

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INTERIM CONSOLIDATED
CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2020**

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Türk Ekonomi Bankası A.Ş.
İstanbul

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Türk Ekonomi Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (together “the Group”) as of 30 June 2020, and the related condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, “Interim financial reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 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 and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim financial reporting”.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Yaman Polat
Partner
İstanbul, 24 August 2020

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

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

	Notes	30 June 2020	31 December 2019
ASSETS			
Cash and balances with central banks		11,075,797	12,394,727
Financial assets at fair value through profit or loss ("FVPL")	7	3,214,724	2,965,434
Securities		1,748,247	1,295,392
Derivative financial instruments	7	1,466,477	1,670,042
Derivatives used for hedging purposes	7	883,364	241,507
Financial assets at fair value through other comprehensive income ("FVOCI")	7	11,034,190	5,541,376
Debt securities		11,023,419	5,533,476
Equity shares		10,771	7,900
Financial assets at amortised cost ("AC")		94,473,842	81,275,741
Loans and advances due from banks	7	5,743,946	9,570,735
Loans and advances to customers	5-7	74,450,387	63,909,049
Factoring receivables	7	1,739,991	2,050,168
Debt securities	7	11,699,306	4,905,514
Other money market placements	7	840,212	840,275
Current tax asset		4,903	14,810
Deferred tax asset		634,877	667,146
Property, plant and equipment		783,227	884,818
Intangible assets		111,661	140,308
Goodwill		420,645	420,645
Other assets		3,274,731	4,580,184
Total assets		125,911,961	109,126,696
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from central bank	7	203,661	25
Financial liabilities at fair value through profit or loss	7	1,516,440	1,586,584
Derivative financial instruments		1,516,440	1,586,584
Derivatives used for hedging purposes	7	1,193,586	1,924,974
Financial liabilities at amortised cost		105,951,954	89,640,827
Deposits from credit institutions	7	4,035,806	386,287
Customers' deposits	7	74,957,140	71,791,540
Other money market deposits	7	6,257,863	1,644,665
Funds borrowed	7	9,426,857	10,293,955
Debt securities issued	6-7	7,599,602	2,333,877
Subordinated debts	7	3,674,686	3,190,503
Current tax liability		241,073	32,155
Provisions		688,756	667,180
Other liabilities		4,991,583	5,365,834
Total liabilities		114,787,053	99,217,579
EQUITY			
Equity attributable to owners of the parent		11,113,202	9,899,711
Share capital issued		2,204,390	2,204,390
Premium in excess of par		2,565	2,565
Adjustment to share capital		200,262	200,262
Financial instruments designated as at fair value through equity		61,883	19,528
Reserve for hedging funds		(504,514)	(886,750)
Remeasurement on employee benefits		44,136	39,999
Retained earnings		9,104,480	8,319,717
Non-controlling interests		11,706	9,406
Total equity		11,124,908	9,909,117
Total liabilities and equity		125,911,961	109,126,696

The accompanying policies and explanatory notes are an integral part of these condensed consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 JUNE 2020

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

Notes	1 January - 30 June 2020	1 January - 30 June 2019
Interest income		
Interest income on loans measured at AC	4,548,594	5,513,040
Interest income on debt securities measured at AC	396,111	275,201
Interest income on debt securities at FVOCI	347,834	158,455
Interest income on debt securities at FVPL	94,839	69,294
Interest income on loans and advances due from banks measured at AC	114,603	244,577
Interest income on other money market placements measured at AC	16,078	128,756
Interest income on hedging derivatives	371,619	987,531
Total interest income	5,889,678	7,376,854
Interest expenses		
Interest expenses on customers' deposits	(1,576,020)	(3,309,138)
Interest expenses on subordinated debts	(141,056)	(115,302)
Interest expenses on other money market deposits	(120,185)	(52,237)
Interest expenses on debt securities issued	(180,972)	(242,208)
Interest expenses on funds borrowed and deposits from credit institutions	(262,810)	(231,562)
Interest expenses on hedging derivatives	(900,733)	(710,485)
Total interest expenses	(3,181,776)	(4,660,932)
Net interest income	2,707,902	2,715,922
Fees and commissions and other operating income		
Fees and commissions income	946,916	1,207,381
Fees and commissions expenses	(429,755)	(531,013)
Net loss on financial instruments at fair value through profit or loss	(163,803)	(462,268)
Net loss on financial instruments at fair value through equity	17,497	391
Net losses from other activities	(75,753)	(21,074)
Net banking income	3,003,004	2,909,339
Operating expenses		
Salaries and employee benefits	(831,573)	(751,614)
Other operating expenses	(391,085)	(399,887)
Depreciation and amortization charges	(161,985)	(144,488)
Taxes other than on income	(76,776)	(76,144)
Gross operating income	1,541,585	1,537,206
Cost of risk	(494,196)	(706,475)
Operating income	1,047,389	830,731
Net gain on non-current assets	332	785
Pre-tax income	1,047,721	831,516
Income tax – current	(340,251)	(346,498)
Income tax – deferred	79,567	161,842
Net profit for the period from continuing operations	787,037	646,860
Attributable to:		
Equity holders of the Parent	784,763	645,919
Non-controlling interests	2,274	941
Net Profit	787,037	646,860
Basic earnings per share (full TL)	0.3560	0.2930
Diluted earnings per share (full TL)	0.3560	0.2930
Basic and diluted earnings per share from continuing operations (full TL)	0.3560	0.2930

The accompanying policies and explanatory notes are an integral part of these condensed consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

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

	1 January - 30 June 2020	1 January - 30 June 2019
Profit for the period	787,037	646,860
Other comprehensive income		
Items that are or may be reclassified to profit or loss	424,507	(496,626)
Fair value gains / (losses) on financial assets at fair value through other comprehensive income (net of tax)	42,271	75,485
Net change in fair values	55,653	75,578
Net amount transferred to income	(13,382)	(93)
Cash flow hedge (Effective portion of changes in fair value), (net of tax)	382,236	(572,111)
Items that will not be reclassified to profit or loss	4,247	4,600
Remeasurement of post-employment benefits obligation, (net of tax)	4,137	4,600
Fair value gains on financial assets at fair value through equity, net of tax	110	-
Other comprehensive (loss) / income for the period, net of tax	428,754	(492,026)
Total comprehensive income for the period, net of tax	1,215,791	154,834
Attributable to:		
Owners of the Parent	1,213,491	153,880
Non-controlling interests	2,300	954
Total comprehensive income for the period	1,215,791	154,834

The accompanying policies and explanatory notes are an integral part of these condensed consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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

Attributable to owners of the parent												
Notes	Share capital	Premium in excess of par	Adjustment to share capital	Financial instruments designated as at fair value through equity	Reserve for hedging funds	Remeasurements on employee benefits	Legal reserves	Other capital reserves	Retained earnings	Total equity attributable to equity holders of the Parent	Non-controlling Interests	Total equity
At 31 December 2018	2,204,390	2,565	200,262	(139,731)	273,733	31,706	382,343	1,084,258	5,823,896	9,863,422	8,589	9,872,011
First time adoption impact of IFRS 16, net	-	-	-	-	-	-	-	-	(96,347)	(96,347)	-	(96,347)
At 1 January 2019	2,204,390	2,565	200,262	(139,731)	273,733	31,706	382,343	1,084,258	5,727,549	9,767,075	8,589	9,775,664
Dividends paid	-	-	-	-	-	-	-	-	-	-	(1,447)	(1,447)
Transfer to legal reserves	-	-	-	-	-	-	51,995	-	(51,995)	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	645,919	645,919	941	646,860
Other comprehensive income for the period	-	-	-	75,472	(572,111)	4,600	-	-	-	(492,039)	13	(492,026)
Total comprehensive income	-	-	-	75,472	(572,111)	4,600	-	-	645,919	153,880	954	154,834
At 30 June 2019	2,204,390	2,565	200,262	(64,259)	(298,378)	36,306	434,338	1,084,258	6,321,473	9,920,955	8,096	9,929,051
Attributable to owners of the parent												
Notes	Share capital	Premium in excess of par	Adjustment to share capital	Financial instruments designated as at fair value through equity	Reserve for hedging funds	Remeasurements on employee benefits	Legal reserves	Other capital reserves	Retained earnings	Total equity attributable to equity holders of the Parent	Non-controlling Interests	Total equity
At 31 December 2019	2,204,390	2,565	200,262	19,528	(886,750)	39,999	434,338	1,084,258	6,801,121	9,899,711	9,406	9,909,117
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserves	-	-	-	-	-	-	56,249	-	(56,249)	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	784,763	784,763	2,274	787,037
Other comprehensive income for the period	-	-	-	42,355	382,236	4,137	-	-	-	428,728	26	428,754
Total comprehensive income	-	-	-	42,355	382,236	4,137	-	-	784,763	1,213,491	2,300	1,215,791
At 30 June 2020	2,204,390	2,565	200,262	61,883	(504,514)	44,136	490,587	1,084,258	7,529,635	11,113,202	11,706	11,124,908

The accompanying policies and explanatory notes are an integral part of these condensed consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

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

	1 January - 30 June 2020	1 January - 30 June 2019
Cash flows from operating activities		
Interest received	5,786,318	7,064,360
Interest paid	(3,178,342)	(4,885,243)
Fees and commissions received	579,239	1,197,054
Trading loss	(2,420,898)	43,418
Collection from impaired loans	538,544	406,237
Fees and commissions paid	(429,755)	(531,013)
Cash payments to employees and other parties	(831,573)	(741,564)
Other operating activities	4,548,849	(31,648)
Income taxes paid	(121,679)	(103,068)
Cash flows from operating activities before changes in operating assets and liabilities	4,470,703	2,418,533
Changes in operating assets and liabilities		
Net (increase) in financial assets through profit or loss	(455,295)	(517,671)
Net (increase) / decrease in reserve deposits at central banks	1,241,808	(4,406,880)
Net decrease in loans and advances due from banks	926,599	1,813,839
Net (increase) in loans and advances to customers	(11,305,025)	(1,878,490)
Net decrease in factoring receivables	306,039	30,393
Net (increase) / decrease in other assets	1,432,538	(990,254)
Net increase in deposits from credit institutions	3,852,628	14,462
Net increase in deposits from customers	(1,275,229)	2,008,666
Net (decrease) in other money market deposits	4,606,064	1,440,376
Net (decrease) in factoring payables	2,618	2,561
Net increase in other liabilities	(210,950)	(1,644,886)
Net cash generated from / (provided by) operating activities	(878,205)	(4,127,884)
Cash flows from investing activities		
Purchases of securities at FVOCI	(6,430,810)	(1,031,223)
Proceeds from sale and redemption of securities at FVOCI	1,275,188	914,706
Purchases of securities at amortised cost	(7,501,602)	(1,071,784)
Proceeds from sale and redemption of securities at amortised cost	807,184	-
Purchases of property, plant and equipment	(22,457)	(20,321)
Proceeds from the sale of premises and equipment	580	1,286
Purchases of intangible assets	(10,027)	(13,704)
Net cash generated from / (provided by) investing activities	(11,881,944)	(1,221,040)
Cash flows from financing activities		
Proceeds from funds borrowed and issued debt securities	17,618,952	13,920,265
Repayment of funds borrowed and issued debt securities	(13,013,888)	(12,615,162)
Dividends paid to equity holders of the parent	-	(1,447)
Net cash provided by financing activities	4,605,064	1,303,656
Effect of net foreign exchange difference on cash and cash equivalents	703,487	456,988
Net (increase) / decrease in cash and cash equivalents	(2,980,895)	(1,169,747)
Cash and cash equivalents at the beginning of the period	16,352,454	13,060,154
Cash and cash equivalents at the end of the period	13,371,559	11,890,407

The accompanying policies and explanatory notes are an integral part of these condensed consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020 (Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. CORPORATE INFORMATION

General

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009, BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group have agreed on the merger of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merger of two banks has been completed. As a result of the merger, TEB Holding has the majority stake of 55% in TEB and Çolakoğlu Group and BNP Paribas have 50% shares in TEB Holding.

The shareholding structure and their respective ownerships are summarized below as of 30 June 2020 together with the comparative information as of 31 December 2019

Name of shareholders	30 June 2020		31 December 2019	
	Paid in capital	%	Paid in capital	%
TEB Holding A.Ş.	1,212,415	55.00	1,212,415	55.00
BNP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	467,879	21.23
BNP Paribas SA	5,253	0.24	5,253	0.24
Kocaeli Ticaret Odası	501	0.02	501	0.02
	2,204,390	100.00	2,204,390	100.00

TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, while the remaining 50% is controlled by Çolakoğlu Group. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by BNP Paribas Fortis NV/SA whose shareholders are BNP Paribas Fortis NV/SA by 100% shares, respectively. 100% of the shares of BNP Yatırımlar Holding are controlled by BNP Paribas SA.

As of 30 June 2020, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

The registered office address of TEB is TEB Kampüs C ve D Blok, Saray Mahallesi, Sokullu Caddesi, No: 7A-7B Ümraniye-İstanbul/Turkey.

For the purposes of the accompanying condensed consolidated financial statements, the Bank and its consolidated subsidiaries are referred to as the “Group”.

The interim condensed consolidated financial statements of the Group were authorized for issuance by the Board of Directors on 24 August 2020.

Nature of Activities of the Group

The operations of the Group consist of banking, factoring, securities brokerage and portfolio management, which are conducted mainly for local customers.

The subsidiaries included in the consolidation and the effective shareholding percentages of the Group as of 30 June 2020 and 31 December 2019 are as follows:

	Place of Incorporation	Effective Shareholding And Voting Rights %	
		30 June 2020	31 December 2019
TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım)	Turkey	100.00	100.00
TEB Faktoring A.Ş.	Turkey	100.00	100.00
TEB Portföy Yönetimi A.Ş. (TEB Portföy)	Turkey	54.74	54.74

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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

1. CORPORATE INFORMATION (Continued)

The principal activities of the consolidated subsidiaries are as follows:

TEB Yatırım – Rendering fixed income and equity brokerage and corporate finance services in line with the rules of the Capital Markets Board of Turkey.

TEB Faktoring – Providing both domestic and export factoring services to industrial and commercial enterprises in Turkey.

TEB Portföy – Managing individual customer portfolios and mutual funds which consist of capital market instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements as of 30 June 2020 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2019. The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

2.2 New and Revised International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 30 June 2020:

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19 Related Rent Concessions</i>
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>

Amendments to IFRS 3 Definition of a Business

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in IFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised International Financial Reporting Standards (Continued)

a) *Standards, amendments and interpretations applicable as at 30 June 2020: (Continued)*

Amendment to IFRS 16, Covid-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to IFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company elected early application of the amendments. Application of this practical expedient has resulted in:

- Recognition of a reduction in lease payments as a negative variable lease payment in profit or loss in the period of TL.
- Derecognition of TL of lease liability that have been extinguished by the forgiveness of lease payments.

The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to 1 January 2020.

Amendments to References to the Conceptual Framework in IFRS Standards

The references to the Conceptual Framework revised the related paragraphs in IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2020:*

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41</i>

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to IFRS 17 Insurance Contracts

This amendment addresses concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised International Financial Reporting Standards (Continued)

b) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2020: (Continued)*

Amendments to IFRS 4 *Extension of the Temporary Exemption from Applying IFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IAS 1 are deferred and are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to IAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to IAS 37 *Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to IFRS Standards 2018-2020

Amendments to IFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.

Amendments to IFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised International Financial Reporting Standards (Continued)

b) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2020: (Continued)*

Amendments to IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to IAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.

2.3 Statement of Cash Flows

The cash and cash equivalents balance comprises cash and balances with central banks (excluding restricted reserve deposits), deposits with banks and other financial institutions and other money market placements with an original maturity of three months or less.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, as well as acquisitions and disposals of property, plant and equipment.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders and cash flows related to subordinated debt.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

New type of coronavirus (COVID-19), first emerging in China, has been classified as a pandemic affecting countries globally by the World Health Organization on 11 March 2020. COVID-19 has impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and it still maintains uncertainty about the future. While many countries announce economic and financial programs in order to limit the damage caused by the virus, Turkey also set regulatory fiscal and monetary actions in motion to support the companies and households in such difficult conditions. Additional regulatory measures are continued to be announced to tackle adverse impacts on companies and certain sectors.

The effects of this global pandemic on the Bank's financial statements are regularly monitored by the Risk Management as well as the Bank's Management. While preparing the interim financial statements as of 30 June 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgements used in the preparation of the financial statements. Bank Management takes the necessary precautions in order to keep the negative effects under control and to be affected at the minimum level. The approach preferred for the period of 30 June 2020, will be revised in the following reporting periods, considering the effect of the pandemic and future expectations.

As of 30 June 2020, considering the possible effects of COVID-19 the data obtained with the principle of best effort were reflected to the estimates and assumptions used in the calculation of expected credit losses with the best estimation method. In light of the related information, the Bank has reconsidered its macroeconomic expectations in the expected credit loss calculation. The Bank has also provided additional provisions through individual assessment for customers which may be considered as highly effected.

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4. SEGMENT INFORMATION

Operating segments

The Group is organized into four main segments which are organized and managed separately according to the nature of the products and services provided.

As of and for the period ended 30 June 2020

	Retail Banking	Corporate Banking	SME Banking	Other	Eliminations	Group
Net banking income	1,414,887	475,892	581,800	534,122	(3,697)	3,003,004
Operating expenses	(921,293)	(166,464)	(359,674)	(17,685)	3,697	(1,461,419)
Cost of risk	(218,694)	(49,013)	(230,563)	4,074	-	(494,196)
Operating income	274,900	260,415	(8,437)	520,511	-	1,047,389
Non-operating items	-	-	-	332	-	332
Pre-tax income	274,900	260,415	(8,437)	520,843	-	1,047,721

Assets and liabilities						
Segment assets	27,546,199	31,371,269	17,398,638	44,662,460	(296,649)	120,681,917
Unallocated assets	-	-	-	5,234,613	(4,569)	5,230,044
Total assets	27,546,199	31,371,269	17,398,638	49,897,073	(301,218)	125,911,961
Segment liabilities	52,566,887	20,474,071	7,494,688	28,506,244	(176,249)	108,865,641
Unallocated liabilities	-	-	-	5,926,503	(5,091)	5,921,412
Total liabilities	52,566,887	20,474,071	7,494,688	34,432,747	(181,340)	114,787,053

Other segment information

Capital expenditures						
Tangible fixed assets	-	-	-	22,457	-	22,457
Intangible fixed assets	-	-	-	10,027	-	10,027
Depreciation	-	-	-	123,708	-	123,708
Amortization	-	-	-	38,277	-	38,277

Period ended 30 June 2019

	Retail Banking	Corporate Banking	SME Banking	Other	Eliminations	Group
Net banking income	1,019,415	478,003	652,373	762,308	(2,760)	2,909,339
Operating expenses	(476,451)	52,836	(288,684)	(662,576)	2,742	(1,372,133)
Cost of risk	(274,242)	(6,355)	(407,100)	(18,792)	14	(706,475)
Operating income	268,722	524,484	(43,411)	80,940	(4)	830,731
Non-operating items	-	-	-	785	-	785
Pre-tax income	268,722	524,484	(43,411)	81,725	(4)	831,516

Year ended 31 December 2019

Assets and liabilities						
Segment assets	25,881,228	22,891,200	17,273,339	36,789,124	(416,106)	102,418,785
Unallocated assets	-	-	-	6,709,406	(1,495)	6,707,911
Total assets	25,881,228	22,891,200	17,273,339	43,498,530	(417,601)	109,126,696
Segment liabilities	51,491,814	16,026,540	6,462,645	19,467,117	(295,706)	93,152,410
Unallocated liabilities	-	-	-	6,067,183	(2,014)	6,065,169
Total liabilities	51,491,814	16,026,540	6,462,645	25,534,300	(297,720)	99,217,579

Other segment information

Capital expenditures						
Tangible fixed assets	-	-	-	136,608	-	136,608
Intangible fixed assets	-	-	-	101,286	-	101,286
Depreciation	-	-	-	86,194	-	86,194
Amortization	-	-	-	72,141	-	72,141

Geographical information

The Group's geographical information is based on the location of Group's assets. Substantially all of the Group's activities are conducted in Turkey and Turkey is the home country of the Bank, which is also the main operating company. The areas of operation include all the primary operating segments.

Total assets and total liabilities are allocated to the country in which the branch or subsidiary is located. Segment revenue from external customers included in operating income is based on the geographical location of customers or counterparties. The Group conducts substantially all of its business activities with local customers in Turkey.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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5. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2020	31 December 2019
Commercial	51,089,176	41,335,512
Consumer	18,734,747	17,205,785
Credit cards	4,360,034	4,740,737
Other	122,494	121,001
Total performing loans	74,306,451	63,403,035
Non-performing loans (Stage 3)	4,092,980	4,146,906
Less: Stage 1 provisions	(391,574)	(394,194)
Less: Stage 2 provisions	(1,082,995)	(894,153)
Less: Stage 3 provisions	(2,474,475)	(2,352,545)
Total	74,450,387	63,909,049

Loans and receivables amounting to TL 7,164,182 (31 December 2019: TL 7,705,795) have floating interest rates and the rest have fixed interest rates.

The movement of loss allowances for loans and advances to customers as of 30 June 2020 is as follows;

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and Advances to Customers				
31 December 2019	394,194	894,153	2,352,545	3,640,892
Transfers;				
- Transfer from Stage 1 to Stage 2	(24,062)	151,453	-	127,391
- Transfer from Stage 1 to Stage 3	(844)	-	24,555	23,711
- Transfer from Stage 2 to Stage 3	-	(59,664)	285,989	226,325
- Transfer from Stage 2 to Stage 1	17,108	(72,453)	-	(55,345)
New financial assets originated or purchased and recoveries	104,993	334,182	222,882	662,057
Financial assets derecognised during the period other than write-offs	(108,400)	(215,922)	(144,098)	(468,420)
Write-offs	-	-	(53,257)	(53,257)
NPL sale	-	-	(214,141)	(214,141)
Foreign exchange differences	8,585	51,246	-	59,831
Loss allowance as at 30 June 2020	391,574	1,082,995	2,474,475	3,949,044

Past due receivables amounting to TL 222,026 for which TL 214,141 of provision had been allocated, is sold for TL 15,860 during 2020. After all sales procedures were completed, these past due receivables have been written off from the portfolio.

6. DEBT SECURITIES ISSUED

	Currency	Maturity	Interest Rate (%)	30 June 2020
Bank Bonds	TL	July 2020 – June 2021	8.50-10.50	7,599,602
	Currency	Maturity	Interest Rate (%)	31 December 2019
Bank Bonds	TL	January 2020 – February 2020	11.35-14.20	2,333,877

The bonds with a nominal value of TL 8,603,267 are matured as of 30 June 2020 (TL 12,155,266 as of 31 December 2019) and was redeemed.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of the Group's major financial instruments that are carried in the financial statements at other than fair values.

	Carrying amount		Fair value	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Financial assets at amortized cost				
Loans and advances due from banks	5,743,946	9,570,735	5,743,946	9,570,735
Other money market placements	840,212	840,275	840,212	840,275
Loans and advances to customers	74,450,387	63,909,049	75,626,976	65,532,329
Debt securities	11,699,306	4,905,514	11,994,712	5,032,899
Factoring receivables	1,739,991	2,050,168	1,739,991	2,050,168
Financial liabilities at amortized cost				
Deposits from central bank, credit institutions, funds borrowed and subordinated debts	17,341,010	13,870,770	17,341,010	13,870,770
Customer's deposits	74,957,140	71,791,540	75,031,461	71,886,844
Other money market deposits	6,257,863	1,644,665	6,257,863	1,644,665
Debt securities issued	7,599,602	2,333,877	7,599,602	2,333,877

Loans and Advances to Customers

Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received. Since the expected cash flows are discounted at current market rates to determine fair value, the fair value hierarchy is evaluated as Level 2.

Debt Securities Measured at Amortised Cost

Since the fair value for debt securities at amortised cost is based on market prices or broker/dealer price quotations, the fair value hierarchy is evaluated as Level 1.

Deposits and Borrowings

The estimated fair value of deposits from credit institutions and deposits from customers with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest bearing deposits and funds borrowed without quoted market price is based on discounted cash flows using interest rates for new deposits and debts with similar remaining maturity. The fair value hierarchy is evaluated as Level 2.

Fair values of remaining financial assets and liabilities carried at amortised cost, including balances with central banks, loans and advances due from banks, other money market placements, factoring receivables and payables are considered to approximate their respective carrying values due to their short-term nature.

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other variables used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value.

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	1,605,486	1,564,958	44,280	3,214,724
Securities	1,605,486	98,481	44,280	1,748,247
Derivative financial instruments	-	1,466,477	-	1,466,477
Derivatives used for hedging purposes	-	883,364	-	883,364
Financial assets at fair value through other comprehensive income	11,004,050	19,369	10,771	11,034,190
Debt securities	11,004,050	19,369	-	11,023,419
Equity securities	-	-	10,771	10,771
Total	12,609,536	2,467,691	55,051	15,132,278
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	-	1,516,440	-	1,516,440
Derivatives used for hedging purposes	-	1,193,586	-	1,193,586
Total	-	2,710,026	-	2,710,026

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	1,170,366	1,754,129	40,939	2,965,434
Securities	1,170,366	84,087	40,939	1,295,392
Derivative financial instruments	-	1,670,042	-	1,670,042
Derivatives used for hedging purposes	-	241,507	-	241,507
Financial assets at fair value through other comprehensive income	5,512,793	20,683	7,900	5,541,376
Debt securities	5,512,793	20,683	-	5,533,476
Equity securities	-	-	7,900	7,900
Total	6,683,159	2,016,319	48,839	8,748,317
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	-	1,586,584	-	1,586,584
Derivatives used for hedging purposes	-	1,924,974	-	1,924,974
Total	-	3,511,558	-	3,511,558

There were no reclassifications between the levels in the current and the previous period.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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8. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. The Group is controlled by the Çolakoğlu family and BNP Paribas Group each of which directly or indirectly own 50% of the shares of the Bank. For the purpose of these consolidated financial statements, associates, shareholders, Çolakoğlu Group companies, and BNP Paribas Group entities including Fortis Bank Group are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Group's Board of Directors and their families.

In the normal course of its business, the Group conducted various business transactions with related parties on normal commercial terms and conditions. These transactions primarily include loans, deposits and borrowing transactions. The significant outstanding balances and transactions with related parties at period-ends and relating expense and income for the period are as follows:

30 June 2020:

Related party (*)	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Derivative financial instruments assets	Other liabilities	Derivative financial instruments liabilities	Notional amount of derivative transactions	Interest income	Interest Expenses	Other operating income	Other operating expenses
Direct shareholders	-	-	-	34,559	-	-	4,590	-	-	3	1,081	597	15,064
Indirect shareholders	-	123,630	4,039,610	4,239,338	167,516	334,407	-	1,002,504	34,746,062	3,924	211,253	135	-
Others	290,067	119,097	1,030,044	633,297	56,399	917	1,321	1,454	225,967	7,562	48,594	13,324	18,954

31 December 2019:

Related party (*)	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Derivative financial instruments assets	Other liabilities	Derivative financial instruments liabilities	Notional amount of derivative transactions	Interest income (**)	Interest Expenses (**)	Other operating income (**)	Other operating expenses (**)
Direct shareholders	-	-	-	240,862	-	-	3,388	-	-	-	3,759	463	14,718
Indirect shareholders	1,596	182,856	3,507,164	3,072,288	17,600	434,855	2,948	1,707,390	50,048,255	23,246	184,638	1,547	-
Others	329,892	101,145	1,267,344	648,747	63,260	3,720	242	127	109,762	7,325	130,765	9,919	15,179

(*) "Direct shareholders" of the Group corresponds to TEB Holding A.Ş., BNP Yatırımlar Holding A.Ş. and BNP Paribas Fortis Yatırımlar Holding A.Ş.. "Indirect shareholders" of the Group corresponds to BNP Paribas SA, Çolakoğlu family members, Denak Depoculuk ve Nakliyecilik A.Ş., Çolakoğlu Metalurji A.Ş., Galata Yatırım Holding A.Ş.. "Others" corresponds to all other Çolakoğlu Group companies and BNP Paribas Group companies.

(**) Figures indicate results for six month period ended 30 June 2019.

Compensation of Key Management Personnel of the Group

The executive and non-executive members of Board of Directors and management received remuneration and fees totaling approximately TL 36,211 as of 30 June 2020 (30 June 2019: TL 30,534) comprising mainly salaries and other short-term benefits.

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9. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including:

	30 June 2020	31 December 2019
Letters of guarantee issued	13,308,060	13,552,325
Letters of credit	2,649,163	2,623,851
Acceptance credits	13,352	12,915
Other guarantees	5,818,084	6,185,679
Total non-cash loans	21,788,659	22,374,770
Credit card limit commitments	9,364,728	5,234,372
Loan granting commitments	5,609,679	3,684,822
Asset purchase and sale commitments	4,058,142	8,506,931
Payment commitment for checks	1,747,671	1,769,641
Other commitments	233,423	1,089,058
Total	42,802,302	42,659,594

Fiduciary Activities

The Group provides custody, investment management and advisory services to third parties. Those assets that are held in a fiduciary capacity are not included in the accompanying consolidated financial statements.

Investment fund participation certificates held in custody which belong to the customers and the related portfolio are not recognized on the statement of financial position. As of 30 June 2020 the total nominal value and number of certificates are TL 8,926,794 and 8,926,794 thousand, respectively (31 December 2019: TL 7,318,390 and 7,318,390 thousand, respectively).

The Group, as of 30 June 2020, has earned TL 40,110 (30 June 2019: TL21,322) fund management commission income for six months period.

The Group also manages sixty nine investment funds, which were established under the regulations of the Turkish Capital Markets Board. In accordance with the funds' charters, the Group purchases and sells marketable securities on behalf of funds, markets their participation certificates and provides other services in return for a management fee and undertakes management responsibility for their operations.

Letters of Guarantee Given to Borsa Istanbul (BIST), İstanbul Takas ve Saklama Bankası A.Ş.(Takasbank) and Istanbul Gold Market (IGM)

As of 30 June 2020, in line with the requirements of IGM, letters of guarantee amounting to TL 2,804 (31 December 2019: TL 2,433) had been obtained from local banks and were provided to IGM for transactions conducted in that market.

As of 30 June 2020, according to the general requirements of the central settlement bank, Takasbank, letters of guarantee amounting to TL 60,000 (31 December 2019: TL 60,000) had been obtained from a local bank and were provided to Takasbank for transactions.

Litigation

In the normal course of its operations, the Group can be constantly faced with legal disputes, claims and complaints. The necessary provision, if any, for those cases are provided based on management estimates and professional advice. The Group has provided TL 75,779 (31 December 2019: TL 52,635) provision for legal cases.

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10. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from profit reserves such as retained earnings and revaluation surplus. For the purpose of the EPS calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Bank, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares, which are shown in the table below.

	Opening	Cash	Increase Related to Merger	Transfers from Retained Earnings	Transfers From Revaluation Surplus	Reinvestment of Dividend Payments	Total	Closing
Before 1995	-	150	-	3,000	250	-	3,400	3,400
1996	3,400	-	-	-	330	1,270	1,600	5,000
1997	5,000	-	-	1,022	596	4,382	6,000	11,000
1998	11,000	5,512	-	529	682	7,277	14,000	25,000
1999	25,000	-	-	600	2,062	16,338	19,000	44,000
2000	44,000	40,182	-	-	-	26,068	66,250	110,250
2001	110,250	-	-	-	-	-	-	110,250
2002	110,250	-	-	-	-	-	-	110,250
2003	110,250	-	-	5,350	-	-	5,350	115,600
2004	115,600	-	-	-	-	-	-	115,600
2005	115,600	-	-	-	-	-	-	115,600
2006	57,800	18,700	-	-	-	-	18,700	76,500
2007	76,500	210,000	-	216,750	251,750	-	678,500	755,000
2008	755,000	345,000	-	-	-	-	345,000	1,100,000
2009	1,100,000	-	-	-	-	-	-	1,100,000
2010	1,100,000	-	-	-	-	-	-	1,100,000
2011	1,100,000	-	1,050,000	54,390	-	-	1,104,390	2,204,390
2012	2,204,390	-	-	-	-	-	-	2,204,390
2013	2,204,390	-	-	-	-	-	-	2,204,390
2014	2,204,390	-	-	-	-	-	-	2,204,390
2015	2,204,390	-	-	-	-	-	-	2,204,390
2016	2,204,390	-	-	-	-	-	-	2,204,390
2017	2,204,390	-	-	-	-	-	-	2,204,390
2018	2,204,390	-	-	-	-	-	-	2,204,390
2019	2,204,390	-	-	-	-	-	-	2,204,390
30 June 2020	2,204,390	-	-	-	-	-	-	2,204,390

The following reflects the income (in full TL) and share data (in thousand) used in the basic earnings per share computations:

	30 June 2020	30 June 2019
Net profit attributable to ordinary shareholders	784,763	645,919
Weighted average number of ordinary shares for basic earnings per share	2,204,390	2,204,390
Basic earnings per share	0.3560	0.2930
Diluted earnings per share	0.3560	0.2930

There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorization of these consolidated financial statements for issue.

11. SUBSEQUENT EVENTS

None.