-	-	-	-	-	(669,097)	(4,894)	-	(4,894)	-	(4,894)		
11.3		-	-	-	-	-	-	-	-	-	669,097	-	-	-	-	-		
Balances at end of the period (III+IV+.....+X+XI)		3,097,322	24,208	-	-	(26,947)	-	16,990	(15,866)	(62,479)	1,600,562	(1,160)	234,182	4,866,812	24,279	4,891,091		
Current Period (01/01/2019 – 31/03/2019)																		
I.		3,497,322	24,208	-	-	(13,296)	-	173,232	(117,150)	(88,812)	1,110,535	808,383	-	5,394,422	25,112	5,419,534		
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III.		3,497,322	24,208	-	-	(13,296)	-	173,232	(117,150)	(88,812)	1,110,535	808,383	-	5,394,422	25,112	5,419,534		
IV.		-	-	-	-	-	-	22,863	(2,933)	(29,767)	-	-	225,300	215,463	(37)	215,426		
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X.		-	-	-	-	-	-	-	-	-	364	-	-	364	-	364		
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balances at end of the period (III+IV+.....+X+XI)		(5,212)	3,497,322	24,208	-	(13,296)	-	196,095	(120,083)	(118,579)	1,110,899	808,383	225,300	5,610,249	25,075	5,635,324		

1. Accumulated Revaluation Increase / Decrease of Fixed Assets

2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan

3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4. Foreign Currency Transition Differences

5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income

6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31
MARCH 2019

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

6. CONSOLIDATED STATEMENT OF CASH FLOWS

		Reviewed Current Period	Reviewed Prior Period
	Note	01.01.2019- 31.03.2019	01.01.2018- 31.03.2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Assets And Liabilities From Banking Operations	923,957	1,022,009
1.1.1	Profit Share Income Received	2,286,691	1,162,016
1.1.2	Profit Share Expense Paid	(940,802)	(384,756)
1.1.3	Dividends Received	-	-
1.1.4	Fees And Commissions Received	195,353	127,799
1.1.5	Other Income	82,347	219,338
1.1.6	Collections From Previously Written Off Loans	178,108	166,059
1.1.7	Payments to Personnel And Service Suppliers	(375,172)	(226,228)
1.1.8	Taxes Paid	(181,850)	(70,948)
1.1.9	Others	(320,718)	28,729
1.2	Changes in Assets And Liabilities From Banking Operations	3,060,511	(2,251,160)
1.2.1	Net (Increase) Decrease Held For Trading Financial Assets	(1,587,737)	-
1.2.2	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(409,587)	560,309
1.2.3	Net (Increase) Decrease in Due From Banks And Other Financial Institutions	(4,228,711)	(5,204,359)
1.2.4	Net (Increase) Decrease in Loans	1,027,504	(61,039)
1.2.5	Net (Increase) Decrease in Other Assets	(235,612)	(98,340)
1.2.6	Net Increase (Decrease) in Bank Deposits	9,891,122	3,090,754
1.2.7	Net Increase (Decrease) in Other Deposits	-	(71,494)
1.2.8	Net Increase (Decrease) in Funds Borrowed	(192,295)	129,822
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(1,204,173)	(596,813)
I.	Net Cash Provided From / (Used in) Banking Operations	3,984,468	(1,229,151)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided From / (Used in) Investing Activities	(5,766,467)	822,434
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries	-	-
2.2	Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries	-	-
2.3	Fixed Assets Purchases	(153,158)	(16,449)
2.4	Fixed Assets Sales	1,392	1,998
2.5	Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(3,149,177)	(754,965)
2.6	Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income	58,984	1,607,726
2.7	Cash Paid For Purchase of Investment Securities	(2,523,610)	-
2.8	Cash Obtained From Sale of Investment Securities	-	-
2.9	Other	(898)	(15,876)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided From / (Used in) Financing Activities	642,444	662,107
3.1	Cash Obtained From Funds Borrowed And Securities Issued	658,076	667,001
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued	-	-
3.3	Capital Increase	-	-
3.4	Dividends Paid	(15,632)	(4,894)
3.5	Payments For Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents	(5.5.4)	303,615
V.	Net Increase (Decrease) in Cash And Cash Equivalents	(835,940)	169,218
VI.	Cash And Cash Equivalents at The Beginning of The Period	(5.5.1)	6,710,455
VII.	Cash And Cash Equivalents at The End of The Period	(5.5.1)	5,874,515

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

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SECTION THREE

ACCOUNTING PRINCIPLES APPLIED IN THE PERIOD

1. Explanations on basis of presentation

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

The Parent Bank prepares its consolidated financial statements in accordance with the “Regulation On The Procedures And Principles For Accounting Practices And Retention Of Documents By Banks” published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency (“BRSA”) as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

Additional paragraph for convenience translation

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying 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.

1.2 Accounting policies and valuation principles applied in the preparation of consolidated financial statements:

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Group management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions and estimates are reviewed regularly and, when necessary, appropriate corrections are made and the effects of such corrections are reflected on the income statement.

1.3 Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. There were no significant changes in the accounting estimates of the Bank in the current year. Significant accounting errors are applied retrospectively and prior period financial statements are restated.

1.4 Preparation of the Consolidated financial statements as regards to the current purchasing power of money:

Until 31 December 2004, the financial statements of the Parent Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently as of 1 January 2005, the inflation accounting has not been applied.

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1.5 Disclosures Regarding TFRS 9 Financial Instruments:

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. As of 1 January 2018, the application of TFRS 9 replaced “TAS 39: Financial Instruments: Recognition and Measurement.” standard.

TFRS 9 also includes new principles for general hedge accounting which aims to harmonize hedge accounting with risk management applications. In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39. Within this context, the Group continue to apply the hedge accounting provisions of TAS 39.

All recognized financial assets that are within the scope of TFRS 9 are required to be initially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognized in profit or loss.

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment.

The combined application of the contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statement in comparison classification in TAS 39.

During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and measurement of financial instruments:

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

As per TFRS 9, financial assets at fair value through profit or loss, financial assets available for sale and financial assets held to maturity which are the financial instrument categories under TAS 39; are replaced with financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost; respectively.

Upon initial recognition each financial asset shall be classified as either fair value through profit or loss (“FVTPL”) amortized cost or fair value through other comprehensive income (“FVOCI”). As for the classification and measurement of financial liabilities, the application of the existing terms of TAS 39 remain largely unchanged under TFRS 9.

Explanations on Expexted Credit Loss:

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Part VII of Explanation on Accounting Policies will be changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

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Prior to TFRS 9, modeling studies were carried out on the principal components of the Expected Loan Loss calculation and the default probability (CTR) models were developed on various loan portfolios. Credit portfolios are determined according to customer segments that form the basis of banking activities. The cyclical default probabilities generated by these models developed for use in the Internal Rating Based Approach (IDD) are translated into the Instantaneous Default Probabilities and these instantaneous default probabilities are used when calculating the Expected Loan Loss on TFRS 9 Calculation on Default (CPI) calculation reflects the legal deduction rates and the Bank's past collection performance on unsecured loans. Default Amount (TT) corresponds to the balance used in cash at the reporting date for cash loans, non-cash loans and balance after application of the loan to commitment risks.

Macroeconomic scenarios affect TO and THK values. The amount of credit losses expected with 3 different scenarios, Base and Good and Bad scenario, is calculated. The probability of default of the debtors and the loss rates in default vary with each scenario.

The Bank applies a 'three-stage' impairment model depending on the gradual increase in credit risk observed since initial recognition

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized life time expected credit losses for such financial assets.

In this context; The basic considerations that are taken into account in determining the significant increase in the credit risk of a financial asset and its transfer to Phase 2 are, but are not limited to, the following.

- Delayed by more than 30 days as of the reporting date
- Restructuring
- Close Monitoring
- Evaluation of distortion in Rating Note

The rating of the rating is calculated by using the Bank's rating ratings based on the internal rating of the Bank by using the rating of the credit rating. For the loan, the rating rating calculated on the reporting date exceeds the determined threshold values and is considered as a distortion in the rating.

Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized life time expected credit losses for such financial assets.

1.6 Revenue from TFRS 15 Customer Contracts:

TFRS 15 Revenue from Customer Contracts provides a single, comprehensive model and guidance on the recognition of revenue and is recorded in accordance with TFRS 15

1.7 Explanations on IFRS 16 Leases Standard:

"TFRS 16 Leases" Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826, to be applied in the accounting periods beginning after 31 December 2018. With the TFRS 16 Leases Standard effective from 1 January 2019, the difference between operating lease and leasing is eliminated. After that, the leasing transactions have been started to be shown by the tenants as liabilities in assets and leasing transactions as assets (use right). TFRS 16 Standard eliminates the dual accounting model for leasing of financial leasing transactions and the presentation of operating leases directly on the balance sheet. The current application for the lessor continues similarly.

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As of January 1, 2019, the Group has applied TFRS 16 Leases standard. The simplified model was preferred in the application of this standard to the financial statements at the date of initial application. In this context, for the leases classified as operating leases in accordance with TAS 17, the Bank reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Bank measures the leasing liability on the present value of the remaining lease payments, discounted at their present value using the alternative borrowing cost ratio at the date of initial application of the Bank. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately after the first application date, adjusted for the amount of all prepaid or accrued lease payments.

	01/01/2019	
	Real Estate	Vehicle
Operational lease commitments		
Contracts excluded from TFRS 16 (-)	-	-
Total rental liability	498,719	24,154
Discounted lease obligation (1 January 2019)	298,513	21,740

TL 17,582 of the assets that have been put into use consists of the classification of rent expenses, which are accounted under prepaid expenses before applying TFRS 16, to the right to use assets.

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

The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The assets-liabilities committee (ALCO) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Parent Bank.

3. Information on subsidiaries and associates

Consolidated financial statements are prepared in compliance with the TFRS 10 "Consolidated Financial Statements".

Titles, locations of the headquarters, main operations and Group's shares relating the consolidated entities are as follows:

Title	Address (City/Country)	Main Operation	31 March 2019	31 December 2018	Consolidation method
KT Bank AG	Frankfurt/Almanya	Banking	100.00%	100.00%	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Türkiye	Financial Instution	100.00%	100.00%	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Türkiye	Financial Instution	100.00%	100.00%	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	Financial Instution	75.00%	75.00%	Full consolidation
KT Sukuk Company Limited	GeorgeTown/ Cayman Adaları	Financial Instution	100.00%	100.00%	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/Türkiye	Financial Instution	50.00%	50.00%	Accounted with equity method
KT Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Financial Instution	50.00%	50.00%	Accounted with equity method

Parent Bank and the subsidiaries, the financial tables of which are consolidated along with the Parent Bank, are collectively referred as "the Group."

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Consolidation basis of subsidiaries:

Subsidiaries are entities whose capital and management are directly or indirectly controlled by the Parent Bank. Subsidiaries are consolidated by the full consolidation method, within the framework of significance on the basis of operational outcomes, assets sizes and equity sizes. The financial statements of the relevant subsidiaries are included in the consolidated financial statements as of the date that control is transferred to Parent Bank.

Control denotes any of the following circumstances: the Parent Bank directly or indirectly through subsidiaries has over 50% of the voting rights or, dominance over the voting rights as described afore does not exist but the Parent Bank owns the preferred shares, or; the Parent Bank has voting rights appropriating more than %50 percent of all voting rights due to the agreements signed with other shareholders, or; the Parent Bank has the authority to manage the operational and financial policies of the entity due to certain arrangements or agreements, or; the Parent Bank has the power to influence the majority of the votes within the Board of Directors or any other executive organ vested with similar rights, or; the Parent Bank by any means has the power to appoint or dismiss the majority of the Board of Directors.

In accordance with the full consolidation, all of the assets, liabilities, income, expense and off-balance sheet liabilities of the subsidiaries are consolidated with the assets, liabilities, income, expense and off-balance sheet liabilities of the Parent Bank. The carrying value of the Group's investment in each subsidiary is offset with the cost value of the subsidiary's capital owned by the Group. Balances regarding the transactions between the subsidiaries in the scope of the consolidation and the unrealized gains/losses are reciprocally offset. Minority shares within the net income of the consolidated subsidiaries are determined provided that the net income of the Group shall be calculated, and these minority shares are presented as a separate item in the income statement. Minority shares are presented under the equity in the consolidated balance sheet.

In the case where the accounting policies implemented by the subsidiary are different than the Parent Bank, the accounting policies are reconciled.

4. Explanations on forward transactions and option contracts and derivative instruments

The Group enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. In accordance with TFRS 9, derivative instruments are classified as 'hedging derivative financial asset' and 'derivative financial assets/liabilities at fair value profit or loss'. The Bank classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" within the framework of TAS 39, and are reflected in the "Derivative Financial Assets/liabilities at fair value profit or loss" account in the balance sheet. The Bank has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their notional amounts.

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under 'Trading Income/Loss' line in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TFRS 9. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

The Group enters into profit share rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under hedging reserves in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognised in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

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The Group performs effectiveness test at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness. The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

While discontinuing cash flow hedge accounting, the cumulative gains/losses recognised in shareholders’ equity and presented under hedging reserves are continued to be kept in the account of “Hedge Funds”. When the cash flows of hedged item are recognised in income statement, the gain/losses accounted for under shareholders’ equity, are recognised in income statement.

5. Explanations on profit share income and expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the Parent Bank amortizes the fees included in the account of the effective profit rate over the expected life of the financial instrument. If the financial asset is impaired and classified as a non-performing loan, profit accruals and rediscount calculations for these customers are continued within the scope of TFRS 9 Financial Instruments Standard.

The Group calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in “Funds Collected” account on the balance sheet.

6. Explanations on fees and commission income and expenses

Except for the fees and commission income and expenses obtained for some banking services which are recorded as income when collected, fees and commission income/expenses are reflected in the income statement over the period of the related transaction.

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.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the “Unearned Revenues” account under “Other Liabilities” on the balance sheet.

7. Explanations on financial assets

The Group classifies and accounts for its financial assets as ‘Fair Value Through Profit/Loss’, ‘Fair Value Through Other Comprehensive Income,’ or ‘Amortized Cost.’ Such financial assets, are recognized and derecognized as per the terms of “Recognition and Derecognition in Financial Statements” under the section three of the “TFRS 9 Financial Instruments” regarding the classification and measurements of financial instruments, published in the Official Gazette numbered 29953 and dated 19 January 2017 by Public Oversight, Accounting and Auditing Standards Authority (“POA”). When financial assets are included in the financial statements for the first time, they are measured at fair value. Transaction costs are initially added to fair value or deducted from fair value at the initial measurement of financial assets other than the "Fair Value at Fair value Through Profit or Loss".

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The Group recognizes a financial asset in the financial statements only when it becomes a party to the contractual terms of a financial instrument. During the initial recognition of a financial asset, the business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to gains, losses or profit shares that were previously recorded in the financial statements.

7.1 Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are financial assets that are managed within a business model other than the business model whose objective is achieved by holding contractual cashflows for collection and the business model whose objective is achieved by collecting and selling contractual cash flows. Also, in case that the contractual terms of financial assets do not give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount, such assets are those that are, obtained with the aim of providing profit from the short-term price or other factor fluctuations in the market or are part of a portfolio aiming to obtain short-term profit, regardless of the reason of acquisition.

7.2 Financial assets at fair value through other comprehensive income:

A financial asset is classified as at fair value through other comprehensive income when the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling the financial asset, as well as when the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and profit share on the principal amount.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition costs that reflect the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share method regarding the financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses," which is 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, or the impairment of the asset. "Unrealized gains and losses" are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, are carried at fair value, in the case that the securities have a quoted market price in an active market and/or the fair values of the securities can be reliably measured. In contrary case, the securities are carried at cost, less provision for impairment.

During initial recognition an entity can make an irrevocable election regarding the presentation of the subsequent changes in the fair value of the investment in an equity instrument, that is not held for trading purposes, in the other comprehensive income. In the case that the entity elects to present the changes as described, dividends arising from the investment is accounted in the financial statements as profit or loss.

7.3 Financial assets measured at amortized cost:

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; are financial assets, other than loans and receivables, which are held for the purpose of custody until maturity, with conditions necessary for such assets to be held until contractual maturity met, including funding ability; and which have fixed or determinable payments and fixed maturities. Financial assets measured at amortized cost are initially recognized at cost and subsequently measured at amortized cost using the internal rate of return method. Profit share income related to Financial Assets measured at amortized cost is reflected in the income statement. As of the balance sheet date, the Bank does not have any financial assets to be measured at amortised cost.

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7.4 Derivative financial assets:

The major derivative instruments utilized by the Group are foreign currency swaps, cross currency swaps and currency forwards.

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

The derivative transactions valued at fair value subsequent to initial recognition and are presented in the 'Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss'. Derivative transactions are recorded with their fair values at contract date. The fair value differences of derivative financial instruments of fair value through profit or loss derivative transactions are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

7.5 Loans:

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

8. Explanations on offsetting of financial instruments

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

9. Explanations on sale and repurchase agreements and lending of securities

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. In this content, initial OMT transaction was performed with CBRT on 14 June 2013 by selling Treasury Rent Certificates that are recognized in the assets of the Bank in return for conditional repurchasing. From this date on, the Bank performs sale transactions of Treasury Rent Certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 31 March 2019, the Group has no repurchasing agreements (31 December 2018 – TL 188,003).

10. Explanations on assets held for sale and discontinued operations and related liabilities

As mandated by the Banking Act 5411 Article 57 "Banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

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Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale.

Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

11. Explanations on goodwill and other intangible assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Group comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years. The amortization period of the licenses is determined on the basis of the duration of the license agreements.

There is no goodwill related to associates and subsidiaries.

12. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

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

Property	2%
Movables, leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

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

Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product, or to decrease the costs.

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Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

The Parent Bank is able to sell and lease back the real estates registered to its assets by issuing the rent certificate. At the end of the lease period, the asset is taken back by paying the sale price. For the real estates within this scope, it applies 2% depreciation over the new value starting from the date of the transaction. According to the public oversight authority (POA) dated 17/09/2018 and numbered 64088382-045-E.1648, transactions are recorded.

13. Explanations on leasing transactions

For contracts concluded prior to 1 January 2019, the Bank assesses whether the contract has a lease qualification or include a lease transaction.

The right to obtain almost all of the economic benefits from the use of the leased asset and, Whether the leased asset which has the right to manage its use is evaluated

As of 1 January 2019 that is the first application date of TFRS 16, the Bank has not reassessed whether the contract has the nature of a lease or does not include a lease as a facilitator application. The Bank elected to apply the standard to contracts that were previously identified as leases applying TAS 17 and TFRIC 4. This standard has not been applied to the contracts that are not included in the lease process.

Therefore, there is no need to revise the consolidated financial statements of previous years. Financial statements are presented in accordance with TAS 17 and TFRIC 4.

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted by using the Bank's alternative borrowing interest rate.

Facilitator Applications

- The Bank applied a single discount rate for the portfolio that has reasonably similar characteristics features and consisted of rents.
- As an alternative to reviewing the impairment, the Bank has applied TAS 37 Provisions, Contingent Liabilities and Contingent Assets before the date of initial application to determine whether leases are disadvantaged in terms of its economy.
- For contracts with rights to extend or terminate lease term, the Bank has used past experience when determining the lease term.
- In accordance with TFRS 16, the Bank has preferred not to use the short-term exceptions from 12 months and 12 months for vehicle rental and exceptions of the underlying assets with low value for the office equipment.
- As an facilitator, the lessee chose not to separate the non-leasing components from the leasing components on the basis of the underlying asset class and instead to account for each lease component and its associated leasing components as a single leasing component.
- The bank did not apply TFRS 16 Leases Standard for intangible assets leases.

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Leases

At the beginning of a contract, the Bank assesses whether the contract has a lease qualification or include a lease transaction. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract of a rental nature or includes a lease transaction. The following conditions are considered when assessing whether a contract has transferred its right to control the use of an asset defined for a specified period of time.

- (a) The contract contains an asset defined.
- (b) A functional part of the asset is physically separate or represents almost the entire capacity of the asset. The asset is not defined if the lessor has a substantive right to substitute to asset and provides an economic benefit from it.
- (c) The right to obtain nearly all of the economic benefits that will be provided from the use of the asset defined.
- (d) The right to manage the use of the asset defined.

The right of the use asset

The Bank reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

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

- (a) The first measurement amount of the lease obligation,
 - (b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental.
- The total cost of the estimated costs to be incurred by the Bank relating to the restoration of all initial direct costs incurred by the Bank and the restoration of the underlying asset or the restoration of the underlying location or the restoration of the underlying asset by the terms and conditions of the underlying asset is included in the total amount of both the financial statements and the right to use assets, as it does not have an important amount, it is not added to the cost of usage rights.

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

- (a) Accumulated depreciation and accumulated impairment losses are deducted and
- (b) Measures the restatement of the lease obligation over the adjusted cost.

The Bank applies depreciation provisions in TAS 16 Property, Plant and Equipment standard while depreciating in the right of use.

The Bank determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

Lease Obligation

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

Lease payments included in the measurement of the lease liability at the date of the lease's actual start date shall be made for the right of use during the lease term of the underlying asset and consist of the payments which have not been paid at the date of the rental:

- (a) Fixed payments less any lease incentives receivables
- (b) Variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.
- (c) Payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate.

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

- (a) Increase the book value to reflect the interest on the lease obligation.
- (b) Reduces the book value to reflect the lease payments made and
- (c) Remeasures the book value to reflect revaluations and reconstructions, or to reflect rental payments that are fixed at the revised basis.

The interest on the lease liability for each period of the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability. Periodic interest rate is the Bank's borrowing interest rate.

After the beginning of a contract, the Bank remeasures its lease liability to reflect changes in lease payments. The Bank reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

The Bank measures the lease obligation by discounting the revised lease payments on a revised discount rate when any of the following conditions occur:

- A change in the rental period.
- The Bank determines revised rent payments based on revised lease term.
- The Bank determines the revised discount rate for the remaining portion of the lease term as the alternative borrowing interest rate at the date of Bank's revaluation.

In case of any of the following situations, the Bank measures the lease obligation by discounting the revised lease payments:

- A change in lease payments as a result of a change in an index or a rate used to determine future lease payments.
- The Bank reassessed its lease obligation when only a change in its cash flows that reflect the revised lease payments.
- The Bank determines the revised lease payments that related to the remaining lease term according to the revised contractual payment by using non-revised discount rate.
- The Bank recognizes the lease restructuring as a separate lease if both of the following conditions are met:
 - (a) The structuring shall extend the scope of the lease by including the right of use of one or more underlying assets and
 - (b) The increase in the rental price by the price alone and by the corresponding adjustments to the price of the respective contract alone to reflect the terms of the contract.

14. Explanations on provisions and contingent liabilities

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

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the "Matching Principle," a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a "Contingent" liability and is disclosed in the related notes to the financial statements.

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15. Explanations on liabilities relating to employee benefits

15.1 Defined benefit plans:

In accordance with existing social legislation, the Group is required to make severance pay to each employee who has completed over one year of service with the Group and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to “Turkish Accounting Standard on Employee Benefits” (“TAS 19”) is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm. Group is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Bank’s employees are not members of any pension fund, foundations, union or other similar entities.

15.2 Defined contribution plans:

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Group has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

15.3 Short term benefits to employees:

In accordance with “TAS 19”, vacation pay liabilities are defined as “Short Term Benefits to Employees” and accrued as earned.

Group management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

16. Explanations on taxation

Current tax

As per the terms of the provisional article 10 added to the Law No. 5520 by the Article 91 of the Law No. 7061, it was established that the rate of 20%, as disclosed in the first paragraph of the Article 32 of the Corporate Tax Law No. 5520, shall be applied as 22% over the corporation income for the tax periods of the years 2018, 2019, 2020 (and for entities that are appointed with special accounting period, for the accounting periods beginning within the relevant year). Council of Ministers is entitled to lower the rate of 22% as disclosed in the first paragraph to a limit of 20%.

Under this scope, corporate tax with the rate of 22% shall be calculated over the corporate income of the corporate taxpayers for the accounting periods of 2018, 2019 and 2020. In addition, as per provisions of the Income Tax Law, advance tax with the rate of 22% shall be paid by the taxpayers in the aforementioned periods in order to be offset from the corporate tax for the aforementioned tax periods.

The corporate tax rate will be applied as 22% for the years 2018, 2019 and 2020. This rate is applied on taxable income which is calculated by adjusting the income before tax for certain disallowable expenses, tax exempt income and other allowances. No further tax is applicable unless the profit is distributed. According to the tax legislations, advance tax amount shall also be calculated using a rate of 20% for each quarter over tax base and shall be paid, then the advance taxes paid within the year shall be offset from the corporate tax calculated over the yearly corporate tax return for that year.

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Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 15% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

With the aforementioned amendment to the law, entities calculate advance tax using a rate of 22% over the quarterly financial income, for the years 2018-2019-2020 and advance tax returns are filed by the fourteenth day of the second month following the related period and taxes are paid by the seventeenth day. Advance taxes are paid within the year belong to that year, and the paid advance taxes are offset from the corporate tax liability calculated over the corporate tax returns in the subsequent year. Any remaining amount of paid advance taxes after the offset can be paid back in cash or it can be deducted from financial loans to the government.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

Deferred tax

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of "Turkish Accounting Standard on Income Taxes" ("TAS 12"), the Group calculates deferred tax liability over all taxable temporary differences and deferred tax asset over taxable temporary differences, apart from the provisions for Expected Credit Losses for 12-Months (Stage 1) and for Lifetime Credit Losses (Stage 2) with significant increase in the credit risk after initial recognition, to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity. The rate is used in the calculation of deferred tax assets and liabilities was 22% over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and 20% over temporary timing differences expected to be reversed in 2021 and the following years (2017: 22% - 20%).

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17. Explanations on additional disclosures on borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Group does not apply hedging techniques on related borrowings.

The Group has not issued convertible bonds.

18. Explanations on share certificates issued

There is no significant amount of transaction costs on Bank about share certificates.

19. Explanations on acceptances and availed drafts

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in off-balance sheet accounts.

20. Explanations on government grants

There are no government grants received by the Group.

21. Explanations on segment reporting

The Group operates in three main segments; Corporate and Commercial Banking; Retail Banking; International Banking, Treasury and Investment Banking. Each segment operates with unique products, and the operational results are followed based on these segments.

Segment reporting is disclosed in Section Four, Note 10.

22. Explanations on other matters

In order to be consistent with the presentation of 31 March 2019 financial statements, some reclassifications have been made on the statement of profit or loss and other comprehensive income and statement of changes in equity for the period ended 31 March 2018.

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SECTION FOUR

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT
OF THE GROUP**

1. 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 31 March 2019 Group’s total capital has been calculated as TL 7,783,290 (31 December 2018: TL 7,389,107), capital adequacy ratio is 15.88% (31 Aralık 2018: 17.22 %).

1.1 Information on consolidated equity items

Current Period	Current Year Amount	Prior Year Amount
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	3,500,000	3,500,000
Share Premium	24,208	24,208
Reserves	1,110,899	1,110,535
Other Comprehensive Income According To TAS	-	-
Profit	1,033,683	808,383
Current Period Profit	225,300	809,543
Prior Period Profit	808,383	(1,160)
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	-	-
Minority Shares	25,075	25,112
Common Equity Tier I Capital Before Deductions	5,693,865	5,468,238
Deductions From Common Equity Tier I Capital		
Valuation Adjustments Calculated As Per The Article 9. (I) Of The Regulation On Bank Capital	-	-
Current And Prior Periods' Losses Not Covered By Reserves, And Losses Accounted Under Equity According To TAS (-)	43,990	40,313
Leasehold Improvements On Operational Leases (-)	56,725	54,010
Goodwill Netted With Deferred Tax Liabilities	-	-
Other Intangible Assets Netted With Deferred Tax Liabilities Except Mortgage Servicing Rights	194,388	193,471
Net Deferred Tax Asset/Liability (-)	-	-
Differences Arise When Assets And Liabilities Not Held At Fair Value, Are Subjected To Cash Flow Hedge Accounting	1,423	7,583
Total Credit Losses That Exceed Total Expected Loss Calculated According To The Regulation On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Securitization Gains	-	-
Unrealized Gains And Losses From Changes In Bank's Liabilities' Fair Values Due To Changes In Creditworthiness	-	-
Net Amount Of Defined Benefit Plans	13,296	13,296
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital (-)	2,678	2,678
Shares Obtained Against Article 56, Paragraph 4 Of The Banking Law (-)	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising From Temporary Differences Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Amount Exceeding The 15% Threshold Of Tier I Capital As Per The Article 2, Clause 2 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
The Portion Of Net Long Position Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Not Deducted From Tier I Capital (-)	-	-
Mortgage Servicing Rights Not Deducted (-)	-	-
Excess Amount Arising From Deferred Tax Assets From Temporary Differences (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Deductions From Tier I Capital In Cases Where There Are No Adequate Additional Tier I Or Tier II Capitals (-)	-	-
Total Deductions From Common Equity Tier I Capital	312,500	311,351
Total Common Equity Tier I Capital	5,381,365	5,156,887

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ADDITIONAL TIER I CAPITAL		
Preferred Stock Not Included In Common Equity Tier I Capital And The Related Share Premiums	-	-
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	-	-
Debt Instruments And The Related Issuance Premiums Defined By The BRSA (Covered By Temporary Article 4)	-	-
Additional Tier I Capital Before Deductions	-	-
Deductions From Additional Tier I Capital		
Direct And Indirect Investments Of The Bank On Its Own Additional Tier I Capital (-)	-	-
Investments In Equity Instruments Issued By Banks Or Financial Institutions Invested In Bank's Additional Tier I Capital And Having Conditions Stated In The Article 7 Of The Regulation	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital Of Consolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Of The Issued Share Capital (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Items To Be Deducted From Tier I Capital During The Transition Period		
Goodwill And Other Intangible Assets And Related Deferred Taxes Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 1 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
Net Deferred Tax Asset/Liability Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 1 Of The Regulation On Measurement And Assessment Of Capital Adequacy Of Banks (-)	-	-
Deduction From Additional Tier I Capital When There Is Not Enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	5,381,365	5,156,887
TIER II CAPITAL		
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	1,969,331	1,847,727
Debt Instruments And The Related Issuance Premiums Defined By The BRSA (Covered By Temporary Article 4)	-	-
Provisions (Amounts Explained In The First Paragraph Of The Article 8 Of The Regulation On Bank Capital)	515,019	468,639
Total Deductions From Tier II Capital	2,484,350	2,316,366
Deductions From Tier II Capital		
Direct And Indirect Investments Of The Bank On Its Own Tier II Capital (-)	-	-
Investments In Equity Instruments Issued By Banks And Financial Institutions Invested In Bank's Tier II Capital And Having Conditions Stated In The Article 8 Of The Regulation	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital And Tier II Capital Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital Exceeding The 10% Threshold Of Tier I Capital (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
Total Deductions From Tier II Capital	-	-
Total Tier II Capital	2,484,350	2,316,366
Total Equity (Total Tier I And Tier II Capital)	7,865,715	7,473,253

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Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted Against The Articles 50 And 51 Of The Banking Law (-)	-	-
Net Book Values Of Movables And Immovables Exceeding The Limit Defined In The Article 57, Clause 1 Of The Banking Law And The Assets Acquired Against Overdue Receivables And Held For Sale But Retained More Than Five Years (-)	-	-
Other Items To Be Defined By The BRSA (-)	82,425	84,146
Items To Be Deducted From The Sum Of Tier I And Tier II Capital (Capital) During The Transition Period		
The Portion Of Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital Not Deducted From Tier I Capital, Additional Tier I Capital Or Tier II Capital As Per The Temporary Article 2, Clause 1 Of The Regulation (-)	-	-
The Portion Of Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital Not Deducted From Additional Tier I Capital Or Tier II Capital As Per The Temporary Article 2, Clause 1 Of The Regulation (-)	-	-
The Portion Of Net Long Position Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or More Of The Issued Share Capital, Of The Net Deferred Tax Assets Arising From Temporary Differences And Of The Mortgage Servicing Rights Not Deducted From Tier I Capital As Per The Temporary Article 2, Clause 2, Paragraph (1) And (2) And Temporary Article 2, Clause 1 Of The Regulation (-)	-	-
CAPITAL		
Total Capital (Total Of Tier I Capital And Tier II Capital)	7,783,290	7,389,107
Total Risk Weighted Assets	49,011,738	42,921,666
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	10.98	12.01
Tier I Capital Ratio (%)	10.98	12.01
Capital Adequacy Ratio (%)	15.88	17.22
BUFFERS		
Bank-Specific Total CET1 Capital Ratio	2.50	1.88
Capital Conservation Buffer Ratio (%)	2.50	1.88
Systemic Significant Bank Buffer Ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According To The Article 4 Of Capital Conservation And Counter-Cyclical Capital Buffers Regulation	4.98	6.01
Amounts Lower Than Excesses As Per Deduction Rules		
Remaining Total Of Net Long Positions Of The Investments In Equity Items Of Consolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital	-	-
Remaining Total Of Net Long Positions Of The Investments In Tier I Capital Of Consolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Or Less Of The Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising From Temporary Differences	-	-
Limits For Provisions Used In Tier II Capital Calculation		
General Loan Provisions For Exposures In Standard Approach (Before Limit Of One Hundred And Twenty Five Per Ten Thousand)	515,019	468,639
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	515,019	468,639
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach, Limited By 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered By Temporary Article 4 (Effective Between 1.1.2018-1.1.2022)		
Upper Limit For Additional Tier I Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier I Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-
Upper Limit For Additional Tier II Capital Items Subject To Temporary Article 4	-	-
Amount Of Additional Tier II Capital Items Subject To Temporary Article 4 That Exceeds Upper Limit	-	-

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1.2 Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

Internal evaluation process is established for continuously evaluating and maintaining the types, components and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the bank, and to provide the availability of adequate capital in order to cover these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Bank's growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Bank's risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Bank is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations on consolidated currency risk

Foreign currency risk represents the Group's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method.

The Group monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 31 March 2019, The Group carries a net foreign currency long position of TL 1,147,941 (31 December 2018 – TL 716,838 long position) comprising of TL 1,125,619 balance sheet short position (31 December 2018 - TL 661,104 long position) and TL 22,322 off balance sheet long position (31 December 2018 – TL 55,734 long position).

The announced current foreign exchange rates of the Parent Bank's financial statement date and the previous five working days are as follows (full TL):

	24/03/2019	25/03/2019	26/03/2019	27/03/2019	28/03/2019	Balance Sheet Evaluation rate
USD	5.6382	5.50467	5.40242	5.5336	5.62666	5.62666
EURO	6.37841	6.22721	6.08731	6.22181	6.31907	6.31907
GBP	7.44031	7.2725	7.13379	7.27448	7.35178	7.35178
CHF	5.67378	5.54263	5.43254	5.557	5.65089	5.65089
JPY	0.05121	0.0499	0.0489	0.05017	0.05081	0.05081

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly Average FC Purchase Rate
USD	5.4709
EURO	6.1830
GBP	7.2044
CHF	5.4684
JPY	0.0492

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Consolidated currency risk of the Group:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (Cash In Vault, Effectives, Money In Transit, Cheques Purchased)				
And Balances With The Central Bank Of The Republic Of Turkey(***)	2,854,553	3,590,472	2,866,732	9,311,757
Banks (*****)	4,675,961	339,916	1,813,470	6,829,347
Financial Assets At Fair Value Through Profit And Loss	-	6,396	1,629,211	1,635,607
Money Market Receivables	-	-	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	3,096,995	4,344,360	-	7,441,355
Loans And Finance Lease Receivables (*)	8,196,960	15,071,836	55,054	23,323,850
Subsidiaries, Associates And Joint Ventures	-	-	-	-
Financial Assets At Amortized Cost	1,954,578	606,188	-	2,560,766
Derivative Financial Assets For Hedging Purposes	-	-	-	-
Tangible Assets	7,875	1,096	-	8,971
Intangible Assets	65,736	44	-	65,780
Other Assets (*****)	2,118,080	19,183	1,618	2,138,881
Total Assets	22,970,738	23,979,491	6,366,085	53,316,314
Liabilities				
Current Account And Funds Collected From Banks Via Participation Accounts	88,331	94,801	144,680	327,812
Current And Profit Sharing Accounts YP (***)	10,336,319	24,208,721	6,427,467	40,972,507
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	532,391	3,207,147	10,935	3,750,473
Marketable Securities Issued	-	5,575,938	1,102,680	6,678,618
Miscellaneous Payables	20,754	36,371	925	58,050
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (*****)	103,032	201,699	76,182	380,913
Total Liabilities	11,080,827	33,324,677	7,762,869	52,168,373
Net Balance Sheet Position	11,889,911	(9,345,186)	(1,396,784)	1,147,941
Net Off-Balance Sheet Position	(11,815,781)	9,310,965	1,379,197	(1,125,619)
Financial Derivative Assets	501,923	12,796,884	1,695,476	14,994,283
Financial Derivative Liabilities	12,317,704	3,485,919	316,279	16,119,902
Non-Cash Loans (**)	1,765,608	3,222,060	720,449	5,708,117
Prior Period				
Total Assets	17,941,072	20,890,334	5,022,834	43,854,240
Total Liabilities	8,865,568	27,755,833	6,516,001	43,137,402
Net Balance Sheet Position	9,075,504	(6,865,499)	(1,493,167)	716,838
Net Off-Balance Sheet Position	(9,061,656)	6,923,802	1,476,750	(661,104)
Financial Derivative Assets	418,581	9,417,560	1,705,056	11,541,197
Financial Derivative Liabilities	9,480,237	2,493,758	228,306	12,202,301
Non-Cash Loans (**)	1,728,487	3,064,977	665,983	5,459,447

(*) Includes foreign currency indexed loans amounting to TL 4,535,915 (31 December 2018 – TL 5,425,809) and foreign currency indexed loans related to expected credit loss amounting to TL 351,216 followed as TL on the balance sheet.

(**) Does not have any effect to the net off-balance sheet position.

(***) Precious metals are included in "Other FC" column.

(****) Other liabilities at fair value through TL 1,994 in the calculation of profit / loss of securities are not included in the foreign currency risk of impairment provisions. It also includes a provision for foreign currency indexed loans amounting to TL 81,983.

(*****) Includes expected credit loss amounting to TL 50,523 in financial statement.

(*****) Includes deferred tax amounting to TL 34,508 in financial statement.

Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 129,571 (31 December 2018 – TL 12,528)
- Prepaid expenses : TL 593 (31 December 2018 – TL 706)
- Derivative financial liabilities held for trading : TL 13,582 (31 December 2018 – TL 42,766)
- Marketable securities of FC revaluation reverse: TL (96,593) (31 December 2018 – TL (51,432))
- Derivative financial liabilities held for hedging : TL 108,428 (31 December 2018- TL 106,352))

Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to:

- Forward foreign currency purchase transactions TL 919,977 (31 December 2018 - TL 522,969)
- Forward foreign currency sale transactions: TL 1,172,569 (31 December 2018 - TL 772,511)

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3. Explanations on position risk of equity securities in banking book

3.1 Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes:

The Group's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

3.2 Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value:

Current Period		Comparison	
Share Investments (*)	Carrying Value	Fair Value	Market Value
1 Securities At Fair Value Through			
Other Comprehensive Income	35,017	-	-
Quoted Securities	-	-	-
2 Investments In Associates	-	-	-
Quoted Securities	-	-	-
3 Investment In Subsidiaries	23,680	-	-
Quoted Securities	-	-	-
4 Other	31,790	-	-
Quoted Securities	-	-	-
Prior Period		Comparison	
Share Investments (*)	Carrying Value	Fair Value	Market Value
1 Securities Available-For-Sale	27,548	-	-
Quoted Securities	-	-	-
2 Investments In Associates	-	-	-
Quoted Securities	-	-	-
3 Investment In Subsidiaries	23,680	-	-
Quoted Securities	-	-	-
4 Other	28,520	-	-
Quoted Securities	-	-	-

(*) Related equity investments are accounted on a cost basis in the accompanying financial statements since the fair value of these investments cannot be measured reliably.

3.3 Realized profit/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals:

None (31 December 2018 – None).

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4. The Liquidity risk of the group management and liquidity coverage ratio

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. It has been evaluated in two main categories:

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

4.1 Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Group internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The applications and responsibilities related to the liquidity risk has been determined according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Directors. The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Group has a strong capital structure and is supported by its main shareholder is Kuwait Finance House; also its current and participation accounts are spread to the base and are stable, and its sources of foreign borrowing are diversified. Hence, by the virtue of the aforementioned facts, the Bank has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Bank which insures its cash outflows with the high-quality liquid assets is deemed high. The Bank also has limits available for use at Central Bank of Turkey and other financial institutions.

Indicators regarding the liquidity position are analyzed and liquidity risk is evaluated at the ALCO meetings attended by the senior management. Furthermore, the Board of Directors are informed through the Audit Committee.

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Group in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Group. The Treasury Group Management manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. External Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

4.2 Information on the centralization degree of liquidity management and funding strategy and the functioning between the Group and the Group's subsidiaries:

The Group's liquidity management is performed by the Asset and Liability Management. Depending on the Parent Bank's consolidated subsidiaries are subject to liquidity risk is managed in-house, but the necessary communication and coordination within the Assistant General Manager in charge of Treasury and International Banking are provided.

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

Group spread to the base of current and participation accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in collected funds are being closely monitored.

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4.4 Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Group's total liabilities:

Almost all liabilities of the Group are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Group is managed through the open market transactions implemented by the Central Bank of the Turkish Republic and interbank operations. Liabilities denominated in TL are used in order to fund assets that are denominated in TL, assets denominated in TL are generated through foreign exchange based funds with swap operations if necessary. Foreign currency funds are provided with the foreign sourced credits denominated in foreign currency and sukuk-financial certificates issued. Liquidity denominated in foreign currency is kept at the interbank operations and accounts of the corresponding bonds within the limits. Liabilities denominated in Gold are kept at the required reserve accounts of the Central Bank of the Turkish substantially.

4.5 Information on liquidity risk mitigation techniques:

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

4.6 Information on the use of stress tests:

In order to analyze the source of the possible liquidity insufficiencies and whether conformably move exists on existing off-balance sheet and balance sheet positions relevant with liquidity risk expectation, 3 types liquidity stress tests are applied by Risk Management Directorate. These includes stress test scenarios are special to the Group, related with the overall market or scenarios take in consideration both of the situations. Stress tests related with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

4.7 General information on urgent and unexpected liquidity situation plans:

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the Executive Risk Committee. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Liquidity Contingency Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

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Consolidated liquidity coverage ratio

Current Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total High-Quality Liquid Assets (HQLA)	13,459,060	11,616,874	13,345,183	11,502,997
CASH OUTFLOWS					
2	Retail Deposits And Deposits From Small Business Customers, Of Which:	41,315,933	24,060,791	3,630,149	2,406,079
3	Stable Deposits	10,028,885	-	501,444	-
4	Less Stable Deposits	31,287,048	24,060,791	3,128,705	2,406,079
5	Unsecured Wholesale Funding, Of Which:	12,317,585	8,285,741	6,443,073	4,206,797
6	Operational Deposits	-	-	-	-
7	Non-Operational Deposits	10,668,682	7,421,721	4,794,170	3,342,777
8	Unsecured Funding	1,648,903	864,020	1,648,903	864,020
9	Secured Wholesale Funding	-	-	-	-
10	Other Cash Outflows Of Which:	8,831,803	8,486,519	8,831,803	8,486,519
11	Outflows Related To Derivative Exposures And Other Collateral Requirements	8,831,803	8,486,519	8,831,803	8,486,519
12	Outflows Related To Restructured Financial Instruments	-	-	-	-
13	Payment Commitments And Other Off-Balance Sheet Commitments Granted For Debts To Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments And Contractual Obligations	-	-	-	-
15	Other Irrevocable Or Conditionally Revocable Off-Balance Sheet Obligations	15,579,914	5,501,130	1,141,728	407,637
16	TOTAL CASH OUTFLOWS			20,046,753	15,507,032
CASH INFLOWS					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	14,706,539	11,012,848	12,537,735	10,441,970
19	Other Cash Inflows	9,032,975	8,039,020	9,032,975	8,039,020
20	TOTAL CASH INFLOWS	23,739,514	19,051,868	21,570,710	18,480,990
				Total Adjusted Value	
21	TOTAL HQLA			13,345,183	11,502,997
22	TOTAL NET CASH OUTFLOWS			5,011,688	3,876,758
23	LIQUIDITY COVERAGE RATIO (%)			266.28	296.72

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

The table below presents highest, lowest and average liquidity coverage ratios for the period between 1 January – 31 March 2019 calculated with weekly periods:

	Highest	Date	Lowest	Date	Average
TL+FC	308.62	25/02/2019	240.00	28/03/2019	263.55
FC	353.63	25/02/2019	266.24	28/03/2019	293.46

The liquidity coverage ratio is calculated by the ratio of the high quality liquid assets of the bank to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher and they may show variability over time.

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Consolidated liquidity coverage ratio

<i>Prior Period</i>		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total High-Quality Liquid Assets (HQLA)	10,394,138	8,699,045	10,374,738	8,679,645
CASH OUTFLOWS					
2	Retail Deposits And Deposits From Small Business Customers, Of Which:	38,600,632	21,425,122	3,352,582	2,142,512
3	Stable Deposits	10,149,608	-	507,480	-
4	Less Stable Deposits	28,451,024	21,425,122	2,845,102	2,142,512
5	Unsecured Wholesale Funding, Of Which:	9,995,941	6,163,550	5,077,535	3,003,000
6	Operational Deposits	-	-	-	-
7	Non-Operational Deposits	9,100,310	5,942,922	4,181,904	2,782,372
8	Unsecured Funding	895,631	220,628	895,631	220,628
9	Secured Wholesale Funding	-	-	-	-
10	Other Cash Outflows Of Which:	7,835,747	7,301,791	7,835,747	7,301,791
11	Outflows Related To Derivative Exposures And Other Collateral Requirements	7,835,747	7,301,791	7,835,747	7,301,791
12	Outflows Related To Restructured Financial Instruments	-	-	-	-
13	Payment Commitments And Other Off-Balance Sheet Commitments Granted For Debts To Financial Markets	-	-	-	-
14	Other Revocable Off-Balance Sheet Commitments And Contractual Obligations	-	-	-	-
15	Other Irrevocable Or Conditionally Revocable Off-Balance Sheet Obligations	15,193,785	5,675,561	1,005,900	301,914
16	TOTAL CASH OUTFLOWS			17,271,764	12,749,217
CASH INFLOWS					
17	Secured Receivables	-	-	-	-
18	Unsecured Receivables	14,305,334	10,806,549	12,243,659	10,285,976
19	Other Cash Inflows	8,176,724	7,740,988	8,176,724	7,740,988
20	TOTAL CASH INFLOWS	22,482,058	18,547,537	20,420,383	18,026,964
				Total Adjusted Value	
21	TOTAL HQLA			10,374,738	8,679,645
22	TOTAL NET CASH OUTFLOWS			4,317,941	3,187,304
23	LIQUIDITY COVERAGE RATIO (%)			240.27	272.32

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

The table below presents highest, lowest and average liquidity coverage ratios for the period between 1 January – 31 March 2019 calculated with weekly periods:

	Highest	Date	Lowest	Date	Average
TL+FC	321.02	22/07/2018	208.32	29/04/2018	251.84
FC	424.74	22/07/2018	254.06	21/10/2018	327.42

The liquidity coverage ratio is calculated by the ratio of the high quality liquid assets of the bank to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher and they may show variability over time.

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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	Over 5 Years	Unallocated (***)	Total
Assets								
Cash (Cash In Vault, Effectives, Cash In Transit, Cheques Purchased) And Balances With The Central Bank Of The Republic Of Turkey	3,025,678	7,165,139	-	-	-	-	-	10,190,817
Banks	6,415,591	33	400,403	-	-	-	-	6,816,027
Financial Assets At Fair Value Through Profit And Loss	-	6,451	-	5	1,654,120	-	-	1,660,576
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	278,550	305,547	381,128	7,733,220	468,086	124,751	9,291,282
Loans (*)	-	10,884,800	5,601,628	15,434,394	16,015,264	2,902,015	(869,354)	49,968,747
Loans Measured At Amortised Cost	-	-	-	-	2,560,766	-	-	2,560,766
Other Assets (**)	59,003	2,297,516	15,775	-	367,166	-	1,628,009	4,367,469
Total Assets	9,500,272	20,632,489	6,323,353	15,815,527	28,330,536	3,370,101	883,406	84,855,684
Liabilities								
Current Account And Funds Collected From Banks Via Participation Accounts	302,798	29,737	-	-	-	-	-	332,535
Current And Profit Sharing Accounts	25,905,592	31,768,837	4,603,213	2,006,475	280,607	-	-	64,564,724
Funds Provided From Other Financial Institutions	-	62,688	299,155	1,357,963	116,404	1,986,689	305,261	4,128,160
Money Market Borrowings	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	570,918	3,644,595	322,480	3,912,953	-	-	8,450,946
Miscellaneous Payables	203,978	127,132	-	-	-	-	-	331,110
Other Liabilities (**)	-	447,992	55,800	3,019	108,428	-	6,432,970	7,048,209
Total Liabilities	26,412,368	33,007,304	8,602,763	3,689,937	4,418,392	1,986,689	6,738,231	84,855,684
Net Liquidity Gap	(16,912,096)	(12,374,815)	(2,279,410)	12,125,590	23,912,144	1,383,412	(5,854,825)	-
Prior Period								
Total Assets	10,636,395	20,639,885	6,873,283	14,550,996	19,114,397	3,147,587	50,443	75,012,986
Total Liabilities	22,914,733	28,307,032	5,435,921	6,147,094	4,181,734	1,901,210	6,125,262	75,012,986
Net Liquidity Gap	(12,278,338)	(7,667,147)	1,437,362	8,403,902	14,932,663	1,246,377	(6,074,819)	-

(*) Includes receivables from leasing transactions and presented with netting off with the expected credit loss.

(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.

(***) The unallocated other liabilities column consists of equity and provisions balances.

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5. Explanations on consolidated leverage ratio

Disclosure of leverage ratio template

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurements and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

On-Balance Sheet Assets (*)		Current Period	Prior Period
1	On-Balance Sheet Items (Excluding Derivative Financial Instruments And Credit Derivatives But Including Collateral)	81,231,865	74,347,783
2	(Assets Deducted In Determining Tier I Capital)	(317,292)	(297,605)
3	Total On-Balance Sheet Risks (Sum Of Lines 1 And 2)	80,914,573	74,050,179
Derivative Financial Instruments And Credit Derivatives			
4	Replacement Cost Associated With All Derivative Instruments And Credit Derivatives	75,995	125,968
5	Add-On Amounts For PFE Associated With All Derivative Instruments And Credit Derivatives	283,605	134,811
6	Total Risks Of Derivative Financial Instruments And Credit Derivatives (Sum Of Lines 4 To 5)	359,600	260,779
Securities Or Commodity Financing Transactions (SCFT)			
7	Risks From SCFT Assets (Excluding On-Balance Sheet)	700,270	924,333
8	Risks From Brokerage Activities Related Exposures	-	-
9	Total Risks Related With Securities Or Commodity Financing Transactions (Sum Of Lines 7 To 8)	700,270	924,333
Other Off-Balance Sheet Transactions			
10	Gross Notional Amounts Of Off-Balance Sheet Transactions	64,065,544	61,755,452
11	(Adjustments For Conversion To Credit Equivalent Amounts)	(42,040,368)	(40,649,139)
12	Total Risks Of Off-Balance Sheet Items (Sum Of Lines 10 And 11)	22,025,176	21,106,313
Capital And Total Risks			
13	Tier I Capital	5,450,257	5,322,366
14	Total Risks (Sum Of Lines 3, 6, 9 And 12)	103,999,619	96,319,313
Leverage Ratio			
15	Leverage Ratio	5.25	5.53

(*) Amounts in the table are three-month average amounts.

The leverage ratio calculated on the basis of the arithmetic average of the the amounts realized at the end of each month for the past three-month period as of the Group’s consolidated balance sheet date was 5.53% (31 December 2018 – 5.53%). The main reason for the changes from the previous period is that the increase in the items related to the derivative financial instruments and credit derivative is higher compared to the decrease in other items. Therefore, there are no change in the core capital’s profit, balance-sheet risk amount and off balance sheet items.

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6. Explanations on hedge accounting practices

TFRS 9 permits to defer application of TFRS 9 hedge accounting principles and permits the companies continue to apply hedge accounting principles of TAS 39 as a policy choice. In this context, the Group continue to apply TAS 39 policy for the hedge accounting.

The Group uses the group uses cash flow hedge ('CFH') and hedge of investment accounting as of the reporting date.

As of 31 Mart 2019, the net fair value of derivative financial instruments designated as hedging instruments carried in the contract amount and the balance sheet are summarized in the following table:

CFH	Current Period			Prior Period		
	Principal (*)	Assets	Liability	Principal (*)	Assets	Liability
Financial Derivative Instruments	-	-	-	-	-	-
Cross Currency Swap Transactions (CFH)	1,219,875	-	108,428	1,144,549	-	106,352
Total	1,219,875	-	108,428	1,144,549	-	106,352

(*) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 1,102,680 (31 December 2018: TL 1,020,984) the total notional of derivative financial assets amounting to TL 2,322,55 (31 December 2018: 2,165,533) is accounted for in off-balance sheet under "Derivative financial instruments held for risk management" lite item.

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,

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

In accordance with TAS, the placement or rollover of hedging instrument into another hedging instrument is not an expiration if such replacement or rollover is part of the entity's documented hedging strategy.

▪ **Hedge of net investment:**

The Group applies a net investment hedge strategy in order to hedge its foreign exchange risk on a consolidated basis due to its net investment of EUR 84,313,419 (Full Amount) belonging to its subsidiaries KT Bank AG. The portion of the Group's participation funds in foreign currency is determined as in "hedging instrument". In this context, the effective portion of the change in the exchange rate resulting from the foreign exchange participation funds is accounted for under "hedging funds" under shareholders' equity.

▪ **Hedge of Cash Flows:**

The Bank, convert Malaysian Ringgit (MYR) 800,000 MYR borrowings to USD loan with cross currency swap and this fund is evaluated in profit share-yielding assets in USD. In this context, the Bank has started to implement cash flow hedge accounting on August 1, 2014 to protect itself with cross currency swap against cash flow risks due to the changes in MYR/TL foreign exchange rates on borrowings and changes in USD/TL foreign exchange rates on profit share-yielding assets.

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In this context, the derivative financial instruments which are determined as hedging instruments are cross currency swaps and the hedged items are funds borrowed and profit share-yielding assets. In the below table, the effect of accounting of CFH is explained:

Current Period					
Type of hedging instrument	Hedged item (asset and liability) (**)	Protected Risks	Net fair value of the hedging instrument		Amount in Hedging Funds(*)
			Asset	Liability	
Swap Money Transaction	Securities issued and profit share return assets	Cash flow risk of exchange rate changes	-	1,102,680	1,825

(*) Includes the deferred tax effect. As of current period deferred tax effect amounting to TL (402).

(**) Subsidiary of the Participation Bank KT Kira Certifikaları A.Ş. Securities issued by the Bank and presented in the "Loans Received" line in the financial statements.

Prior Period					
Type of hedging instrument	Hedged item (asset and liability) (**)	Protected Risks	Net fair value of the hedging instrument		Amount in Hedging Funds(*)
			Asset	Liability	
Swap Money Transaction	Securities issued and profit share return assets	Cash flow risk of exchange rate changes	-	1,020,984	9,722

(*) Includes the deferred tax effect. As of prior period deferred tax effect amounting to (TL 2,139)

(**) Bank's subsidiary KT Kira Certifikaları A.Ş. Securities issued by the Bank and presented in the "Loans Received" line in the financial statements.

At the inception date, the Participation Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. Effectiveness tests have been selected according to the methods that are allowed by TAS 39 in reliance to the risk strategies of the Participation Bank. Also, effectiveness tests have been performed at the end of every month and the effectiveness of the risk relationships have been measured.

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

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7. Explanations on consolidated risk management

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee (“ALCO”) and the Risk Management Department (“RMD”) which has been composed in order to manage systemic risks that the Group is exposed. The Board of Directors is the owner of the Group’s Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Group’s Risk Management System is to identify, measure, monitor and control the risks that the Group is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Group’s future cash flows and the level & the quality of related activities.

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 31/03/2019	Prior Period 31/12/2018	Current Period 31/03/2019
1	Credit Risk (Excluding Counterparty Credit Risk) (CCR)	40,958,842	37,342,067	3,276,707
2	Of Which Standardised Approach (SA)	41,004,333	37,401,412	3,280,347
3	Of Which Internal Rating-Based (IRB) Approach	-	-	-
4	Counterparty Credit Risk	197,160	89,725	15,773
5	Of Which Standardised Approach For Counterparty Credit Risk (SA-CCR)	197,160	89,725	15,773
6	Of Which Internal Model Method (IMM)	-	-	-
7	Equity Position In Banking Book Under Basic Risk Weighting Or Internal Rating-Based	-	-	-
8	Equity Investments In Funds – Look-Through Approach	45,491	59,344	3,639
9	Equity Investments In Funds – Mandate-Based Approach	-	-	-
10	Equity Investments In Funds – 1250% Risk Weighting Approach	-	-	-
11	Settlement Risk	-	-	-
12	Securitisation Exposures In Banking Book	-	-	-
13	Of Which IRB Ratings-Based Approach (RBA)	-	-	-
14	Of Which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of Which SA/Simplified Supervisory Formula Approach (SSFA)	-	-	-
16	Market Risk	2,142,601	1,076,251	171,408
17	Of Which Standardised Approach (SA)	2,142,601	1,076,251	171,408
18	Of Which Internal Model Approaches (IMM)	-	-	-
19	Operational Risk	5,667,645	4,354,278	453,412
20	Of Which Basic Indicator Approach	5,667,645	4,354,278	453,412
21	Of Which Standardised Approach	-	-	-
22	Of Which Advanced Measurement Approach	-	-	-
23	Amounts Below The Thresholds For Deduction From Capital (Subject To 250% Risk Weight)	-	-	-
24	Floor Adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	49,011,739	42,921,666	3,920,939

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8. Securitization positions

None.

9. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions

The Group does not perform purchases, sales and custody services in the name of others. The Group has no fiduciary-based transaction agreements.

10. Explanations on consolidated business segments

The Parent Bank operates in Retail Banking, Corporate and Commercial Banking, International Banking sectors.

Corporate and Commercial Banking: to meet the financial needs of the customers', unique cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail and Enterprise Banking includes fund collection, installment commercial loans, business loans, non cash loans, consumer financing and credit cards. The Bank serves in the range of products areas of profit share accounts creation, banking services, Trade Finance, Checks, POS services, Credit Cards, ATM services, Online Banking and Mobile Banking in these fields.

In International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified "corporate" customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

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Selected balance sheet and income statement items according to segments:

Current Period 1 January 2019 – 31 March 2019	Retail And Enterprise Banking	Commercial Banking	Corporate And International Banking	Unallocated	Bank's Total Operation
Operating Income	1,387,237	898,342	214,528	-	2,500,107
Operating Expenses (-)	1,311,116	273,759	124,044	503,302	2,212,221
Transfers Between Segments	727,435	(137,909)	(589,526)	-	-
Net Operating Income / Loss	803,556	486,674	(499,042)	(503,302)	287,886
Income From Associates	-	-	-	3,270	3,270
Income / (Loss) Before Tax	803,556	486,674	(499,042)	(500,032)	291,156
Provision For Taxation (-)	-	-	-	65,893	65,893
Net Income For The Period	803,556	486,674	(499,042)	(565,925)	225,263
Current Period					
31 March 2019					
Segment Assets	18,346,999	30,345,119	32,281,871	-	80,973,989
Associates, Subsidiaries And Joint Ventures	-	-	-	55,470	55,470
Undistributed Assets	-	-	-	3,826,225	3,826,225
Total Assets	18,346,999	30,345,119	32,281,871	3,881,695	84,855,684
Segment Liabilities	50,013,443	14,883,277	12,722,699	-	77,620,601
Undistributed Liabilities	-	-	-	1,600,941	1,600,941
Shareholders' Equity	-	-	-	5,635,324	5,635,324
Total Liabilities	50,013,443	14,883,277	12,722,699	7,236,265	84,855,684
Prior Period					
1 January 2018 – 31 March 2018					
Operating Income	829,358	651,736	65,360	-	1,546,454
Operating Expenses (-)	(544,397)	(166,697)	(182,133)	(376,712)	(1,269,939)
Transfers Between Segments	372,649	(321,624)	(51,025)	-	-
Net Operating Income / Loss	657,610	163,415	(167,798)	(376,712)	276,515
Income From Associates	-	-	-	1,659	1,659
Income / (Loss) Before Tax	657,610	163,415	(167,798)	(375,053)	278,174
Provision For Taxation (-)	-	-	-	43,885	43,885
Net Income For The Period	657,610	163,415	(167,798)	(418,938)	234,289
Prior Period 31 December 2018					
Segment Assets	19,356,328	23,164,027	16,902,450	-	59,422,805
Associates, Subsidiaries And Joint Ventures	-	-	-	49,443	49,443
Undistributed Assets	-	-	-	1,883,973	1,883,973
Total Assets	19,356,328	23,164,027	16,902,450	1,933,416	61,356,221
Segment Liabilities	33,068,438	10,169,547	11,691,577	-	54,929,562
Undistributed Liabilities	-	-	-	1,535,568	1,535,568
Shareholders' Equity	-	-	-	4,891,091	4,891,091
Total Liabilities	33,068,438	10,169,547	11,691,577	6,426,659	61,356,221

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to assets

1.1 Information regarding the cash assets and the Central Bank of Republic of Turkey:

1.1.1 Cash and balances with the Central Bank of Republic of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign Currency	375,095	985,260	491,059	1,524,450
The Central Bank Of Republic Of Turkey	431,544	7,179,514	692,050	6,947,252
Other (*)	72,421	1,146,983	-	957,110
Total	879,060	9,311,757	1,183,109	9,428,812

(*) As of 31 March 2019, precious metal account amounting to TL 989,735 (31 December 2018 - TL 957,110) and money in transit amounting to TL 229,669 (31 December 2018 – None) are presented in this line.

1.1.2 Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	TL
Unrestricted Demand Deposit	418,896	56	677,230	53
Restricted Time Deposit	-	-	-	-
Unrestricted Time Deposit	12,648	7,179,458	14,820	6,947,199
Total	431,544	7,179,514	692,050	6,947,252

In accordance with the “Communiqué no. 2013/15 on Reserve Requirements”, the Parent Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014. The reserve rates for TL liabilities vary between 1% and 7% for TL deposits and other liabilities according to their maturities as of 31 March 2019 (31 December 2018: 1.5% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 20% for deposit and other foreign currency liabilities according to their maturities as of 31 March 2019 (31 December 2018: 4% and 20% for all foreign currency liabilities).

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

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

Positive differences related to marketable derivative financial assets:

Derivative Financial Assets	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11,551	4,648	29,120	1,799
Swap Transactions	4,648	124,923	363	10,729
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	16,199	129,571	29,483	12,528

1.3 Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	11,808	6,879,870	12,858	6,884,069
Domestic	11,241	4,018,681	12,858	3,608,271
Foreign	567	2,861,189	-	3,275,798
Branches And Head Office Abroad	-	-	-	-
Total	11,808	6,879,870	12,858	6,884,069

Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
EU Countries	1,097,420	-	1,639,665	-
USA and Canada	1,380,862	-	1,344,351	-
OECD Countries (*)	17,877	-	13,458	-
Off-shore Banking Regions	904	-	567	-
Other	364,693	-	277,757	-
Total	2,861,756	-	3,275,798	-

(*) OECD countries other than European Union countries, USA and Canada.

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

	Current period	Prior period
Debt Securities	9,373,291	6,240,372
Quoted On Stock Exchange	9,373,291	6,240,372
Not Quoted On Stock Exchange	-	-
Share Certificates	112,432	128,489
Quoted On Stock Exchange	62,940	60,764
Not Quoted On Stock Exchange	49,492	67,725
Impairment Provision	(194,441)	(164,441)
Total	9,291,282	6,204,420

1.5 Information on financial assets measured at amortized cost:

1.5.1 All types of loans and advances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted To Shareholders	1,402	2,477	1,034	398
Corporate Shareholders	-	2,461	-	398
Real Person Shareholders	1,402	16	1,034	-
Indirect Loans Granted To Shareholders	591,868	534	204,988	520
Loans Granted To Employees	17,194	6	16,311	6
Total	610,464	3,017	222,333	924

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1.5.2 Information on standart loans, loans under close monitoring and restructured loans under close monitoring:

Current Period Cash Loans	Standard Loans	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	43,260,807	3,417,392	1,404,730	-
Export Loans	23,856	8,188	3	-
Import Loans	1,850,359	49,159	-	-
Corporation Loans	24,009,086	2,905,913	1,364,602	-
Consumer Loans	6,819,352	238,441	5,676	-
Credit Cards	853,454	48,700	34,449	-
Loans given to financial sector	5,819,650	-	-	-
Other	3,885,050	166,991	-	-
Other Receivables	4,346	115,532	12,392	-
Total	43,265,153	3,532,924	1,417,122	-

Prior Period Cash Loans	Standard Loans	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Loans	40,891,315	3,533,527	731,716	-
Export Loans	26,872	506	2	-
Import Loans	1,867,353	81,466	-	-
Corporation Loans	22,876,217	3,034,533	710,335	-
Consumer Loans	6,603,831	225,107	3,883	-
Credit Cards	746,845	46,666	16,975	-
Loans given to financial sector	5,314,217	-	-	-
Other	3,455,980	145,249	521	-
Other Receivables	5,432	110,414	807	-
Total	40,896,747	3,643,941	732,523	-

Information on standart loans and loans under close monitoring and restructured loans under close monitoring regarding provision:

Current Period (*)	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	368,785	-
Significant Increase in Credit Risk	-	871,789

(*) Includes expected credit loss of other financial assets measured at amortized cost amounting TL 6,446.

Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	444,191	-
Significant Increase in Credit Risk	-	655,489

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1.5.3 Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	82,933	6,727,838	6,810,771
Housing Loans	19,770	5,851,100	5,870,870
Vehicle Loans	42,292	592,670	634,962
Consumer Loans	19,932	177,632	197,564
Other	939	106,436	107,375
Consumer Loans-FC Indexed	-	22	22
Housing Loans	-	22	22
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	239,899	239,899
Housing Loans	-	194,570	194,570
Vehicle Loans	-	104	104
Consumer Loans	-	36,375	36,375
Other	-	8,850	8,850
Retail Credit Cards-TL	412,083	75	412,158
With Installment	90,094	75	90,169
Without Installment	321,989	-	321,989
Retail Credit Cards-FC	538	-	538
With Installment	538	-	538
Without Installment	-	-	-
Personnel Loans-TL	1,344	11,433	12,777
Housing Loans	-	951	951
Vehicle Loans	524	7,080	7,604
Consumer Loans	818	3,402	4,220
Other	2	-	2
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	10,522	70	10,592
With Installment	4,223	70	4,293
Without Installment	6,299	-	6,299
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	507,420	6,979,337	7,486,757

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Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	73,283	6,511,422	6,584,705
Housing Loans	20,865	5,729,170	5,750,035
Vehicle Loans	30,836	480,515	511,351
Consumer Loans	19,859	181,876	201,735
Other	1,723	119,861	121,584
Consumer Loans-FC Indexed	-	38	38
Housing Loans	-	38	38
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	237,380	237,380
Housing Loans	-	169,628	169,628
Vehicle Loans	-	118	118
Consumer Loans	-	57,746	57,746
Other	-	9,888	9,888
Retail Credit Cards-TL	345,849	75	345,924
With Installment	66,190	75	66,265
Without Installment	279,659	-	279,659
Retail Credit Cards-FC	273	-	273
With Installment	273	-	273
Without Installment	-	-	-
Personnel Loans-TL	1,133	9,565	10,698
Housing Loans	-	1,096	1,096
Vehicle Loans	340	4,712	5,052
Consumer Loans	791	3,757	4,548
Other	2	-	2
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	8,779	70	8,849
With Installment	3,306	70	3,376
Without Installment	5,473	-	5,473
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	429,317	6,758,550	7,187,867

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1.5.4 Information on commercial installment loans and corporate credit cards:

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	280,816	4,404,250	4,685,066
Business Loans	38,095	1,160,904	1,198,999
Vehicle Loans	195,404	1,733,391	1,928,795
Consumer Loans	47,317	1,509,955	1,557,272
Other	-	-	-
Commercial Installment Loans-FC Indexed	3,841	1,393,380	1,397,221
Business Loans	2,556	302,411	304,967
Vehicle Loans	1,128	205,663	206,791
Consumer Loans	157	885,306	885,463
Other	-	-	-
Commercial Installment Loans-FC	71,101	1,403,253	1,474,354
Business Loans	55,189	851,358	906,547
Vehicle Loans	15,912	100,064	115,976
Consumer Loans	-	-	-
Other	-	451,831	451,831
Corporate Credit Cards-TL	513,205	-	513,205
With Installment	171,249	-	171,249
Without Installment	341,956	-	341,956
Corporate Credit Cards-FC	110	-	110
With Installment	110	-	110
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	869,073	7,200,883	8,069,956
Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	255,142	4,395,428	4,650,570
Business Loans	19,741	1,226,572	1,246,313
Vehicle Loans	191,863	1,615,884	1,807,747
Consumer Loans	43,538	1,552,971	1,596,509
Other	-	1	1
Commercial Installment Loans-FC Indexed	14,884	1,559,774	1,574,658
Business Loans	11,441	372,631	384,072
Vehicle Loans	3,112	245,751	248,863
Consumer Loans	331	941,392	941,723
Other	-	-	-
Commercial Installment Loans-FC	49,128	1,207,390	1,256,518
Business Loans	44,911	832,342	877,253
Vehicle Loans	4,217	111,545	115,762
Consumer Loans	-	-	-
Other	-	263,503	263,503
Corporate Credit Cards-TL	455,440	-	455,440
With Installment	160,745	-	160,745
Without Installment	294,695	-	294,695
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	774,594	7,162,592	7,937,186

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1.5.5 Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	47,905,609	44,934,188
Foreign Loans	309,590	339,023
Total	48,215,199	45,273,211

1.5.6 Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Loans Granted Directly To Subsidiaries And Associates (*)	175	35
Loans Granted Indirectly To Subsidiaries And Associates	-	-
Total	175	35

(*)The amount of loans granted directly to subsidiaries and associates is presented under “Banks” in financial Statements.

1.5.7 Specific provisions for loans:

	Current Period	Prior Period
Loans And Receivables With Limited Collectability	145,665	89,643
Loans And Receivables With Doubtful Collectability	360,049	243,531
Uncollectible Loans And Receivables	596,750	508,753
Total	1,102,464	841,927

1.5.8 Information on non-performing loans (Net):

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

None (31 December 2018-None).

1.5.8.2 Information on the movement of total non-performing loans:

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending Balance Of Prior Period 31.12.2018	142,629	310,520	732,691
Additions In The Current Period (+)	264,902	180,402	48,784
Transfers From Other Categories Of Non-Performing Loans(+)	57,221	162,078	137,443
Transfers To Other Categories Of Non-Performing Loans(-)	162,168	137,394	57,180
Collections In The Current Period (-)	8,953	31,620	67,913
Write-Offs (-)	-	-	-
Sold (-)	-	-	-
Corporate And Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending Balance Of The Current Period	293,631	483,986	793,825
Provisions (-)	145,666	360,049	596,750
Net Balance At The Balance Sheet	147,965	123,937	197,075

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	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period			
Ending Balance Of Prior Period 31.12.2017	158,589	117,234	439,237
Additions In The Current Period (+)	322,009	271,152	291,716
Transfers From Other Categories Of Non-Performing Loans(+)	-	260,125	298,008
Transfers To Other Categories Of Non-Performing Loans (-)	259,090	299,043	-
Collections In The Current Period (-)	78,879	38,948	193,128
Write Offs (-)	-	-	103,142
Sold (-)	-	-	-
Corporate And Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending Balance Of The Current Period	142,629	310,520	732,691
Specific Provisions (-)	89,643	243,531	508,753
Net Balance At The Balance Sheet	52,986	66,989	223,938

1.5.8.3 Information on non-performing loans granted as foreign currency:

	Group III	Group IV	Group V
Current Period			
Ending Balance Of The Current Period	31,299	8,865	38,098
Provision (-)	15,860	1,551	2,444
Net Balance At The Balance Sheet	15,439	7,314	35,654
	Group III	Group IV	Group V
Prior Period			
Ending Balance Of The Current Period	19,793	-	6,073
Provision (-)	2,547	-	(871)
Net Balance At The Balance Sheet	17,246	-	5,202

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1.5.8.4 Gross and net amounts of non-performing loans with respect to user groups:

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period (Net)	147,965	123,937	197,075
Loans Granted To Real Persons And Legal Entities (Gross)	293,631	483,986	793,825
Provision (-)	145,666	360,049	596,750
Loans To Real Persons And Legal Entities (Net)	147,965	123,937	197,075
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans And Receivables (Gross)	-	-	-
Provision (-)	-	-	-
Other Loans And Receivables (Net)	-	-	-
Prior Period (Net) 31.12.2018	52,986	66,989	223,938
Loans To Real Persons And Legal Entities (Gross)	142,629	310,520	732,691
Specific Provision (-)	89,643	243,531	508,753
Loans To Real Persons And Legal Entities (Net)	52,986	66,989	223,938
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans And Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans And Receivables (Net)	-	-	-

The Parent Bank has collaterals such as cash, mortgages, pledges, and checks of customer issued for non-performing loans

1.5.8.5 Information on profit share accruals, discounts and valuation differences computed for non-performing loans and their provision:

	Group III Loans and Other Receivables with Limited Collectability	Group IV Loans and Other Receivables with Doubtful Collectability	Group V Uncollectible Loans and Other Receivables
Current Period (Net)	2,192	6,596	5,514
Profit Share Accruals Rediscount And Valuation Differences	3,378	25,894	22,057
Provision (-)	1,186	19,298	16,543

1.5.9 Main guidelines for liquidation process of uncollectible loans and other receivables:

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written-off per the decision of the Group’s top management. The Parent Bank has no receivables written off from records during the year of 2019 (31 December 2018: TL 103,142).

1.5.10 Information on the write-off policy:

The Parent Bank’s write-off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

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1.6 Information on other financial assets measured at amortised cost:

1.6.1 Information on other financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	2,560,766	37,156
Exchange Traders	2,560,766	37,156
Unlisted Traders	-	-
Provision for impairment (-)	6,446	-
Total	2,554,320	37,156

1.6.2 Movements of Other Financial Assets Measured at Amortized Cost During The Year

	Current Period	Prior Period
Value at the Beginning of the Period	37,156	
Foreign Exchange Differences in Monetary Assets	-	-
Purchases within the year	2,523,610	37,156
Disposals via Sales and Redemption	-	-
Provision for Decrease in Value (-)	6,446	-
End of Period	2,554,320	37,156

1.7 Information on investment in associates (Net):

1.7.1 The 1.54% ownership of the shares of Kredi Garanti Fonu A.Ş. amounting to TL 4,897 (31 December 2018 – TL 4,897), 8.36% ownership of the shares of Islamic International Rating Agency amounting to TL 714 (31 December 2018 – TL 714), and 6.99% ownership of the shares of Neova Sigorta A.Ş. amounting to TL 5,936 (31 December 2018 – TL 5,201), Swift shares amounting to TL 390 (31 December 2018 – TL 390) and 0.0035% ownership of the shares traded in Borsa İstanbul A.Ş amounting to TL 15 (31 December 2018 – TL 15) and VISA Inc. shares amounting to TL 10,648 (31 December 2018 – TL 7,055) and 4.55% ownership of the shares of Ulusal Derecelendirme A.Ş. amounting to TL 2,273 (31 December 2018 – None) are classified as financial assets available for sale since the Bank’s ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

1.7.2 Information about investments in consolidated associates: None (31 December 2018 – None).

1.7.3 Information related to consolidated associates: None (31 December 2018 – None).

1.8 Information on Subsidiaries (Net):

1.8.1 Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş does not confirm to the definition of financial subsidiary in accordance with “Regulation related to the Preparation of Consolidated Financial Statements by Banks” published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated. The Bank has reflected its subsidiary at restated cost less any provision for impairment in its financial statements until 31 December 2004.

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1.8.2 Information on subsidiaries:

Title	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**)	Istanbul/Turkey	99.99%	99.99%
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	75.00%	97.61%
KT Sukuk Varlık Kiralama A.Ş. (**)	İstanbul/Turkey	100%	100%
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Turkey	100%	100%
KT Bank AG (*)	Frankfurt/Germany	100%	100%
KT Portföy Yönetimi A.Ş (**).	İstanbul/Turkey	100%	100%
Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş (**)	İstanbul/Turkey	100%	100%
KT Sukuk Company Limited (***)	George Town/ Cayman Islands	100%	100%

Information on subsidiaries according to the order of the above table:

Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
27,984	26,996	-	-	-	(400)	31,529	-
145,392	145,392	1,651	-	-	(3,174)	(1,523)	-
153,835	635	-	-	-	136	191	-
8,720,923	226	-	-	-	47	(6)	-
2,588,041	726,693	7,875	-	-	(31)	(9,695)	-
63,231	15,094	2,925	-	-	(626)	888	-
1,986,690	1	-	-	-	-	-	-

- (*) As of 31 March 2019, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.
- (**) These figures are shown per Turkish Commercial Law financial statements as at 31 March 2019.
- (***) KT Sukuk Company Limited is established in Cayman Islands on 31 July 2015, for the need of a second subordinated loan at the Bank. According to relevant article of TFRS 10, it is described as a subsidiary.

Movement regarding the subsidiaries

	Current Period	Prior Period
Balance At The Beginning Of The Year	23,680	23,680
Movements During The Year	-	-
Purchases	-	-
Transfers From Subsidiaries	-	-
Bonus Shares	-	-
Dividends From Current Year Income	-	-
Sales	-	-
Revaluation Increase (*)	-	-
Impairment	-	-
Capital Commitment Payments	-	-
Balance At The End Of The Year	23,680	23,680
Capital Commitments	-	-
Share Percentage At The End Of The Year (%)	-	-

(*) It expresses reversal of impairment loss.

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Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	445,754	445,754
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	53,516	53,516
Consolidated subsidiaries quoted on the stock exchange		
	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	53,416	53,416
Associates Quoted on Foreign Stock Markets	-	-
Total	53,416	53,416

1.8.3 Information on capital adequacies of major subsidiaries:

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of March 31, 2019 was EUR 84,333,419 and the capital adequacy ratio was 28.95%.

1.9 Information on joint ventures (business partnerships) (Net):

	Share of the Bank	Total Asset	Equity	Total Fixed Asset	Current Period Profit/Loss	Previous Period Profit/Loss
Katılım Emeklilik ve Hayat A.Ş. (*) (**)	50%	1,848,598	40,000	12,085	6,413	3,318
KT Portföy Yönetimi A.Ş. (***)	50%	7,707	7,113	155	329	(175)

(*) These figures are shown per Turkish Trade Law financial statements as of 31 March 2019.

(**) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. Parent Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş. and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by İstanbul Ticaret Sicil Müdürlüğü.

(***) The Bank signed a deal with KFH Capital Investment Company on 5 October 2017 about transferring 50% of the share of KT Portföy Yönetimi A.Ş.(Subsidiary) to KT Portföy Yönetimi A.Ş.On 20 July 2018, 50 % of the capital amount of subsidiary which is TL 10,000 transferred to KFH Capital Investment Company with the amounting TL 16,901. As of 27 March 2019,a deal signed with KFH Capital Investment Company about repurchasing at same price 50 % of transferring share on 27 January 2019. The transfer completed on 2 April 2019.The Bank will follow it subsidiary in the status of subsidiaries as of 30 June 2019.

1.10 Information on finance lease receivables (Net):

1.10.1 Presentation of remaining maturities of net finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1,128,767	811,604	1,674,227	1,307,276
1 to 4 years	1,453,058	1,341,693	910,320	854,221
More than 4 years	382,748	371,849	297,345	289,202
Total	2,964,573	2,525,146	2,881,892	2,450,699

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1.10.2 Net investments in finance leases:

	Current Period	Prior Period
Gross Receivable From Finance Leases	2,964,573	2,881,892
Unearned Finance Lease Income (-)	(439,427)	(431,193)
Cancelled Lease Amount (-)	-	-
Net Receivable From Finance Leases	2,525,146	2,450,699

1.10.3 Information on finance lease contracts:

The Parent Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Group sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 33,575 are included in the non-performing loans in the balance sheet (31 December 2018 – TL 9,493).

1.11 Information on derivative financial assets for hedging purposes:

None (31 December 2018 – None).

1.12 Information on deferred tax asset:

As od 31 March 2019, deferred tax is offet as TL 367,166 in the balance sheet. In accordance with the related regulations deferred tax asset calculated as of 31 March 2019 is TL 385,069 (31 December 2018 – TL 396,139) and deferred tax liability is TL 17,903 (31 December 2018 – TL 15,456).

	Current Period	Prior Period
Reserve For Employee Benefits	22,891	31,297
Retirement Pay Liability	18,756	17,412
Deferred Income	57,918	55,507
Rediscounts For Derivative Instruments Held For Trading (Net)	287	-
Accrual of Derivative financial instuments	3,142	30,080
Tfrs 9 Provisions	205,502	192,935
Precious Metals Valuation Difference	669	2,031
Carry Forward Financial Losses	34,508	34,043
Other	41,396	32,834
Deferred Tax Asset	385,069	396,139
Difference Between Carrying Value And Tax Base Of Tangible Assets	(7,276)	(7,293)
Valuation Difference of Financial Assets at Fair Value through Other	(5,639)	(3,691)
Comprehensive Income	(5,639)	(3,691)
Other	(4,988)	(4,472)
Deferred Tax Liability	(17,903)	(15,456)
Deferred Tax Asset, (Net)	367,166	380,683

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Table of deferred tax asset movement:

	Current Period 31 March 2019	Prior Period 31 March 2018
As Of January 1	380,683	138,710
Deferred Tax (Expense)/Income	(20,470)	7,589
Deferred Tax Accounted Under Other Comprehensive Income	6,953	765
TFRS 9 Opening Effect	-	(8,986)
Deferred Tax Asset	367,166	138,078

1.13 Information on other assets:

As of balance sheet date, the Bank's other assets amount to TL 2,474,080 (31 December 2018 – TL 2,890,428). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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SECTION FIVE

2. Explanations and notes related to liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated	Total
								profit sharing accounts	
I. Real Persons Current Accounts-TI	5,157,649	-	-	-	-	-	-	-	5,157,649
II. Real Persons Profit Sharing Accounts TI	-	4,987,642	7,683,556	454,613	-	248,304	277,687	16,947	13,668,749
III. Other Current Accounts-TI	2,998,685	-	-	-	-	-	-	-	2,998,685
Public Sector	113,648	-	-	-	-	-	-	-	113,648
Commercial Sector	2,857,389	-	-	-	-	-	-	-	2,857,389
Other Institutions	22,944	-	-	-	-	-	-	-	22,944
Commercial And Other Institutions	-	-	-	-	-	-	-	-	-
Banks And Participation Banks	4,704	-	-	-	-	-	-	-	4,704
Central Bank Of Republic Of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	4,503	-	-	-	-	-	-	-	4,503
Participation Banks	201	-	-	-	-	-	-	-	201
Others	-	-	-	-	-	-	-	-	-
IV. Profit Sharing Accounts-TI	-	421,156	864,603	104,484	-	301,343	80,271	-	1,771,857
Public Sector	-	130	1,483	-	-	2,982	-	-	4,595
Commercial Sector	-	364,204	796,253	94,806	-	285,952	78,123	-	1,619,378
Other Institutions	-	56,670	66,092	9,625	-	12,357	1,918	-	146,662
Commercial And Other Institutions	-	152	758	53	-	51	230	-	1,244
Banks And Participation Banks	-	-	17	-	-	1	-	-	18
V. Real Persons Current Accounts-Fc	9,924,937	-	-	-	-	-	-	-	9,924,937
VI. Real Persons Profit Sharing Accounts-Fc	-	4,669,981	7,867,159	1,138,116	-	894,586	660,598	1,295	15,231,735
VII. Other Current Accounts-Fc	5,013,336	-	-	-	-	-	-	-	5,013,336
Commercial Residents In Turkey	4,216,526	-	-	-	-	-	-	-	4,216,526
Commercial Residents In Abroad	625,096	-	-	-	-	-	-	-	625,096
Banks And Participation Banks	171,714	-	-	-	-	-	-	-	171,714
Central Bank Of Republic Of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	171,601	-	-	-	-	-	-	-	171,601
Participation Banks	113	-	-	-	-	-	-	-	113
Others	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts- Fc	-	499,023	4,260,095	173,169	-	93,571	87,873	-	5,113,731
Public Sector	-	46	5,860	-	-	-	-	-	5,906
Commercial Sector	-	464,155	3,743,528	171,513	-	93,571	87,873	-	4,560,386
Other Institutions	-	20,633	432,155	1,137	-	108	-	-	454,033
Commercial And Other Institutions	-	8,500	54,609	519	-	60	-	-	63,688
Banks And Participation Banks	-	5,689	23,943	-	-	-	86	-	29,718
IX. Precious Metal Funds	3,113,783	1,403,041	1,303,824	130,356	-	62,922	2,626	28	6,016,580
X. Profit Sharing Accounts Special Funds - TI	-	-	-	-	-	-	-	-	-
Residents In Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Funds - Fc	-	-	-	-	-	-	-	-	-
Residents In Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	26,208,390	11,980,843	21,979,237	2,000,738	-	1,600,726	1,109,055	18,270	64,897,259

There are no 7 day notification deposit accounts of the Bank.

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Prior Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real Persons Current Accounts-TL	4,753,832	-	-	-	-	-	-	-	4,753,832
II. Real Persons Profit Sharing Accounts-TL	-	4,802,842	7,316,485	424,115	-	229,178	266,378	17,002	13,056,000
III. Other Current Accounts-TL	3,088,382	-	-	-	-	-	-	-	3,088,382
Public Sector	186,809	-	-	-	-	-	-	-	186,809
Commercial Sector	2,847,456	-	-	-	-	-	-	-	2,847,456
Other Institutions	46,276	-	-	-	-	-	-	-	46,276
Commercial And Other Institutions	-	-	-	-	-	-	-	-	-
Banks And Participation Banks	7,841	-	-	-	-	-	-	-	7,841
Central Bank Of Republic Of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	7,708	-	-	-	-	-	-	-	7,708
Participation Banks	133	-	-	-	-	-	-	-	133
Others	-	-	-	-	-	-	-	-	-
IV. Profit Sharing Accounts-TL	-	423,645	761,309	112,589	-	246,581	74,182	-	1,618,306
Public Sector	-	146	2,285	-	-	1,388	-	-	3,819
Commercial Sector	-	380,225	698,953	102,196	-	233,421	72,119	-	1,486,914
Other Institutions	-	43,258	60,055	10,342	-	11,763	1,859	-	127,277
Commercial And Other Institutions	-	16	-	51	-	8	204	-	279
Banks And Participation Banks	-	-	16	-	-	1	-	-	17
V. Real Persons Current Accounts-FC	8,316,910	-	-	-	-	-	-	-	8,316,910
VI. Real Persons Profit Sharing Accounts-FC	-	3,932,410	6,126,127	1,066,450	-	699,639	467,103	993	12,292,722
VII. Other Current Accounts-FC	3,986,544	-	-	-	-	-	-	-	3,986,544
Commercial Residents In Turkey	3,254,669	-	-	-	-	-	-	-	3,254,669
Commercial Residents In Abroad	635,513	-	-	-	-	-	-	-	635,513
Banks And Participation Banks	96,362	-	-	-	-	-	-	-	96,362
Central Bank Of Republic Of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	96,257	-	-	-	-	-	-	-	96,257
Participation Banks	105	-	-	-	-	-	-	-	105
Others	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts- FC	-	443,390	2,185,823	237,578	-	86,543	73,106	363	3,026,803
Public Sector	-	39	3	-	-	-	-	-	42
Commercial Sector	-	409,203	2,018,221	232,632	-	86,417	73,020	363	2,819,856
Other Institutions	-	16,693	68,699	106	-	103	-	-	85,601
Commercial And Other Institutions	-	17,448	71,143	4,840	-	23	-	-	93,454
Banks And Participation Banks	-	7	27,757	-	-	-	86	-	27,850
IX. Precious Metal Funds	2,588,233	1,020,239	1,205,711	212,397	-	61,746	2,174	19	5,090,519
X. Profit Sharing Accounts Special Funds - TL	-	-	-	-	-	-	-	-	-
Residents In Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Funds - FC	-	-	-	-	-	-	-	-	-
Residents In Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	22,733,901	10,622,526	17,595,455	2,053,129	-	1,323,687	882,943	18,377	55,230,018

There are no 7 day notification deposit accounts of the Bank.

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2.1.2 Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund:

2.1.2.1 Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund:

	Under The Guarantee Of Saving Deposit Insurance		Exceeding The Limit Of Saving Deposit	
	Current Period	Prior Period	Current Period	Prior Period
Real Persons Current And Profit Sharing Accounts That Are Not Subject To Commercial Activities				
TL Accounts	11,208,437	10,848,810	7,485,297	6,836,543
FC Accounts	10,331,396	8,572,475	19,475,473	15,911,931
Foreign Branches' Deposits				
Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions'				
Under Foreign Authorities' Insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 100 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

2.1.2.2 If the headquarters of the Group is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Group is in Turkey.

2.1.2.3 Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

The Group has no current or profit sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the participation funds of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first degree relatives.

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts And Other Accounts	-	-
Profit Sharing Accounts And Other Accounts Of Controlling Shareholders And Profit Sharing Accounts Of Their Mother, Father, Spouse, Children In Care	-	-
Profit Sharing Account And Other Accounts Of President And Members Of Board Of Directors, CEO And Vice Presidents And Profit Sharing Accounts Of Their Mother, Father, Spouse And Children In Care	8,053	5,677
Profit Sharing Account And Other Accounts In Scope Of The Property Holdings Derived From Crime Defined In Article 282 Of Turkish Criminal Law No:5237 Dated 26 September 2004	-	-
Profit Sharing Accounts In Participation Banks Which Are Established In Turkey In Order To Engage In Off-Shore Banking Activities Solely	-	-

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2.2 Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12,814	4,726	20,764	1,362
Swap Transactions	12,029	5,057	281	41,404
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	24,843	9,783	21,045	42,766

2.3 Information on funds borrowed:

2.3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans From The Central Bank Of The Republic Of Turkey	-	-	-	-
From Domestic Banks And Institutions	94,019	227,988	93,394	315,352
From Foreign Banks, Institutions And Funds	-	1,514,203	-	1,586,550
Total	94,019	1,742,191	93,394	1,901,902

2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	94,019	1,625,787	93,394	1,753,713
Medium And Long-Term	-	116,404	-	148,189
Total	94,019	1,742,191	93,394	1,901,902

2.3.3 Explanations related to the concentrations of the Bank's major liabilities:

All of the borrowings consist of foreign currency loans and majorly they are formed by the transactions with the off-shore financial institutions.

There is no risk concentration of the Bank's current and profit sharing accounts.

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2.4 Information on the issued marketable securities:

The Group has the following issued sukuk certificates. The average income rate for the issued marketable securities is 21% for Turkish Lira, 5% for US Dollar, 6% for Malaysian Ringgit. The maturities for the sukuk issued in Turkish Lira, US Dollar and Malaysian Ringgit are between January 2018 – May 2019, between June 2019 – November 2021, between March 2020 – July 2020, respectively.

Current Period	TL		FC	
	Short term	Medium long term	Short term	Medium long term
Nominal	1,671,066	42,000	-	6,569,658
Distribution of residual income	110,907	-	-	589,706
Carrying value	1,730,178	42,149	-	6,678,618

Prior Period	TL		FC	
	Short term	Medium long term	Short term	Medium long term
Nominal	1,229,428	345,000	-	6,115,734
Distribution of residual income	100,514	-	-	574,318
Carrying value	1,287,131	347,803	-	6,157,936

2.5 Information on other liabilities and miscellaneous payables:

As of 31 March 2019, other liabilities amount to TL 418,766 (31 December 2018 – TL 1,075,824), sundry creditors amount to TL 331,110 (31 December 2018 - TL 261,894). These items are included in the “Other Liabilities” line of the balance sheet and they do not exceed 10% of the balance sheet total.

2.6 Information on finance lease payables (net):

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	124,705	119,021	-	-
1 to 4 years	239,587	147,837	-	-
More than 4 years	127,290	38,403	-	-
Total	491,582	305,261	-	-

The Participation Bank used FTP (Fund Transfer Pricing) rates as an alternative borrowing rate of profit as 1 January 2019. Relevant ratios are revised and revised in 2-week periods after 1 January 2019. The change in Participation Bank payments uses an unmodified discount rate unless the variable profit share rate is related. If the change in the lease payments results from variable profit share rates (LIBOR, EURIBOR),the lessee will use a revised discount rate reflecting changes in the profit share rate.

2.7 Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	108,428	-	106,352
Hedge Of Net Investment In Foreign Operations	-	-	-	-
Total	-	108,428	-	106,352

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2.8 Information on provisions:

2.8.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 31 March 2019, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 7,431 (31 December 2018 – TL 4,654) and TL 707 for leasing receivables (31 December 2018 – TL 1,266) is offset against loans and receivables.

2.8.2 Information on other provisions:

	Current Period	Prior Period
Non Cash loans that are not converted into cash		
Special Provisions for non-cash loans	289,696	240,372
General Provisions for non-cash loans	80,034	145,911
Provision for Profits will be Allocated to Participation Accounts	169,789	129,152
Promotion activities for credit cards	2,043	1,778
Other (*)	61,789	54,231
Total	603,351	571,444

(*) Other item includes TL 16,333 (31 December 2018 – TL 13,780) litigation provision, TL 5,166 (31 December 2018 – TL 6,500) includes provision for expenses, TL 38,207 (31 Aralık 2018 – 29,761 TL) includes other provision, 2,083 TL (31 Aralık 2018 – None) provision for impairment.

2.8.3 Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 94,045 (31 December 2018 – TL 86,818), vacation pay liability amounting to TL 24,675 (31 December 2018 – TL 585), performance premium amounting to TL 20,062 (31 December 2018 – TL 86,617), retirement bonuses on payment of TL 46,049 (31 December 2018 – TL 44,014), committee fee amounting to TL 13,076 (31 December 2018 – TL 10,869) and other fees amounting to TL 187 (31 December 2018 – TL 175).

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

The amount payable consists of one month's salary limited to a maximum of TL 6,017.60 (full amount) (31 December 2018 – TL 5,434.42 (full amount)) for each year of service. The liability is not funded, as there is no funding requirement.

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

	Current Period	Prior Period
Discount Rate (%)	16.30	16.30
Inflation Rate (%)	12.00	12.00
Salary Increase Rate (%)	25.00	13.00

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

	Current Period	Prior Period
Balance At The Beginning Of The Period	86,818	84,286
Provisions Recognized During The Period	10,443	23,455
Paid During The Period	(3,216)	(7,272)
Actuarial Loss	-	(13,651)
Balances At The End Of The Period	94,045	86,818

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2.9 Explanations on tax liability:

2.9.1 Explanations on current tax liability:

2.9.1.1 Information on tax provisions: As of 31 March 2019, the Group has current tax liability after deducting temporary taxes paid during the period from the provision for corporate income tax amounting to TL 49,620.

	Current Period	Prior Period
Provision For Corporate Income Tax	45,423	456,489
Prepaid Taxes	4,197	(278,837)
Total (*)	49,620	177,652

(*) Related amount is presented in the current tax liability line, under liabilities.

2.9.1.2 Information on tax payable:

	Current Period	Prior Period
Taxation Of Marketable Securities	43,754	21,252
Taxation Of Immovable Property	1,885	1,569
Banking Insurance Transaction Tax (Bitt)	30,608	32,461
Value Added Tax Payable	1,798	1,904
Income Tax Deducted From Wages	10,521	9,675
Other	1,373	1,131
Total	89,939	67,992

2.9.1.3 Information on premiums (*):

	Current Period	Prior Period
Social Security Premiums-Employee	16,050	5,640
Social Security Premiums-Employer	17,348	6,075
Unemployment Insurance-Employee	1,149	404
Unemployment Insurance-Employer	2,646	952
Total	37,193	13,071

(*) Included in other liabilities/Miscellaneous payables on the balance sheet.

2.9.1.4 Information on deferred tax liability: None (31 December 2018 – None).

2.10 Information on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2018 – None).

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2.11 Information on subordinated loans shareholders' equity:

	Current Period		Prior Period	
	TL	FC	TL	FC
To be included in the calculation of additional capital	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1,986,689	-	1,901,210
Subordinated Loans	-	1,986,689	-	1,901,210
Subordinated Debt Instruments	-	-	-	-
Total	-	1,986,689	-	1,901,210

Kuwait Turkish Participation Bank, on 17 February 2016 Cayman Islands's as resident Special Purpose Vehicle (SPV) KT Sukuk Company Limited with over 350 million US Dollars worth of sukuk issued by the BRSA by the issue in the Regulation on the Capital Adequacy requirements having a contribution, it has provided capital loans. BRSA dated 2 September 2015 and 200098792101.01[93]E.12819 Letter of Conformity No included in the loan be included in the calculation of capital contribution to the Bank / Sukuk annual rate of return is 7.90%,5 year maturity and repayment option at the end of the Bank 10 it is determined as years. Sukuk returns under the said payment, the implementation of the transfer price of the assets, expressed as a yearly rate of return will be calculated by and principal will be made in two equal installments on 17 July and 17 February each year.

2.12 Information on Shareholders' equity:

2.12.1 Presentation of paid-in capital:

	Current Period	Prior Period
Common Shares	3,500,000	3,500,000
Preference Shares	-	-
Repurchased Shares Amount (*)	(2,678)	(2,678)
Total	3,497,322	3,497,322

(*) It represents the Parent Bank's acquisition of its own shares as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

2.12.2 Amount of paid-in capital, disclosure on whether the bank applies the registered share capital system, and, if so, the ceiling amount of the registered share capital: Registered capital system is not applied in the Parent Bank.

2.12.3 Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period:

None.

2.12.4 Information on share capital increases from capital reserves during the current period: None (31 December 2018 – None).

2.12.5 Possible effect of estimations made for the Group's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:

Based on the evaluation made considering the prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

2.12.6 Summary of privileges given to shares representing the capital:

None (31 December 2018 – None).

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2.12.7 Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference(*)	(17,233)	(96,593)	(37,105)	(51,432)
Foreign Exchange Difference	-	-	-	-
Total	(17,233)	(96,593)	(37,105)	(51,432)

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under financial assets at fair value through other comprehensive income in the balance sheet.

2.13 Information on minority shares:

31 March 2019 – TL 25,075. (31 December 2018 – TL 25,112).

3. Explanations and notes related to off-balance sheet contingencies and commitments

3.1 Explanations on off-balance sheet accounts:

3.1.1 Type and amount of irrevocable commitments: Commitment for credit card limits, as of 31 March 2019 is TL 2,086,980 (31 December 2018 – TL 1,858,018); payment commitments for cheque books are TL 1,435,409 (31 December 2018 – TL 1,136,474).

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

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

As of 31 March 2019, the Bank has guarantees and surety ships constituting of TL 10,684,141 (31 December 2018 – TL 10,391,279) letters of guarantee; TL 61,308 (31 December 2018 – TL 74,098) acceptances and TL 1,347,146 (31 December 2018 – TL 1,079,876) letters of credit. Also banks has other acceptances amount of TL 326,896 (31 December 2018 – TL 330,827).

3.1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i.)

3.1.3 Total amount of non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Cash Loans	-	-
With Original Maturity Of 1 Year Or Less	-	-
With Original Maturity Of More Than 1 Year	-	-
Other Non-Cash Loans	12,420,136	11,876,080
Total	12,420,136	11,876,080

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4. Explanations and notes related to the consolidated income statement

4.1 Information on profit share income:

4.1.1 Information on profit share received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit Share On Loans	1,309,351	168,826	969,920	67,336
Short Term Loans	425,561	43,265	242,611	12,233
Medium And Long Term Loans	878,788	125,561	723,248	55,103
Profit Share On Non-Performing Loans	5,002	-	4,061	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-

4.1.2 Information on profit share received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank Of The Republic Of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	3,730	55,373	-	18,223
Branches And Head Office Abroad	-	348	-	-
Total	3,730	55,721	-	18,223

4.1.3 Information on profit share income from securities portfolio:

The Group has received TL 133,055 profit share income from rent certificates (sukuk) which is given the details in information of financial assets at fair value through other comprehensive income (1 January - 31 March 2018 - TL 80,264).

4.1.4 Information on profit share income received from associates and subsidiaries:

	Current Period	Prior Period
Profit share income received from associates and subsidiaries.	18	-

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4.2 Information on profit share expense paid to utilized loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank Of The Republic Of Turkey	-	-	-	-
Domestic Banks	2,832	3,050	658	2,269
Foreign Banks	-	5,783	1,409	4,842
Branches And Head Office Abroad	-	-	-	-
Other Institutions	1	45,830	18,436	22,314
Total	2,833	54,663	20,503	29,425

4.2.1 Profit share expense given to associates and subsidiaries:

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	232	249

4.2.2 Profit share expense paid to securities issued:

31 March 2019 – TL 181,106 (1 January-31 March 2018 – TL 99,299).

4.3 Informatin on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	803	-
Total	803	-

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4.4 Distribution of profit share on funds based on maturity of funds:

Current Period	Profit Sharing Accounts							Accumulated profit sharing accounts	Total
	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year			
Account Name									
TL									
Collected Funds From Banks Through Current And Profit Share Accounts	-	-	-	-	-	-	-	-	-
Real Person's Non-Trading Profit Sharing Account	192,763	303,828	17,818	-	9,500	11,002	700	535,611	
Public Sector Profit Sharing Account	5	68	-	-	4	-	-	77	
Commercial Sector Profit Sharing Account	14,920	31,523	4,351	-	661	425	-	51,880	
Other Institutions Profit Sharing Account	2,124	2,666	420	-	207	84	-	5,501	
Total	209,812	338,085	22,589	-	10,372	11,511	700	593,069	
FC									
Banks	6	607	-	-	-	-	-	613	
Real Person's Non-Trading Profit Sharing Account	30,616	52,408	8,076	-	4,450	3,489	14	99,053	
Public Sector Profit Sharing Account	-	6	-	-	-	-	-	6	
Commercial Sector Profit Sharing Account	2,882	21,712	922	-	68	65	-	25,649	
Other Institutions Profit Sharing Account	252	3,144	26	-	1	-	-	3,423	
Precious Metal Accounts	3,657	3,989	592	-	208	-	-	8,446	
Total	37,413	81,866	9,616	-	4,727	3,554	14	137,190	
Grand Total	247,225	419,951	32,205	-	15,099	15,065	714	730,259	
Prior Period	Profit Sharing Accounts							Accumulated profit sharing accounts	Total
Account Name	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 year	Above 1 year			
TL									
Collected Funds From Banks Through Current And Profit Share Accounts	-	-	-	-	-	-	-	-	
Real Person's Non-Trading Profit Sharing Account	89,938	146,411	10,788	-	5,702	5,153	-	257,992	
Public Sector Profit Sharing Account	69	1,048	-	-	-	-	-	1,117	
Commercial Sector Profit Sharing Account	9,115	21,129	3,890	-	339	256	-	34,729	
Other Institutions Profit Sharing Account	860	2,210	267	-	90	46	-	3,473	
Total	99,982	170,798	14,945	-	6,131	5,455	-	297,311	
FC									
Banks	8	42	-	-	-	-	-	50	
Real Person's Non-Trading Profit Sharing Account	13,079	23,398	5,039	-	2,424	1,399	-	45,339	
Public Sector Profit Sharing Account	-	-	-	-	-	-	-	-	
Commercial Sector Profit Sharing Account	1,506	8,249	1,407	-	936	32	-	12,130	
Other Institutions Profit Sharing Account	455	837	144	-	6	-	-	1,442	
Precious Metal Accounts	920	3,311	285	-	161	-	-	4,677	
Total	15,968	35,837	6,875	-	3,527	1,431	-	63,638	
Grand Total	115,950	206,635	21,820	-	9,658	6,886	-	360,949	

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4.5 Information on trading income/loss (Net):

	Current Period	Prior Period
Trading Income/Loss (Net)	263,167	52,335
Income	8,418,452	2,991,595
Gain On Capital Market Transactions	18,078	7,320
Gain On Derivative Financial Instruments	623,582	306,235
Foreign Exchange Profit	7,776,792	2,678,040
Losses (-)	(8,155,285)	(2,939,260)
Losses On Capital Market Transactions	(5,065)	(1,826)
Losses On Derivative Financial Instruments	(407,447)	(338,192)
Foreign Exchange Losses	(7,742,773)	(2,599,242)

4.6 Information on other operating income:

Details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank.

	Current Period	Prior Period
Revenues from the allowances allocated in previous years	305,362	149,950
Income from sale of assets	1,781	9,550
Leasing revenues	724	637
Other Incomes	3,598	5,274
Total	311,465	165,411

4.7 Expected credit loss of banks on credit receivables:

	Current Period(*)	Prior Period
Expected Credit Loss	649,948	314,347
12 Month Expected Credit Loss (Stage 1)	30,937	142
Significant Increase In Credit Risk (Stage 2)	237,768	64,545
Non-Performing Loans (Stage 3)	381,243	249,660
Marketable Securities Impairment Expense	3,486	733
Financial Assets At Fair Value Through Profit Or Loss	933	733
Financial Assets At Fair Value Through Other Comprehensive Income	2,553	-
Impairment Losses From Associates, Subsidiaries And Jointly Controlled Entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	44,000	10,823
Total	697,434	325,903

(*) Includes the provisions in the "Other Provision Expense" line in the Income Statement.

(**) Includes free provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

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4.8 Expected credit loss provisions of the Banks:

	Current Period	Prior Period
Personnel Expenses (*)	288,769	217,387
Provision for severance pay	7,227	6,049
Depreciation Expenses Of Fixed Assets	45,261	15,615
Impairment Expenses Of Tangible Assets	-	9,323
Depreciation Expenses Of Intangible Assets	12,035	-
Depreciation Expenses Of Assets Held For Sale	-	78,756
Other Operating Charges	80,283	31,075
Rent Expenses	3,490	10,792
Maintenance Expenses	13,248	1,512
Advertisement Expenses	12,678	8,821
Communication Expenses	12,702	3,948
Heating, Electricity And Water Expenses	6,336	1,505
Cleaning Expenses	2,103	1,702
Vehicle Expenses	2,232	2,220
Stationery Expenses	2,579	17,181
Other Expenses	24,915	24
Losses On Sales Of Assets	131	22,829
Deposit Insurance Fund Expenses	15,739	26,753
Other	53,988	217,387
Total	503,433	376,736

(*) It refers to line presenting as personnel expenses in the income statement.

4.9 Information on profit/loss from continued and discontinued operations before taxes:

The Group's income before tax amounting to TL 291,156 TL increased 4.67 % as compared to the prior period (1 January – 31 March 2018 – TL 278,174). Income before tax includes TL 794,277 (1 January – 31 March 2018 – TL 680,301) net profit share income and TL 119,041 (1 January – 31 March 2018 – TL 81,107) net fees commission and income. Other operating expense amount is TL 207,437 (1 January – 31 March 2018 – TL 376,736).

4.10 Information on tax provision for continued and discontinued operations:

In this period, current tax provision expense of the group is TL 45,423 (1 January-31 March 2018 –TL 51,574), deferred tax expense of the Group is TL 199,503 (1 January-31 March 2018 – TL 4,770) and deferred tax income of the group is TL 179,033 (1 January-31 March 2018 – TL 12,359).

4.11 Information on net income/loss from continued and discontinued operations:

There is no income or loss for discontinued operation in net operating income after tax.

4.12 Information on net income/loss:

4.12.1 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 Bank's performance for the period: As of 31 March 2019, net profit share income is TL 794,277 (31 March 2018 – TL 680,301), net fees and commission income is TL 119,041 (31 March 2018 – TL 81,107).

4.12.2 Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None (31 March 2018 – None).

4.12.3. Profit/Loss attribute to Minority Share:

	Current Period	Prior Period
Profit/(Loss) from Minority Shares	(37)	107

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4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement:

As of 31 March 2019, other fees and commissions received is TL 43,826 (31 March 2018 – TL 90,281), TL 46,287 of this amount is related with credit card fees and commissions (31 January-March 2018 – TL 21,141) and TL 35,265 of this amount is related with POS machine commissions (1 January-31 March 2018 – TL 16,676).

As of 31 March 2019, other fees and commissions given is TL 1,448 (1 January-31 March 2018 – TL 42,762), TL 41,491 (1 January-31 March 2018 – TL 18,862) of this amount is related with POS clearing commissions and installation expenses, TL 5,148 (1 January-31 March 2018 – TL 3,705) of this amount is related with fees and commissions paid for credit cards.

5. Explanations and notes related to the consolidated cash flow statement

5.1 Information regarding the balances of cash and cash equivalents:

5.1.1 Components of cash and cash equivalents and accounting policy applied in their determination:

“Cash” is defined as cash in vault and foreign currency cash, cash in transit, checks purchased, unrestricted amount in the Central Bank and demand deposits in Banks. “Cash equivalents” is defined as money market placements, investments in securities and time deposits in banks with original maturity less than three months.

Cash and cash equivalent assets at the beginning of the period:

	Current Period
Cash	6,710,455
Cash in Vault, Foreign Currency Cash and Other	1,058,399
Demand Deposit on Banks	3,652,056
Cash Equivalents	-
Interbank Money Market	-
Time Deposit at Banks	-
Securities	-
Total cash and cash equivalent asset	6,710,455

Cash and cash equivalents assets at the end of the period:

	Prior Period
Cash	5,874,515
Cash in Vault, Foreign Currency Cash and Other	236,143
Demand Deposit on Banks (3 months)	5,638,372
Cash Equivalents	-
Interbank Money Market	-
Time Deposit at Banks	-
Securities	-
Total cash and cash equivalent asset	5,874,515

5.2 Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:

None.

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5.3 Informatin on other account in cash flow statement:

“Other items” amounting to TL (320,718) (1 January-31 March 2018 - TL 28,729) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other operationg expenses except for collection from non-performing loans and personnel expenses.

“Net increase/decrease in other liabilities” amounting to TL (1,204,173) (1 January-31 March 2018-TL (596,813)) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and taxes and other duties payables.

“Net increase/decrease in other assets” amounting to TL 1,027,504 (1 January-31 March 2018 - TL (61,039)) in “Changes in operating assets and liabilities” consist of changes in tax asset and other asset.

5.4 Effects of the change in foreign currency rates on cash and cash equivalents:

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 303,615 as of 31 March 2019 (31 March 2018 – TL (86,172)). The effect of the exchange rate on cash and cash equivalents is calculated by multiplying the foreign exchange difference between the date of entry of the cash and the balance sheet date by the related cash amount.

6. Explanations on notes related to risk group of the Bank:

6.1 The volume of transactions related to the risk group of the Bank,the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period:

Current Period:

Risk Group Of The Bank (*)	Investment In Associates, Subsidiaries And Joint Ventures (Business Partnerships)		Direct And Indirect Shareholders Of The Bank		Other Real Or Legal Persons Included In The Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans And Other Receivables					
Balance At Beginning Of Period	35	13,666	1,034	398	204,988	520
Balance At End Of Period	175	14,597	1,402	2,477	591,868	534
Profit Share And Commission Income	-	18	19	3	7,102	1

(*) Defined In The Subsection 2, Article 49 Of The Banking Law No. 5411.

Prior Period:

Risk Group Of The Bank (*)	Investment In Associates, Subsidiaries And Joint Ventures (Business Partnerships)		Direct And Indirect Shareholders Of The Bank		Other Real Or Legal Persons Included In The Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans And Other Receivables					
Balance At Beginning Of Period	19	447	1,030	786	150,924	917
Balance At End Of Period	22	447	1,218	856	160,093	937
Profit Share And Commission Income	-	78	15	-	3,085	1

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

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Information on current and profit sharing accounts of the Bank's risk group:

Risk Group Of The Bank (*)	Investment In Associates, Subsidiaries And Joint Ventures (Business Partnerships)			Direct And Indirect Shareholders Of The Bank		Other Real Or Legal Persons Included In The Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	
	Current And Profit Sharing Accounts						
Balance At Beginning Of Period	34,808	30,010	35,032	60,187	255,239	417,813	
Balance At End Of Period	64,859	34,808	52,596	35,032	392,813	255,239	
Profit Share Expense	232	249	967	1,168	4,372	5,023	

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

Forward and option agreements and other similar agreements with the risk group of the Bank: None. (31 March 2018 - None).

Information on loans associated with the risk group of the Bank:

Risk Group of the Bank	Investment In Associates, Subsidiaries And Joint Ventures (Business Partnerships)			Direct And Indirect Shareholders Of The Bank		Other Real Or Legal Persons Included In The Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	
	Borrowings						
Balance At Beginning Of Period	-	-	802,108	2,175,759	-	-	
Balance At End Of Period	-	-	867,277	802,277	-	-	
Profit Share Expense	-	-	17,208	12,646	-	-	

6.2 Information on remunerations provided to top management:

As of 1 January - 31 March 2019, the Bank has paid TL 27,005 to top management (1 January - 31 March 2018- TL 17,967).

7. Significant events and matters arising subsequent to balance sheet date:

At the Ordinary General Assembly Meeting dated 3 April 2019, the Parent Bank decided to reserve TL 43,491 of primary reserve, transferring TRY 71,861 obtained from real estate sales to other reserves instead of distributing to shareholders, not to make dividend payments in cash to shareholders, to make TRY 6,546 of dividend payment to Management, TRY 499,681 to be used in the capital increase to be made from the internal sources without being distributed to the shareholders and to be given to the shareholders in the form of bonus shares proportionate to the shareholding shares in the capital, to allocate the secondary reserve amounting to TL 655 and to leave the remaining TL 247,261 as extraordinary reserves; to support the research and development activities numbered 5746, TRY 319 support received for development activities shall be distributed to the other reserves without being distributed.

The Parent Bank signed a contract with KFH Capital Investment Company on 5 October 2017 for the transfer of 50% of the shares of KT Asses Management (Subsidiary) to KFH Capital Investment Company on 20 July 2018 with a price of TL 16,901. On 27 January 2019, a contract was signed with KFH Capital Investment Company on the date of 27 January 2019. The Transfer was completed on 2 April 2019.

The Parent Bank has issued sukuk with nominal value of TL 410,000 thousand, 101 days maturity and 21.50 % cost via KT Kira Sertifikaları Varlık Kiralama A.Ş.

The Parent Bank has issued sukuk with the nominal value of TL 300,000 thousand, maturity of 95 days and cost rate of 20.61%, through KT Kira Sertifikaları Varlık Kiralama A.Ş. by public offering.

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SECTION SIX
OTHER EXPLANATIONS

1. Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet

None.

SECTION SEVEN
LIMITED REVIEW REPORT

1. Explanations on the limited review report

The consolidated financial statements and notes have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Ernst & Young Global Limited) and Auditors' Report dated 21 May 2019 is presented in the introduction of this report.

2. Notes and disclosures prepared by the independent auditor

None.

SECTION EIGHT
CONSOLIDATED INTERIM ANNUAL REPORT

1. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities

1.1 About Kuveyt Türk

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

62.24% of the Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by The Public Institution For Social Security in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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1.2 Financial Informations Summary

CONSOLIDATED BALANCE SHEET (Selected Items)	31 March 2019	31 December 2018
CASH BALANCES AND CENTRAL BANK	10,190,817	10,611,921
BANKS	6,891,678	6,896,927
LOANS AND RECEIVABLES	49,786,640	46,459,051
FINANCE LEASE RECEIVABLES (NET)	2,525,146	2,450,699
TANGIBLE ASSETS (NET)	753,684	457,187
OTHER ASSETS	14,707,719	8,137,201
TOTAL ASSETS	84,855,684	75,012,986
FUND COLLECTED	64,897,259	55,230,018
FUNDS BORROWED	1,836,210	1,995,296
MARKETABLE SECURITIES ISSUED	8,450,946	7,792,870
LEASE PAYABLES	305,261	-
SUBORDINATED LOANS	1,986,689	1,901,210
OTHER LIABILITIES	1,743,995	2,674,058
EQUITY	5,635,324	5,419,534
TOTAL LIABILITIES	84,855,684	75,012,986
CONSOLIDATED STATEMENT OF PROFIT AND LOSS	31 March 2019	31 March 2018
PROFIT SHARE INCOME	1,780,019	1,204,834
PROFIT SHARE EXPENSE	985,742	524,533
NET PROFIT SHARE INCOME/EXPENSE	794,277	680,301
NET FEES AND COMMISSION INCOME/EXPENSE	119,041	81,107
PERSONNEL EXPENSES	295,996	223,436
NET TRADING INCOME / LOSS	803	-
OTHER OPERATING INCOME	263,167	52,335
EXPECTED LOSS PROVISIONS (-)	311,465	165,411
OTHER PROVISION EXPENSES (-)	649,958	314,347
OTHER OPERATING EXPENSES (-)	47,476	11,556
INCOME/LOSS FROM SHAREHOLDERS UNDER EQUITY METHOD	207,437	153,300
INCOME/ LOSS BEFORE TAX	3,270	1,659
TAX CHARGE	291,156	278,174
PROFIT SHARE INCOME	65,893	59,063
PERIOD NET INCOME/LOSSES	225,263	337,237

	31 March 2019	31 December 2018
Total Loans/Total Assets *	61.65%	65.20%
Total Loans/Fund Collected *	80.61%	88.56%
Average Equity Profit **	16.30%	16.14%
Average Assets Profit **	1.13%	1.22%
Capital Adequacy Ratio	15.88%	17.22%

* Finance Lease Receivables is included in total loans.

** Related ratios calculated by included in interim periods' profit amounts to year-end balances.

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1.3 Message From The Chairman Of The Board Of Directors:

Developments followed closely by financial markets in the first quarter of 2019; monetary policy decisions of the central banks of developed countries, positive progressive negotiations to end trade wars between the US and China, uncertainties in the Brexit process, concerns about global economic growth and upward movements in oil prices.

In the first quarter of 2019, leading indicators of slowing economic activity, particularly in Europe and China, indicated that global economic growth would slow down. Moreover, the fact that the Brexit process has not reached its final clarity has caused the uncertainty in the European economy to not dissipate. On the other hand, labor force data and leading growth indicators that are above expectations in the US indicate that economic activity can be distinguished positively compared to Europe and China.

Following the downward revision of economic growth forecasts, the central banks of developed countries have made changes in their monetary policies. While the Fed lowered the interest rate increase expectation from 2 to zero, the European Central Bank stated that it would not increase its interest rate until the end of the year.

In Turkey, in the first quarter of the year, economic activity slowed down compared to last year, in line with global trends, the improvement in the trade balance and inflation are seen as relatively experienced in the table as a positive step forward. The Consumer Confidence Index and Real Sector Confidence Index, which had a downward trend in the last quarter of 2018, recorded a recovery in the first quarter of 2019. CBRT's message that it will maintain its tight monetary policy until the general price stabilization is achieved is a positive indicator for inflation in the coming period.

The strong capital structure of the banking sector, which is among the most important sectors of the Turkish economy, reduces the fragility in the face of economic fluctuations. While banking sector assets increased by 7% compared to the year-end of 2018, the funds utilized increased by 5.8 percent to TL 2,755 billion. It is noteworthy that the recovery in demand for financing has decreased since September of last year. In the same period, participation banks continued their growth in the sector, increasing their total assets by 9.7 percent and the funds they extended by 6.1 percent. With the economic stabilization in the coming period, it is expected that the increase in the volume of finance in the Banking Sector is expected to accelerate, especially due to the revival in the demand for commercial finance.

1.4 Message From The General Manager:

In the first three months of 2019, the effects of the economic fluctuation experienced both in our country and around the world continued in 2018. The local election agenda, the slowdown in world economic growth and the Brexit uncertainty in the European Union have shaped the markets. New Economic Program (NEP) within the framework of Turkey's economy has entered a rebalancing process to succeed.

Kuveyt Türk, celebrating its 30th anniversary, continued to grow steadily by increasing its profitability in the first quarter of 2019 and increased its net profit by 25.07 percent to 254 million TL compared to the same period of the previous year. Kuveyt Türk's total fund size reached TL 63.5 billion with an increase of 17.6 percent compared to the end of 2018, while the fund size increased by 6.5 percent to TL 50.9 billion. Kuveyt Türk maintained its own assets at TL 5.6 billion, and its total assets at TL 83.6 billion, maintaining its top position among participation banks in terms of asset size.

Kuveyt Türk continued its efforts to support the real economy and sustainability of its operations through products and services developed in line with the principles of participation banking. In order to support exports in the year 2019 and increase the foreign exchange inflow to the country, the export fee will be valid in registered transactions and has entered the Export Support Package. In addition, in order to contribute to the 2019 targets of the tourism sector, before the summer season, which is called as high season, it created a privileged package for tourism enterprises. In this context, tourism-based tourism financing and flexible payment credit card services were offered to the tourism sector. Furthermore, with the Online Supplier Financing product, which is a first in the field of participation banking, the suppliers were offered the opportunity to collect before the maturity of the invoice, and to offer the buyer flexible payment facility. Thus, both parties have been able to regulate their cash flows and allow them to continue their activities in a stable manner without being in a difficult situation.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

Kuveyt Turk put its signature under many first's in gold banking sector in Turkey. In accordance with that, Kuveyt Turk became the first institution from Turkey to be accepted to Shanghai Gold Exchange. As one of the 74 international members of the Shanghai Gold Exchange, Kuveyt Turk is expected to increase the volume of its international transactions, which account for 20 percent of its annual gold trading volume, to an even higher level.

Kuveyt Türk has continued to add new awards to international awards, and has received two awards at the IFN Awards organized by Islamic Finance News, one of the leading financial markets. The Bank, with its main shareholder (Kuwait Finance House) received award of "the Project and Infrastructure Financing of the Year" with the funding of 1915 Çanakkale Bridge, which was a participation of € 200 million corresponding to 8.8 percent of its total financing. In addition, The first corporate sukuk issuance of telecommunications sector has been provided to Turkcell Superonline. The bank received award "the transaction of the year in Turkey" because of this transaction.

Kuveyt Turk, with its strong capital and liquidity position, high asset quality, dynamic approach to corporate governance, continuous improvement focused on customer service model, ongoing investment in technology, accelerate the digital transformation efforts and overseas expansion, aims continue to be the leading company in the participation banking sector in Turkey.

1.5 Financial Position, Performance and Assessment of the Prospects for the Future

As of 31 March 2019, consolidated financial statements asset size is TL 84 million 856 thousand, amount of the utilization of funds is TL 50 million 740 thousand and funds collected amount is TL 64 million 897 thousand. Due to the effect of the first three months' profit of TL 225 thousand, the ratio of shareholder equity increased 3.98 % by reaching TL 5 million 635 thousand. As of 31 March 2019, consolidated capital adequacy ratio has been realized as 15.88 %.

The expectations for growth and profitability will continue in the development line.

1.6 Announcement regarding important developments during the period

The Parent Bank has issued sukuk with a total nominal value of TL 1,521,000 thousand with six separate transactions over KT Kira Sertifikaları Varlık Kiralama A.Ş. with a minimum 19.73% and maximum 21.40 % cost in different maturity periods.

The Parent Bank signed a contract with KFH Capital Investment Company on 5 October 2017 for the transfer 50 % of the shares of KT Asset Management (Subsidiary) to KFH Capital Investment Company on 20 July 2018 with a price of TL 16,901. On 27 January 2019 a contract was signed with KFH Capital Investment Company on the date of 27 January 2019. The transfer was completed on 2 April 2019.

1.7 Assessment of the expectations related to the postintermediate period

The Bank continues to open new branches after subsequent interim. The number of branches is planned to reach 430 by the end of 2019.