Türkiye Garanti Bankası Anonim Şirketi

Publicly Announced Unconsolidated Financial Statements, Related Disclosures and Independent Auditors' Report Thereon

as of and for the Six-Month Period Ended

30 June 2023

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

Convenience Translation of the Auditor's Review Report Originally Issued in Turkish

Independent Auditors' Report on Review of Unconsolidated Interim Financial Information

To the Board of Directors of Türkiye Garanti Bankası Anonim Şirketi;

Introduction

We have reviewed the unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") at June 30, 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards 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.

Basis of Qualified Conclusion

As explained in Section Five Part 2.8.4, the accompanying unconsolidated financial statements as at June 30, 2023 include a free provision at an amount of Thousand TL 6,000,000, of which Thousand TL 8,000,000 was provided in prior years and Thousand TL 2,000,000 was reversed in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Türkiye Garanti Bankası A.Ş. at June 30, 2023 and of the results of its operations and its cash flows for the six month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Damla Harman, SMMM
Partner

July 27, 2023
İstanbul, Türkiye

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

Levent Nispetiye Mah.Aytar Cad.
No:2 Beşiktaş 34340 Istanbul
Telephone: 212 318 18 18
Fax: 212 216 64 22
www.garantibbva.com.tr
investorrelations@garantibbva.com.tr

The unconsolidated financial report for the six-month period ended 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:

1. General Information about the Bank
2. Unconsolidated Financial Statements of the Bank
3. Disclosures Related to Accounting Policies Applied in the Related Period
4. Financial Position and Risk Management Applications of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Limited Review Report
7. Interim Activity Report

The unconsolidated financial statements for the six-month period and related disclosures and footnotes that were subject to limited 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).**

Süleyman Sözen Board of Directors Chairman	**Recep Baştuğ** General Manager	**Aydın Güler** Executive Vice President Responsible of Financial Reporting	**Hakan Özdemir** Financial Reporting and Accounting Director

Jorge Saenz - Azcunaga Carranza Audit Committee Member	**Avni Aydın Düren** Audit Committee Member	**Belkıs Sema Yurdum** Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

SECTION ONE

Page No:

General Information

SECTION TWO

Unconsolidated Interim Financial Statements

SECTION THREE

Accounting Policies

SECTION FOUR

Financial Position and Results of Operations and Risk Management

SECTION FIVE

Disclosures and Footnotes on Unconsolidated Financial Statements

SECTION SIX

Limited Review Report

SECTION SEVEN

Interim Activity Report

1 General Information

1.1 History of the bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi ("the Bank") was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 as a "private bank" and its "Articles of Association" was issued in the Official Gazette dated 25 April 1946.

Following the acquisition on 27 July 2015, Banco Bilbao Vizcaya Argentaria SA (BBVA)'s stake in the Bank reached to 39.90% and BBVA become the main shareholder. Accordingly, the Bank was moved to the "Foreign Deposit Banks" category from the "Private Deposit Bank" category by the Banking Regulation and Supervision Agency ("the BRSA").

The Bank provides banking services through 819 domestic branches, 8 foreign branches and 1 representative offices abroad (31 December 2022: 829 domestic branches, 8 foreign branches and 1 representative offices). The Bank's head office is located in Istanbul.

1.2 Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on bank's risk group

As of 30 June 2023, group of companies under BBVA that currently owns 85.97% shares of the Bank, is defined as the BBVA Group ("the Group") and it is the main shareholder.

On 22 March 2011, BBVA had acquired; 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğuş Holding AŞ at a total nominal value of TL 264,188 representing 6.29% ownership. BBVA, purchasing 24.89% shares of the Bank, had joint control on the Bank's management together with group of companies under Doğuş Holding AŞ ("the Doğuş Group").

On 7 April 2011, BBVA had acquired 503.160.000 shares at a nominal value of TL 5,032 and increased its ownership in the Bank's share capital to 25.01%.

In accordance with the terms of the agreement between BBVA and the Doğuş Group which was previously disclosed on 19 November 2014, the sale of shares representing 14.89% of the share capital of the Bank with a face value of TL 625,380 and 62.538.000.000 shares by the Doğuş Group to BBVA, was completed on 27 July 2015. Following the acquisition, BBVA's stake in the Bank reached to 39.90% and BBVA became the main shareholder. The Bank was moved to "Foreign Deposit Banks" category from "Private Deposit Bank" category by the BRSA.

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreements share transfer had been finalized. After the share transfer BBVA's interest in the share capital of the Bank is at 49.85%.

The voluntary tender offer process launched by BBVA for the entire share capital of the bank and approved by the Capital Markets Board of Turkey in accordance with the Communiqué on Takeover Bids no. II-26.1 on 31 March 2022, in their letter numbered E-29833736-110.05.05-19391 and dated 31 March 2022 ended as of 18 May 2022. During the voluntary tender offer process, BBVA acquired shares of the bank with a total nominal value of TL 1,517,196 which corresponds to 36.12%. As a result, the total share capital of the bank owned by BBVA reached 85.97%.

BBVA Group

BBVA is operating for more than 165 years, providing variety of wide spread financial and non-financial services to 69.6 million retail and commercial customers.

The Group's headquarter is in Spain, where the Group has concrete leadership in retail and commercial markets. BBVA adopting innovative, and customer and community oriented management style, besides banking, operates in insurance sector in Europe and portfolio management, private banking and investment banking in global markets.

BBVA which is the largest financial institution in Mexico and also a market leader in South America, operates in more than 25 countries with more than 119 thousand employees.

(Thousands of Turkish Lira (TL))

1.3 Information on the bank's Board of Directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the bank

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Süleyman Sözen	Chairman	29.05.1997	University	42 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	30 years
Recep Baştuğ	Member and CEO	06.09.2019	University	33 years
Sait Ergun Özen	Member	14.05.2003	University	36 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	35 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	31 years
Pablo Alfonso Pastor Munoz	Member	31.03.2021	Master	33 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	32 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	43 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	32 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	32 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	33 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	31 years
Mahmut Akten	EVP-Corporate, Investment Banking and Global Markets	17.01.2017	Master	24 years
Işıl Akdemir Evlioğlu	EVP- Client Solutions	01.03.2020	Master	20 years
Cemal Onaran	EVP-Commercial Banking	17.01.2017	University	32 years
Tuba Köseoğlu Okçu	EVP- Talent and Culture	12.09.2022	University	25 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	33 years
Murat Atay	Head of Credit Risk Management	01.01.2021	PhD	29 years
Ceren Acer Kezik	EVP-Retail Banking	06.06.2022	Master	12 years
Murat Çağrı Süzer	EVP-Payment Systems and Partnership	06.06.2022	Master	16 years
Sibel Kaya	EVP- SME Banking	02.02.2021	University	25 years

The top management listed above does not hold any material unquoted shares of the Bank.

1.4 Information on the Bank's qualified shareholders

Name / Company	Shares	Ownership	Paid-in Capital	Unpaid Portion
Banco Bilbao Vizcaya Argentaria SA	3,610,895	85.97%	3,610,895	-

1.5 Summary information on the Bank's activities and services

Activities of the Bank as stated at the third clause of its Articles of Association are as follows:

- All banking operations,
- Participating in, establishing, and trading the shares of enterprises at various sectors within the limits set forth by the Banking Law,
- Providing attorneyship, insurance agency, brokerage and freight services in relation with banking activities,
- Purchasing/selling debt securities, treasury bills, government bonds and other share certificates issued by Turkish government and other official and private institutions on the condition that completion of the necessary approvals and permits by Capital Markets Board of Turkey,
- Developing economical and financial relations with foreign organizations,
- Dealing with all economic operations in compliance with the Banking Law.

The Bank's activities are not limited to those disclosed in that third clause, but whenever the Board of Directors deems any operations other than those stated above to be of benefit to the Bank, it is recommended in the general meeting, and the launching of the related project depends on the decision taken during the General Assembly which results in a change in the Articles of Association and on the approval of this decision by the Ministry of Industry and Commerce. Accordingly, the approved decision is added to the Articles of Association.

The Bank is not a specialized bank but deals with all kinds of banking activities. Deposits are the main sources of the lending to the customers. The Bank grants loans to companies operating in various sectors while aiming to maintain the required level of efficiency.

The Bank also grants non-cash loans to its customers; especially letters of guarantee, letters of credit and acceptance credits.

1.6 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its subsidiaries

None

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 30 June 2023

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2023			PRIOR PERIOD 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**162,100,063**	**297,048,132**	**459,148,195**	**112,872,415**	**207,118,991**	**319,991,406**
1.1	**Cash and Cash Equivalents**	**5.1.1**	**89,190,131**	**267,686,493**	**356,876,624**	**44,175,474**	**185,656,072**	**229,831,546**
1.1.1	Cash and Balances with Central Bank		24,590,032	165,499,360	190,089,392	9,205,356	128,688,052	137,893,408
1.1.2	Banks		577,521	48,042,678	48,620,199	611,390	22,495,040	23,106,430
1.1.3	Money Market Placements		64,725,987	54,867,708	119,593,695	34,719,478	35,013,551	69,733,029
1.1.4	Expected Credit Losses (-)		703,409	723,253	1,426,662	360,750	540,571	901,321
1.2	**Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)**	**5.1.2**	**2,251,154**	**1,897,958**	**4,149,112**	**1,208,768**	**1,256,664**	**2,465,432**
1.2.1	Government Securities		2,140,750	1,201,553	3,342,303	1,098,714	616,986	1,715,700
1.2.2	Equity Securities		92,319	90,125	182,444	87,470	67,322	154,792
1.2.3	Other Financial Assets		18,085	606,280	624,365	22,584	572,356	594,940
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)**	**5.1.3**	**56,528,798**	**20,357,562**	**76,886,360**	**63,130,119**	**14,169,090**	**77,299,209**
1.3.1	Government Securities		55,897,179	19,025,913	74,923,092	62,993,455	13,324,042	76,317,497
1.3.2	Equity Securities		187,405	1,331,649	1,519,054	136,664	845,048	981,712
1.3.3	Other Financial Assets		444,214	-	444,214	-	-	-
1.4	**Derivative Financial Assets**	**5.1.4**	**14,129,980**	**7,106,119**	**21,236,099**	**4,358,054**	**6,037,165**	**10,395,219**
1.4.1	Derivative Financial Assets Measured at FVTPL		12,830,831	6,015,770	18,846,601	4,178,597	5,083,516	9,262,113
1.4.2	Derivative Financial Assets Measured at FVOCI		1,299,149	1,090,349	2,389,498	179,457	953,649	1,133,106
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST**		**707,374,901**	**295,935,522**	**1,003,310,423**	**537,818,421**	**202,770,876**	**740,589,297**
2.1	**Loans**	**5.1.5**	**628,260,576**	**255,977,537**	**884,238,113**	**494,466,701**	**174,934,085**	**669,400,786**
2.2	**Lease Receivables**	**5.1.6**	**-**	**-**	**-**	**-**	**-**	**-**
2.3	**Other Financial Assets Measured at Amortised Cost**	**5.1.7**	**100,280,551**	**63,219,506**	**163,500,057**	**62,454,628**	**45,773,227**	**108,227,855**
2.3.1	Government Securities		96,685,726	59,099,040	155,784,766	**62,420,560**	**42,843,973**	**105,264,533**
2.3.2	Other Financial Assets		3,594,825	4,120,466	7,715,291	34,068	2,929,254	2,963,322
2.4	**Expected Credit Losses (-)**		**21,166,226**	**23,261,521**	**44,427,747**	**19,102,908**	**17,936,436**	**37,039,344**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.1.8**	**792,770**	**-**	**792,770**	**767,582**	**-**	**767,582**
3.1	Asset Held for Resale		792,770	-	792,770	767,582	-	767,582
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES**		**12,129,108**	**30,719,058**	**42,848,166**	**8,896,423**	**20,199,057**	**29,095,480**
4.1	**Associates (Net)**	**5.1.9**	**113,525**	**-**	**113,525**	**110,939**	**-**	**110,939**
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		113,525	-	113,525	110,939	-	110,939
4.2	**Subsidiaries (Net)**	**5.1.10**	**12,015,583**	**30,719,058**	**42,734,641**	**8,785,484**	**20,199,057**	**28,984,541**
4.2.1	Unconsolidated Financial Investments in Subsidiaries		11,921,073	30,719,058	42,640,131	8,740,804	20,199,057	28,939,861
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		94,510	-	94,510	44,680	-	44,680
4.3	**Joint Ventures (Net)**	**5.1.11**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**5.1.12**	**14,215,252**	**490**	**14,215,742**	**9,968,922**	**345**	**9,969,267**
VI.	**INTANGIBLE ASSETS (Net)**	**5.1.13**	**1,099,510**	**-**	**1,099,510**	**1,023,989**	**-**	**1,023,989**
6.1	Goodwill		-	-	-	-	-	-
6.2	Others		1,099,510	-	1,099,510	1,023,989	-	1,023,989
VII.	**INVESTMENT PROPERTY (Net)**	**5.1.14**	**2,729,282**	**-**	**2,729,282**	**1,815,310**	**-**	**1,815,310**
VIII.	**CURRENT TAX ASSET**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**DEFERRED TAX ASSET**	**5.1.15**	**14,451,947**	**-**	**14,451,947**	**6,769,614**	**-**	**6,769,614**
X.	**OTHER ASSETS (Net)**	**5.1.16**	**124,138,708**	**6,629,077**	**130,767,785**	**36,664,010**	**5,485,682**	**42,149,692**
	TOTAL ASSETS		**1,039,031,541**	**630,332,279**	**1,669,363,820**	**716,596,686**	**435,574,951**	**1,152,171,637**

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 30 June 2023

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2023			PRIOR PERIOD 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**5.2.1**	**769,169,744**	**450,440,633**	**1,219,610,377**	**427,313,084**	**363,350,874**	**790,663,958**
II.	**FUNDS BORROWED**	**5.2.2**	**637,118**	**39,234,369**	**39,871,487**	**1,007,811**	**33,998,244**	**35,006,055**
III.	**MONEY MARKET FUNDS**	**5.2.3**	**140,297**	**36,018,613**	**36,158,910**	**49,010**	**16,271,829**	**16,320,839**
IV.	**SECURITIES ISSUED (NET)**	**5.2.4**	**151,673**	**5,355,715**	**5,507,388**	**151,673**	**12,720,860**	**12,872,533**
4.1	Bills		-	864,459	864,459	-	990,538	990,538
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		151,673	4,491,256	4,642,929	151,673	11,730,322	11,881,995
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FVTPL**	**5.2.5**	**-**	**40,284,083**	**40,284,083**	**-**	**31,788,046**	**31,788,046**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5.2.6**	**8,445,764**	**12,489,879**	**20,935,643**	**4,997,459**	**5,892,898**	**10,890,357**
7.1	Derivative Financial Liabilities Measured at FVTPL		8,437,887	12,489,879	20,927,766	4,976,348	5,892,898	10,869,246
7.2	Derivative Financial Liabilities Measured at FVOCI		7,877	-	7,877	21,111	-	21,111
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**5.2.7**	**1,422,510**	**200,245**	**1,622,755**	**1,056,987**	**135,065**	**1,192,052**
X.	**PROVISIONS**	**5.2.8**	**7,639,570**	**10,779,117**	**18,418,687**	**6,618,736**	**11,898,799**	**18,517,535**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		2,910,276	134,321	3,044,597	3,227,691	122,691	3,350,382
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		4,729,294	10,644,796	15,374,090	3,391,045	11,776,108	15,167,153
XI.	**CURRENT TAX LIABILITY**	**5.2.9**	**6,264,268**	**92,183**	**6,356,451**	**7,390,346**	**96,044**	**7,486,390**
XII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.2.10**	-	-	-	-	-	-
13.1	Asset Held for Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBTS**	**5.2.11**	**1,022,527**	**19,420,010**	**20,442,537**	**1,021,983**	**14,046,860**	**15,068,843**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		1,022,527	19,420,010	20,442,537	1,021,983	14,046,860	15,068,843
XV.	**OTHER LIABILITIES**	**5.2.12**	**52,689,906**	**19,842,046**	**72,531,952**	**51,135,668**	**8,543,868**	**59,679,536**
XVI.	**SHAREHOLDERS' EQUITY**	**5.2.13**	**187,510,720**	**112,830**	**187,623,550**	**152,314,759**	**370,734**	**152,685,493**
16.1	Paid-in Capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2	Capital Reserves		784,434	-	784,434	784,434	-	784,434
16.2.1	Share Premium		11,880	-	11,880	11,880	-	11,880
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		772,554	-	772,554	772,554	-	772,554
16.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		10,490,359	414,238	10,904,597	4,089,893	199,352	4,289,245
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		23,941,351	(481,557)	23,459,794	20,808,718	(190,305)	20,618,413
16.5	Profit Reserves		113,889,588	180,149	114,069,737	62,828,078	361,687	63,189,765
16.5.1	Legal Reserves		2,473,124	-	2,473,124	1,616,487	-	1,616,487
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		111,161,820	-	111,161,820	61,107,326	-	61,107,326
16.5.4	Other Profit Reserves		254,644	180,149	434,793	104,265	361,687	465,952
16.6	Profit/Loss		34,204,988	-	34,204,988	59,603,636	-	59,603,636
16.6.1	Prior Periods' Profit/Loss		-	-	-	1,094,478	-	1,094,478
16.6.2	Current Period's Net Profit/Loss		34,204,988	-	34,204,988	58,509,158	-	58,509,158
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,035,094,097**	**634,269,723**	**1,669,363,820**	**653,057,516**	**499,114,121**	**1,152,171,637**

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

Türkiye Garanti Bankası Anonim Şirketi
Off-Balance Sheet Items
At 30 June 2023

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2023			PRIOR PERIOD 31 December 2022		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**941,279,017**	**987,464,033**	**1,928,743,050**	**665,534,731**	**825,722,772**	**1,491,257,503**
I.	**GUARANTEES AND SURETIES**	**5.3.1**	**161,099,893**	**157,141,107**	**318,241,000**	**109,607,909**	**112,761,796**	**222,369,705**
1.1.	Letters of guarantee		149,269,819	116,350,931	265,620,750	103,006,476	79,612,373	182,618,849
1.1.1.	Guarantees subject to State Tender Law		-	3,807,460	3,807,460	-	3,426,185	3,426,185
1.1.2.	Guarantees given for foreign trade operations		4,788,818	3,107,890	7,896,708	4,397,754	911,651	5,309,405
1.1.3.	Other letters of guarantee		144,481,001	109,435,581	253,916,582	98,608,722	75,274,537	173,883,259
1.2.	Bank acceptances		799,621	5,048,012	5,847,633	496,948	3,421,615	3,918,563
1.2.1.	Import letter of acceptance		799,621	5,048,012	5,847,633	496,948	3,421,615	3,918,563
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		362,485	35,466,308	35,828,793	746,185	29,268,254	30,014,439
1.3.1.	Documentary letters of credit		-	-	-	-	-	-
1.3.2.	Other letters of credit		362,485	35,466,308	35,828,793	746,185	29,268,254	30,014,439
1.4.	Guaranteed prefinancings		-	-	-	-	-	-
1.5.	Endorsements		10,667,968	112,360	10,780,328	5,358,300	295,471	5,653,771
1.5.1.	Endorsements to the Central Bank of Turkey		10,667,968	112,360	10,780,328	5,358,300	295,471	5,653,771
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Underwriting commitments		-	-	-	-	-	-
1.7.	Factoring related guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	163,496	163,496	-	164,083	164,083
1.9.	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**	**5.3.1**	**399,538,388**	**13,932,305**	**413,470,693**	**216,440,351**	**16,506,848**	**232,947,199**
2.1.	Irrevocable commitments		399,073,003	11,513,315	410,586,318	215,825,936	14,798,340	230,624,276
2.1.1.	Asset purchase and sale commitments		775,340	1,521,869	2,297,209	5,185,976	11,362,907	16,548,883
2.1.2.	Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and affiliates		-	4,237	4,237	-	6,102	6,102
2.1.4.	Loan granting commitments		97,879,875	2,973,932	100,853,807	66,562,811	3,203,857	69,766,668
2.1.5.	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Commitments for cheque payments		9,435,047	-	9,435,047	5,515,488	-	5,515,488
2.1.8.	Tax and fund obligations on export commitments		544,586	-	544,586	342,576	-	342,576
2.1.9.	Commitments for credit card limits		290,433,326	-	290,433,326	138,215,802	-	138,215,802
2.1.10.	Commitments for credit cards and banking services related promotions		4,829	-	4,829	3,283	-	3,283
2.1.11.	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12.	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		-	7,013,277	7,013,277	-	225,474	225,474
2.2.	Revocable commitments		465,385	2,418,990	2,884,375	614,415	1,708,508	2,322,923
2.2.1.	Revocable loan granting commitments		465,385	2,411,794	2,877,179	614,415	1,703,325	2,317,740
2.2.2.	Other revocable commitments		-	7,196	7,196	-	5,183	5,183
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**5.3.2**	**380,640,736**	**816,390,621**	**1,197,031,357**	**339,486,471**	**696,454,128**	**1,035,940,599**
3.1.	Derivative financial instruments held for risk management		7,014,052	45,673,602	52,687,654	5,714,878	53,547,650	59,262,528
3.1.1.	Fair value hedges		-	17,812,872	17,812,872	-	14,408,800	14,408,800
3.1.2.	Cash flow hedges		7,014,052	27,860,730	34,874,782	5,714,878	39,138,850	44,853,728
3.1.3.	Net foreign investment hedges		-	-	-	-	-	-
3.2.	Trading derivatives		373,626,684	770,717,019	1,144,343,703	333,771,593	642,906,478	976,678,071
3.2.1.	Forward foreign currency purchases/sales		50,546,478	60,314,332	110,860,810	28,779,508	34,024,594	62,804,102
3.2.1.1.	Forward foreign currency purchases		39,722,905	14,991,498	54,714,403	26,847,707	5,091,089	31,938,796
3.2.1.2.	Forward foreign currency sales		10,823,573	45,322,834	56,146,407	1,931,801	28,933,505	30,865,306
3.2.2.	Currency and interest rate swaps		191,918,422	414,957,767	606,876,189	242,826,052	453,667,079	696,493,131
3.2.2.1.	Currency swaps-purchases		744,721	91,502,744	92,247,465	13,609,695	182,934,821	196,544,516
3.2.2.2.	Currency swaps-sales		38,327,139	72,138,097	110,465,236	131,095,221	82,683,056	213,778,277
3.2.2.3.	Interest rate swaps-purchases		76,423,281	125,658,463	202,081,744	49,060,568	94,024,601	143,085,169
3.2.2.4.	Interest rate swaps-sales		76,423,281	125,658,463	202,081,744	49,060,568	94,024,601	143,085,169
3.2.3.	Currency, interest rate and security options		130,368,976	176,395,700	306,764,676	61,285,293	67,718,964	129,004,257
3.2.3.1.	Currency call options		127,223,647	6,328,449	133,552,096	56,297,080	5,668,401	61,965,481
3.2.3.2.	Currency put options		3,145,329	162,292,484	165,437,813	4,988,213	55,625,430	60,613,643
3.2.3.3.	Interest rate call options		-	4,269,343	4,269,343	-	3,423,170	3,423,170
3.2.3.4.	Interest rate put options		-	3,505,424	3,505,424	-	3,001,963	3,001,963
3.2.3.5.	Security call options		-	-	-	-	-	-
3.2.3.6.	Security put options		-	-	-	-	-	-
3.2.4.	Currency futures		792,808	822,528	1,615,336	880,740	762,272	1,643,012
3.2.4.1.	Currency futures-purchases		792,808	-	792,808	799,899	79,016	878,915
3.2.4.2.	Currency futures-sales		-	822,528	822,528	80,841	683,256	764,097
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sales		-	-	-	-	-	-
3.2.6.	Others		-	118,226,692	118,226,692	-	86,733,569	86,733,569
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**2,158,317,836**	**3,952,249,872**	**6,110,567,708**	**1,661,111,370**	**2,780,585,193**	**4,441,696,563**
IV.	**ITEMS HELD IN CUSTODY**		**159,215,368**	**270,798,869**	**430,014,237**	**136,877,167**	**172,347,852**	**309,225,019**
4.1.	Customers' securities held		62,175,859	-	62,175,859	55,927,001	-	55,927,001
4.2.	Investment securities held in custody		19,944,633	152,353,992	172,298,625	24,555,572	86,675,159	111,230,731
4.3.	Checks received for collection		68,617,765	17,256,001	85,873,766	50,199,454	13,325,678	63,525,132
4.4.	Commercial notes received for collection		7,155,869	2,966,017	10,121,886	5,289,437	2,120,501	7,409,938
4.5.	Other assets received for collection		487,028	88,380,588	88,867,616	381,599	64,229,182	64,610,781
4.6.	Assets received through public offering		-	626,080	626,080	-	452,123	452,123
4.7.	Other items under custody		834,214	9,216,191	10,050,405	524,104	5,545,209	6,069,313
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**1,999,102,468**	**3,681,451,003**	**5,680,553,471**	**1,524,234,203**	**2,608,237,341**	**4,132,471,544**
5.1.	Securities		19,520,635	14,042,065	33,562,700	15,269,899	11,220,410	26,490,309
5.2.	Guarantee notes		22,664,546	45,890,698	68,555,244	22,879,101	33,307,826	56,186,927
5.3.	Commodities		180,163	-	180,163	799,406	-	799,406
5.4.	Warranties		-	-	-	-	-	-
5.5.	Real estates		536,932,681	505,951,286	1,042,883,967	365,026,455	387,609,865	752,636,320
5.6.	Other pledged items		1,419,804,443	3,115,566,954	4,535,371,397	1,120,259,342	2,176,099,240	3,296,358,582
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**3,099,596,853**	**4,939,713,905**	**8,039,310,758**	**2,326,646,101**	**3,606,307,965**	**5,932,954,066**

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

Türkiye Garanti Bankası Anonim Şirketi
Statement of Profit or Loss
For the period ended at 30 June 2023

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD 1 January 2023 - 30 June 2023	PRIOR PERIOD 1 January 2022 - 30 June 2022	CURRENT PERIOD 1 April 2023 - 30 June 2023	PRIOR PERIOD 1 April 2022 - 30 June 2022
I.	**INTEREST INCOME**	**5.4.1**	**74,982,083**	**45,696,025**	**41,400,994**	**24,857,589**
1.1	Interest income on loans		54,517,501	33,198,866	30,250,653	18,527,340
1.2	Interest income on reserve deposits		249,026	281,760	242,029	40,376
1.3	Interest income on banks		605,345	73,890	363,528	60,208
1.4	Interest income on money market transactions		1,585,318	1,687,565	975,757	680,510
1.5	Interest income on securities portfolio		17,380,743	10,200,037	9,239,909	5,412,965
1.5.1	Financial assets measured at FVTPL		151,771	55,590	81,670	17,703
1.5.2	Financial assets measured at FVOCI		7,180,547	5,354,231	3,625,229	2,673,416
1.5.3	Financial assets measured at amortised cost		10,048,425	4,790,216	5,533,010	2,721,846
1.6	Financial lease income		-	-	-	-
1.7	Other interest income		644,150	253,907	329,118	136,190
II.	**INTEREST EXPENSE**	**5.4.2**	**43,197,438**	**16,846,498**	**25,985,161**	**9,212,521**
2.1	Interest on deposits		37,931,453	13,618,149	23,311,020	7,437,086
2.2	Interest on funds borrowed		2,620,653	1,107,259	1,495,358	626,225
2.3	Interest on money market transactions		737,964	162,268	518,725	137,947
2.4	Interest on securities issued		910,118	1,237,416	444,909	615,704
2.5	Lease interest expense		122,824	77,451	66,929	40,657
2.6	Other interest expenses		874,426	643,955	148,220	354,902
III.	**NET INTEREST INCOME (I - II)**		**31,784,645**	**28,849,527**	**15,415,833**	**15,645,068**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**	5.4.12	**13,371,981**	**6,524,821**	**7,284,236**	**3,574,472**
4.1	Fees and commissions received		17,926,504	9,189,951	9,892,977	5,149,809
4.1.1	Non-cash loans		1,269,152	689,674	702,660	379,409
4.1.2	Others		16,657,352	8,500,277	9,190,317	4,770,400
4.2	Fees and commissions paid		4,554,523	2,665,130	2,608,741	1,575,337
4.2.1	Non-cash loans		2,128	1,062	855	52
4.2.2	Others		4,552,395	2,664,068	2,607,886	1,575,285
V.	**DIVIDEND INCOME**	**5.4.3**	**10,122**	**30,883**	**10,122**	**29,249**
VI.	**NET TRADING INCOME/LOSSES (Net)**	**5.4.4**	**17,342,825**	**5,139,247**	**13,176,035**	**3,072,765**
6.1	Trading account income/losses		3,697,101	3,923,447	2,143,173	3,096,660
6.2	Income/losses from derivative financial instruments		(6,424,211)	(19,121,682)	(5,403,908)	(5,612,801)
6.3	Foreign exchange gains/losses		20,069,935	20,337,482	16,436,770	5,588,906
VII.	**OTHER OPERATING INCOME**	**5.4.5**	**13,296,754**	**7,229,104**	**4,766,384**	**3,421,066**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**75,806,327**	**47,773,582**	**40,652,610**	**25,742,620**
IX.	**EXPECTED CREDIT LOSSES (-)**	**5.4.6**	**20,633,804**	**12,420,827**	**10,919,400**	**5,739,609**
X.	**OTHER PROVISIONS (-)**	5.4.6	**46,895**	**2,094,063**	**27,985**	**986,607**
XI.	**PERSONNEL EXPENSES (-)**		**7,547,623**	**3,480,735**	**3,921,001**	**1,842,466**
XII.	**OTHER OPERATING EXPENSES (-)**	**5.4.7**	**13,354,493**	**5,566,336**	**6,532,682**	**2,848,154**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**34,223,512**	**24,211,621**	**19,251,542**	**14,325,784**
XIV.	**INCOME RESULTED FROM MERGERS**		-	-	-	-
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		**5,565,744**	**2,394,830**	**2,926,341**	**1,284,443**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		-	-	-	-
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)**	**5.4.8**	**39,789,256**	**26,606,451**	**22,177,883**	**15,610,227**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**5.4.9**	**5,584,268**	**5,510,509**	**3,707,970**	**2,723,958**
18.1	Current tax charge		9,260,760	6,955,144	5,648,731	-462,403
18.2	Deferred tax charge (+)		2,402,178	4,091,307	1,586,998	3,752,824
18.3	Deferred tax credit (-)		(6,078,670)	(5,535,942)	(3,527,759)	(566,463)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**5.4.10**	**34,204,988**	**21,095,942**	**18,469,913**	**12,886,269**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-	-	-
20.1	Income from assets held for sale		-	-	-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
20.3	Others		-	-	-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
21.3	Others		-	-	-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)**	**5.4.8**	-	-	-	-
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**	**5.4.9**	-	-	-	-
23.1	Current tax charge		-	-	-	-
23.2	Deferred tax charge (+)		-	-	-	-
23.3	Deferred tax credit (-)		-	-	-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)**	**5.4.10**	-	-	-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**5.4.11**	**34,204,988**	**21,095,942**	**18,469,913**	**12,886,269**
	Earnings per Share		0.08144	0.05023	0.04398	0.03068

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Profit or Loss and Other Comprehensive Income
For the period ended at 30 June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2023 - 30 June 2023	**PRIOR PERIOD 1 January 2022 - 30 June 2022**
I.	CURRENT PERIOD PROFIT/LOSS	34,204,988	21,095,942
II.	OTHER COMPREHENSIVE INCOME	9,456,733	11,912,245
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**6,615,352**	**1,201,405**
2.1.1	Revaluation Surplus on Tangible Assets	2,834,932	1,348,100
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	68,540	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	569,888	94,556
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	3,141,992	(241,251)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**2,841,381**	**10,710,840**
2.2.1	Translation Differences	8,974,675	2,390,605
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(5,214,946)	11,959,461
2.2.3	Gains/losses from Cash Flow Hedges	1,698,987	849,267
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(4,315,227)	(1,193,846)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	(255,547)	(587,120)
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	1,953,439	(2,707,527)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	43,661,721	33,008,187

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the period ended at 30 June 2023

	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)				Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
			Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Foreign Currency Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
	PRIOR PERIOD															
	(01/01/2022-30/06/2022)															
I.	**Balances at Beginning of Period**		**4,200,000**	**11,880**	**-**	**772,554**	**1,719,852**	**(413,401)**	**416,477**	**10,797,306**	**490,675**	**(3,483,153)**	**51,319,079**	**14,149,990**	**-**	**79,981,259**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**1,719,852**	**(413,401)**	**416,477**	**10,797,306**	**490,675**	**(3,483,153)**	**51,319,079**	**14,149,990**	**-**	**79,981,259**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**1,049,546**	**25,838**	**94,944**	**2,390,605**	**8,931,957**	**(611,722)**	**13,283**	**17,794**	**21,095,942**	**33,008,187**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Liabilities**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**44,832**	**-**	**-**	**44,832**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,765,975**	**(13,073,306)**	**-**	**(1,307,331)**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,307,331)	-	(1,307,331)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	11,708,768	(11,708,768)	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	57,207	(57,207)	-	-
	Balances at end of the period (III+IV+…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**2,769,398**	**(387,563)**	**511,421**	**13,187,911**	**9,422,632**	**(4,094,875)**	**63,143,169**	**1,094,478**	**21,095,942**	**111,726,947**
	CURRENT PERIOD															
	(01/01/2023-30/06/2023)															
I.	**Balances at Beginning of Period**		**4,200,000**	**11,880**	**-**	**772,554**	**4,949,980**	**(1,277,761)**	**617,026**	**15,792,601**	**9,549,490**	**(4,723,678)**	**63,189,765**	**59,603,636**	**-**	**152,685,493**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**4,949,980**	**(1,277,761)**	**617,026**	**15,792,601**	**9,549,490**	**(4,723,678)**	**63,189,765**	**59,603,636**	**-**	**152,685,493**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**6,008,402**	**51,405**	**555,545**	**8,974,675**	**(3,915,565)**	**(2,217,729)**	**1,094,478**	**(1,094,478)**	**34,204,988**	**43,661,721**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	**52,710**	-	-	**52,710**
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**49,732,784**	**(58,509,158)**	-	**(8,776,374)**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(8,776,374)	-	(8,776,374)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	49,582,405	(49,582,405)	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	150,379	(150,379)	-	-
	Balances at end of the period (III+IV+…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**10,958,382**	**(1,226,356)**	**1,172,571**	**24,767,276**	**5,633,925**	**(6,941,407)**	**114,069,737**	**-**	**34,204,988**	**187,623,550**

Türkiye Garanti Bankası Anonim Şirketi
Statement of Cash Flows
For the period ended at 30 June 2023

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2023 30 June 2023	PRIOR PERIOD 1 January 2022 30 June 2022
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	**5.6**	**8,783,352**	**19,849,660**
1.1.1	Interests received		62,632,466	39,797,892
1.1.2	Interests paid		(35,233,613)	(12,014,534)
1.1.3	Dividend received		10,122	30,883
1.1.4	Fees and commissions received		17,926,504	9,189,951
1.1.5	Other income		13,296,754	7,229,104
1.1.6	Collections from previously written-off receivables		652,445	507,268
1.1.7	Cash payments to personnel and service suppliers		(18,776,781)	(8,070,824)
1.1.8	Taxes paid		(9,301,109)	(11,614,164)
1.1.9	Others		(22,423,436)	(5,205,916)
1.2	**Changes in operating assets and liabilities**	**5.6**	**116,956,054**	**5,631,072**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		(1,605,634)	4,603,964
1.2.2	Net (increase) decrease in due from banks		(25,231,499)	(27,628,053)
1.2.3	Net (increase) decrease in loans		(221,578,323)	(132,587,138)
1.2.4	Net (increase) decrease in other assets		(10,879,768)	(9,436,964)
1.2.5	Net increase (decrease) in bank deposits		1,541,565	7,241,994
1.2.6	Net increase (decrease) in other deposits		333,837,427	128,170,747
1.2.7	Net (increase) decrease in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		26,669,274	18,714,497
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		14,203,012	16,552,025
I.	**Net cash flow from banking operations**	**5.6**	**125,739,406**	**25,480,732**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	**5.6**	**(38,116,313)**	**(30,785,158)**
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(85,100)	(5,001)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(845,820)	(1,157,980)
2.4	Sales of tangible assets		246,673	254,370
2.5	Cash paid for purchase of financial assets measured at FVOCI		(19,579,237)	(16,704,132)
2.6	Cash obtained from sale of financial assets measured at FVOCI		17,919,088	8,404,586
2.7	Cash paid for purchase of financial assets measured at amortised cost		(44,690,345)	(23,774,582)
2.8	Cash obtained from sale of financial assets measured at amortised cost		8,918,428	2,197,581
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**	**5.6**	**(9,023,859)**	**5,019,024**
3.1	Cash obtained from funds borrowed and securities issued		17,615,180	13,756,257
3.2	Cash used for repayment of funds borrowed and securities issued		(17,572,392)	(7,227,820)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(8,776,374)	(1,307,331)
3.5	Payments for financial leases		(290,273)	(202,082)
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**	**5.6**	**23,705,845**	**6,025,970**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	**5.6**	**102,305,079**	**5,740,568**
VI.	**Cash and cash equivalents at beginning of period**	**5.6**	**142,792,728**	**117,996,371**
VII.	**Cash and cash equivalents at end of period (V+VI)**	**5.6**	**245,097,807**	**123,736,939**

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

3 Accounting Policies

3.1 Basis of presentation

The Bank prepares its financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, real estates and subsidiaries accounted based on equity method.

Prepared in accordance with the "Communiqué amending the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 No. 30673.

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes from 3.2 to 3.28.

3.1.1 Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2023 have no material effect on the financial statements, financial performance and on the Bank's accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank's accounting policies.

3.1.2 Other

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 30 June 2023 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the unconsolidated financial statements as of 30 June 2023.

In February 2019, POA issued TFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 introduces a model that both measures insurance contract liabilities at their current balance sheet value and recognizes profit over the period in which the services are provided. With the announcement made by POA, the mandatory effective date of the Standard has been postponed to accounting periods beginning on or after 1 January 2024. Accordingly, the Bank has not applied the related standard in the unconsolidated financial statements of its subsidiary Garanti Emeklilik.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

The liability side of the Bank's balance sheet is intensively composed of short-term deposits in line with the general trend in the banking sector. In addition to deposits, the Bank has access to longer-term borrowings via borrowings from abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank is keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows.

A portion of the fixed-rate securities and loans, and the bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency swaps, are accounted under net trading income/losses in the statement of profit or loss. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

The Bank may classify its financial assets and liabilities as at fair value through profit or loss, at the initial recognition in order to eliminate any accounting inconsistency.

The fundamental strategy to manage the liquidity risk that may incur due to short-term structure of funding, is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The Bank's widespread and effective branch network, advantage of primary dealership and strong market share in the treasury and capital markets, are the most effective tools in the realisation of this strategy. For this purpose, serving customers by introducing new products and services continuously and reaching the customers satisfaction are very important.

Another influential factor in management of interest and liquidity risk on balance sheet is product diversification both on asset and liability sides.Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

Purchase and sale of short and long-term financial instruments are allowed within the pre-determined limits to generate risk-free return on capital.

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

3.2.2 Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Bank's spot purchase rates and the differences are recorded as foreign exchange gain or loss in the statement of profit or loss.

In the unconsolidated financial statements, the financial subsidiaries are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 No. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements". In this context, foreign subsidiaries' asset and liability items in the balance sheet are translated into Turkish Lira by using foreign exchange rates as of the balance sheet date whereas income and expense items are translated into Turkish Lira by using average foreign exchange rates for the related period. Foreign exchange differences arising from translation of income and expense items and other equity items are accounted under capital reserves under Shareholders' Equity.

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 527,280,460 (31 December 2022: EUR 501,598,663) in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses amounting to TL 11,685,788 (31

December 2022: TL 7,370,561), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under Capital Reserves and Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss, respectively under Equity as of 30 June 2023. There is no ineffective portion arising from net investment hedge accounting.

3.3 Investments in associates and subsidiaries

In the unconsolidated financial statements, the subsidiaries are accounted for using the equity method in accordance with Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements" within the frame of Turkish Accounting Standard 28 (TAS 28) for "Investments in Associates and Joint Ventures".

In accordance with the TAS 28 through the equity method, the carrying value of subsidiaries are accounted in the financial statements with respect to the Bank's share in these investments' net asset value. While the Bank's share on profits or losses of financial subsidiaries are accounted in the Bank's Statement of Profit or Loss, the Bank's share in other comprehensive income of subsidiaries are accounted in the Bank's Statement of Other Comprehensive Income.

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

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit/loss

The Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contacts.

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in statement of profit or loss at the date they incur. The changes in their fair values are recorded on balance sheet under "Derivative Financial Assets measured at Fair Value through Profit/Loss" or "Derivative Financial Liabilities measured at Fair Value through Profit/Loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "Income/Losses from Derivative Transactions" under Statement of Profit or Loss.

Within the scope of TFRS 13 Fair Value Measurement standard; (i) if there is a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities); (ii) when the transaction or quoted price does not represent fair value; and / or (iii) when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or (iv) when the price is stable, an adjustment to the transactions or quoted prices is made and this adjustment is reflected to the fair value measurement. In this context, the point is determined within the range that is most representative of fair value under current market conditions. Starting from 31 December 2021 until 31 December 2022, the Bank started to use the TLREF-based OIS ("Overnight Indexed Swap") market curve in order to reflect the fair value measurement more accurately for CBRT swap transactions and performed the necessary fair value measurement adjustments. Starting from 1 January 2023, the Bank started to use the same market curve for swap and forward transactions and performed the necessary fair value measurement adjustments.

The spot legs of currency swap transactions are recorded on the balance sheet and the forward legs in the off-balance sheet accounts as commitment. In the initial phase of currency swaps, the currency exchange transactions to realise at value dates are recorded and followed as irrevocable commitments in the off-balance sheet accounts up to their value dates.

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would

be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument. If a hybrid contract contains a host that is an asset within the scope of this standard, it is applied the standard's requirements about classification of financial assets to the entire hybrid contract. The Bank does not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.
Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Bank's credit derivatives portfolio included in the off-balance sheet accounts composes of total return swaps and credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values. Total return swap is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the reference asset. The Bank enters into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

TFRS 9 permits to defer implementation of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank continues to apply hedge accounting in accordance with TAS 39 in this context.

The Bank enters into interest rate and cross currency swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. The changes in fair values of derivative instruments held for fair value hedges are recognised in "Income/Losses from Derivative Financial Instruments". If the hedging is effective, the changes in fair value of the hedged item is presented in the Statement of Financial Position together with the fixed-rate loan. In case of fixed-rate financial assets measured at fair value through other comprehensive income, such changes are reclassified from Shareholders' Equity to Statement of Profit or Loss.

Derivative financial instruments measured at fair value through other comprehensive income

The Bank enters into interest 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 Other Comprehensive Income or Expense to be Recycled to Profit/Loss in Shareholders' Equity, and the ineffective portion is recognised in Statement of Profit or Loss. The changes recognised in Shareholders' Equity are removed and included in Statement of Profit or Loss in the same period when the hedged cash flows effect the income or loss.

The Bank 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 Statement of Profit or Loss under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under Other Comprehensive Income or Expense to be Recycled to Profit or Loss, are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under Shareholders' Equity, are recognised in Statement of Profit or Loss considering the original maturity.

3.5 Interest income and expenses

Interest is recorded according to the effective interest rate method (rate equalizing future cash flows of financial assets or liabilities to net present value) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. In applying the effective interest method, the Bank identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognised in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognised in the financial statements.

When applying the effective interest method, The Bank amortises any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument.

In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements.

If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related Statement of Profit or Loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "expected credit losses" expense and "interest income from loans" for interest amounts calculated in this way. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

3.6 Fees and commissions

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, 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.

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

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

3.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 "Revenue from Contracts with Customers", at initial recognition, the Bank measures financial assets or financial liabilities at fair value. At initial recognition, financial asset or liability excluding the ones at fair value through profit or loss are accounted at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of business model

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

The entity's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation.

During assessment of the business model for management of financial assets, it must be considered all relevant evidence that is available at the date of the assessment. Such relevant evidence includes below:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Assessment of the business model is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

If cash flows are realised in a way that is different from the Bank's expectations at the date that the Bank assessed the business model, that does not give rise to a prior period error in the Bank's financial statements nor does it change the classification of the remaining financial assets held in that business model as long as the Bank considered all relevant information that was available at the time that it made the business model assessment. However, when the Bank assesses the business model for newly originated or newly purchased financial assets, it must consider information about how cash flows were realised in the past, along with all other relevant information.

The Bank's business models are divided into three categories. These categories are defined below:

- A business model whose objective is to hold assets in order to collect contractual cash flows: a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Other business models: Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

3.7.3.2 Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

3.7.4 Measurement categories of financial assets and liabilities

The Bank classified all its financial assets based on the business model for managing the financial assets. Accordingly, financial assets are classified in three main categories as listed below:

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

Financial investments and loans measured at amortised cost

The Bank may measure its financial investments and loans at amortised cost if both of the following conditions are met:

- Financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial investments measured at amortised cost: Subsequent to the initial recognition, financial investments measured at amortised cost are accounted at amortised cost calculated by using the effective interest rate method. The expected loss calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.7.5.

Loans: Financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are recognized at cost and measured at amortized cost using the effective interest method. Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers. The expected loss calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.5.11.

Financial assets measured at fair value through other comprehensive income

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if both of the following conditions are met:

- Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. If the financial asset is reclassified as financial assets measured at fair value through profit or loss, the related cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Equity to Profit or Loss as a reclassification adjustment at the reclassification date.

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized costs by using the discounting method with effective interest rate that approximates to fair value, of return for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in accumulated Other Comprehensive Income or Expense to be reclassified to Profit or Loss under the Shareholders' Equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders' equity are recognized in Statement of Profit or Loss.

Interests calculated and/or earned by using the effective interest method during holding of financial assets measured at fair value through other comprehensive income are recorded primarily in interest income. In case of the sale of such debt securities before maturity date, the difference between the sales income calculated as difference between the cost in accordance with the Uniform Chart of Accounts and the sales price and the recognized interest income is transferred to "Trading Income/Losses".

The Bank also owns consumer price indexed government bonds ("CPI") in its securities portfolio, reclassified as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortised cost. CPI's are valued and accounted for according to the effective interest rate method which is calculated based on the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Undersecretariat of Treasury's Investor Guide of CPI, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI's. The Bank determines its expected inflation rates in compliance with this guide. The estimated inflation rate according to the Central Bank of Turkey's and the Bank's expectations, is updated during the year when it is considered necessary.

Equity instruments measured at fair value through other comprehensive income

At initial recognition, the Bank may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. The Bank makes the election on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit/loss. However, the cumulative gain or loss shall be transferred to prior periods' profit/loss. Dividends on such investments are recognised in profit/loss unless the dividend clearly represents a recovery of part of the cost of the investment. TFRS 9 impairment requirements are not applicable for equity instruments.

Financial assets and liabilities measured at fair value through profit or loss

Financial assets valued at fair value through profit or loss are valued at their fair values and gain/loss arising on those assets is recorded in the statement of profit or loss. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the statement of profit or loss. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit/ loss, irrevocably in order to eliminate any accounting mismatch in compliance with TFRS 9.

The interest income/expense earned and the difference between the acquisition costs and the amortized costs of financial liabilities are recorded under interest income/expense in statement of profit or loss, the difference between the amortized costs and the fair values of financial liabilities are recorded under trading account income/losses in statement of profit or loss. The amount of change in the fair value of the financial liability at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income unless it creates accounting mismatch or increase the accounting mismatch. Excluding the change in credit risk of the liability, the change in the fair value of the liability shall be recognized in profit or loss.

3.8 Disclosures on impairment of financial instruments

The Bank recognises a loss allowance for expected credit losses on financial assets and loans measured at amortised cost, financial assets measured at fair value through other comprehensive income , loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette No. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018. TFRS 9 impairment requirements are not applicable for equity instruments.

At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank shall use the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The Bank calculates the expected credit loss on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis.

The Bank constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration change in the risk of a default occurring over the expected life of the financial instrument. The Bank's aforementioned policy is presented in Note 3.8.3.

The Bank's impairment model having 3 stages based on the change in credit quality since initial recognition based on TFRS 9 is explained below.

3.8.1 Calculation of expected credit losses

The Bank calculates expected credit losses based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the balance sheet date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

The Bank uses internal rating systems for both retail and commercial portfolios. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; (i) the behavioral data of the customer and the product in the Bank, (ii) the demographic information of the customer, and (iii) the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

LGD calculations are performed using historical data which best reflect current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion factor corresponds to the factor which adjusts the potential increase of the exposure between the current date and the default date.

When expected credit losses are estimated, the Bank considers three scenarios (base scenario, bad scenario, good scenario). Each of these three scenarios is associated with different probability of default and loss given default. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. The Bank calculates 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. Such calculation is performed for each of three scenarios explained above.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank calculates an allowance for the lifetime expected credit losses. Including multiple scenario usage, it is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

Stage 3: For the loans considered as impaired, the Bank accounts lifetime expected credit losses. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

The Bank considers a debt as default on these two below conditions;

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day.
2. Subjective Default Definition: It means the Bank considers that a debt is unlikely to be paid. Whenever the Bank considers that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

For the purpose of determining significant increases in credit risk and recognising a loss allowance on a collective basis, the Bank Group’s financial instruments on the basis of shared credit risk characteristics. In this context, the methodology developed for the estimation of expected credit losses should include the risk features which meet the criteria for carrying the same credit risk characteristics. Examples of the Bank's common credit risk characteristics include, but are not limited to, the following:

- Customer type (retail or commercial / corporate)
- Product type
- Credit risk rating notes /scores
- Sector / market segmentation
- Collateral type
- Loan to value ratio
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

In addition, the Bank assesses a certain portion of commercial and corporate loans individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. The Bank makes such calculation by discounting the expected cash deficits from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, the Bank shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. The Bank makes such assessment by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

In accordance with the Bank’s internal policies, TFRS 9 models are updated once a year. The related model update was made in the last quarter of 2022 and the Bank has calculated expected credit losses based on the updated model during 2022.

As of 31 March 2023, due to the magnitude-7.7 and 7.5 quakes respectively in southern part of Turkey which effect 10 provinces (5 of them severely and 5 of them partially), the Bank has classified the loans and receivables in disaster zone from stage 1 to stage 2 regarding assessment of significant increase in credit risk and calculated an allowance for the lifetime expected credit losses. As of 30 June 2023, an additional expected credit loss has been calculated for a portion of the related loans and receivables based on the Bank's internal assessment.

3.8.1.1 Loan commitments and non-cash loans

The expected credit losses on a loan commitment shall be discounted using the effective interest rate, or an approximation thereof, that will be applied when recognising the financial asset resulting from the loan commitment. This is because for the purpose of applying the impairment requirements, a financial asset that is recognised following a draw down on a loan commitment shall be treated as a continuation of that commitment instead of as a new financial instrument. The expected credit losses on the financial asset shall therefore be measured considering the initial credit risk of the loan commitment from the date that the Bank became a party to the irrevocable commitment.

Expected credit losses on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined shall be discounted by applying a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3.8.1.2 Debt instruments measured at fair value through other comprehensive income

The Bank shall apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with TFRS 9. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. The expected credit loss is reflected in other comprehensive income and the accumulated amount is recycled to statement of profit/loss following the derecognition of related financial asset.

3.8.1.3 Credit cards and other revolving loans

The Bank offers credit card and overdraft products which give ability to corporate and commercial customers demand repayment and cancel the undrawn commitment. Such products do not limit the period that the Bank is exposed to credit losses with the contractual notice. For this reason, the Bank calculates the expected credit losses for these products over a period of time reflecting the anticipation of customer behavior, the likelihood of default, and future risk mitigation procedures such as the Bank's reduction or removal of undrawn limits.

When determining the period over which the Bank is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by the Bank's normal credit risk management actions, the Bank considers factors such as historical information and experience about the below items:

- the period over which the entity was exposed to credit risk on similar financial instruments;
- the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk; and
- the credit risk management actions that the Bank expects to take once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

The Bank calculates expected credit losses on the revolving products of retail and corporate customers by considering 3-5 years.

The Bank makes assessment of significant increase in credit risk of revolving loans by considering qualitative and quantitative criteria considered for other credit products as explained in Note 3.8.3.

(Thousands of Turkish Lira (TL))

3.8.2 Forward-looking macroeconomic information

The Bank incorporates forward-looking macroeconomic information into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation. The incorporation of forward-looking information into the Bank's credit risk parameters consists of the following steps:

Step 1: The Bank makes specifications and estimates of econometric models that reveal past relationships between credit risk parameters and macroeconomic variables in order to be able to generate estimates based on macroeconomic information. Macroeconomic variable prevailing during these estimates is mainly the Gross Domestic Product (GDP).

Step 2: Where macroeconomic scenarios do not include longer maturity, a process called "convergence to the mean" is applied.

Step 3: In order to estimate the ultimate parameters to be used in the calculation of the expected credit losses, the Bank applies the methods of credit risk parameters reflection and forward-looking impact inclusion into the parameters.

The Bank updates its macroeconomic parameters incorporated into significant increase in credit risk and expected credit loss assessments quarterly.

The Bank takes into account different scenarios in the calculation of expected credit loss by evaluating the current economic conditions and expert opinions. Accordingly, the updated macroeconomic value estimates taken into account in the expected loss provision calculation are presented below as of 30 June 2023.

Date	GDP
31.12.2023	4.5%
31.12.2024	2.0%
31.12.2025	3.8%
31.12.2026	3.7%
31.12.2027	3.6%
31.12.2028	3.5%

3.8.3 Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk.

Qualitative assessment:

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

- Loans overdue more than 30 days as of the reporting date,
- Loans classified as watchlist,
- When there is a change in the payment plan due to refinancing, restructuring or concession, the loan is not considered as default or written off and the change is not due to any commercial reason.

Quantitative assessment:

The quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date.

The absolute and relative thresholds used for the probability of default are differentiated on the basis of segment/ loan group.

The Bank classifies the related financial asset as Stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

- Relative change in the Probability of Default (PD): If the "relative difference" between the probability of defaults as of the reporting date and the date when the loan is initially recognized in the financial statements is above the specified threshold.

- Absolute change in the PD: If the "absolute difference" between the probability of defaults as of the reporting date and the date when the loan is initially recognized in the financial statements is above the specified threshold (different from the threshold for the relative change).

3.8.4 Low credit risk

As per TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Bank is not considering financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the Bank's other financial instruments or relative to the credit risk of the jurisdiction within which the Bank operates.

If the Bank determines that a financial instrument has a low credit risk as of the reporting date, it assumes that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

The Bank makes the definition of low credit risk based on the definition of "High Quality Liquid Asset" given in the Regulation on the Liquidity Coverage Ratio Calculation and the principles of the risk weight calculation based on the external rating note of the receivables from the Central Banks and the Central Governments in accordance with the Regulation on the Measurement and Assessment of Banks' Capital Adequacy.

The financial instruments that the Bank defines as having low credit risk based on TFRS 9 are as follows:

- Receivables from the Central Bank of the Republic of Turkey (required reserves, free reserves, placements etc.)
- Loans with the counterparty of the Treasury of the Republic of Turkey
- Receivables (reserves, free reserves, placements etc.) from the central banks of the branches of the Bank or its subsidiaries, securities issued or guaranteed by these central banks and securities issued / guaranteed by the treasury of these countries
- Loans granted to the treasury of countries having rating note of AA- and above and the securities issued or guaranteed by the treasury of these countries
- Local currency loans granted to the treasury of countries having rating below AA-, and securities in local currency issued or guaranteed by the treasury of these countries
- Securities exported or guaranteed by multilateral development banks or international organizations having rating of AA- and above.

3.8.5 Disclosures on write down policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. The Bank performs objective and subjective assessments whether there is reasonable expectation.

In accordance with TFRS9, a provision is provided for the portions of the loans that are not expected to be recovered as explained in the accounting policies 3.8 Disclosures on impairment of financial instruments and 3.8.1 Calculation of expected credit losses. Accordingly, the loans which cannot be reasonably expected to be recovered regarding the opinions of the related department responsible from the collection and the portion up to the provision amount of the loans, that are classified as "Group V Loan" (Loans Classified as Loss), can be subject to write-down operation.

In addition, all of the loans that meet the conditions in the below are assessed by the Bank as having completely lost their ability to collect and can be written down based on the positive opinion of the related departments.

i. Being monitored as a non-performing loan at least for 18 months,
ii. Not having any collection in the last 6 months,
iii. The absence of a qualified guarantee.

The write-down of these loans, which are not possible to be collected, is an accounting policy and this policy does not result in waiving the right of receivables.

3.9 Netting and derecognition of financial instruments

3.9.1 Netting 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 to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

3.9.2 Derecognition of financial instruments

3.9.2.1 Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset.

The Bank shall assess the characteristics of the new contractual terms of the financial asset based on quantitative and qualitative criteria. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and in case a significant change is determined, it is recognized as a modification gain or loss in Profit or Loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset.

When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognised in its entirety and the consideration received is recognised as a liability.

3.9.2.2 Derecognition of financial assets without any change in contractual terms

The Bank derecognises the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party.

Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in Profit or Loss.

3.9.2.3 Derecognition of financial liabilities

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

3.9.3 Reclassification of financial instruments

Based on TFRS 9, the Bank shall reclassify all affected financial assets at amortised cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it changes its business model for managing financial assets.

3.9.4 Restructuring and refinancing of financial instruments

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

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

Changes in the original terms of a credit risk can be made in the current contract or through a new contract.

Corporate and commercial companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time)
- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing

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

- Recovery in debt service,
- At least one year should pass over the date of restructuring,
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing,
- Collection of all overdue amounts, disappearance of the reasons for classification as non-performing receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification.

During the follow-up period of at least two years following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

3.10 Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in compliance with the uniform chart of accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Bank management's future intentions, either at market prices or using discounting method with internal rate of return. The funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

Securities purchased under resale agreements are classified under "Money Market Placements" separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period on such securities.

Securities lending transactions are classified under "Money Market Funds" and the related expense accruals are accounted.

3.11 Assets held for sale, discontinued operations and related liabilities

According to the Turkish Financial Reporting Standard 5 (TFRS 5) "Assets Held for Sale and Discontinued Operations", a tangible asset (or a group of assets to be disposed) classified as "asset held for sale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for sale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value. Assets held for sale consist of tangible assets and investments in associates to be disposed that were acquired against non-performing receivables.

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in statement of profit or loss. The Bank has no discontinued operations.

3.12 Goodwill and other intangible assets

The Bank's intangible assets consist of software, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in compliance with the Turkish Accounting Standard 38 (TAS 38) "Intangible Assets".

The costs of other intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their initial purchase costs.

As per TAS 38, internally-generated software should be recognised as intangible assets if they meet the below listed criteria:

- The technical feasibility of completing the intangible asset so that it will be available for use,

- Availability of the Bank's intention to complete and use the intangible asset,

- The ability to use the intangible asset,

- Clarity in probable future economic benefits to be generated from the intangible asset,

- The availability of adequate technical, financial and other resources to complete the development phase and to start using the intangible asset,

(Thousands of Turkish Lira (TL))

- The availability to measure reliably the expenditure attributable to the intangible asset during the development phase.

The directly attributable development costs of intangible asset are included in the cost of such assets, however the research costs are recognised as expense as incurred.

The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. Estimated useful lives of the Bank's intangible assets are 3-15 years and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

The cost of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

As of 1 November 2015, changing the existing accounting policy, it has been decided to apply revaluation model for properties recorded under tangible assets instead of cost model in accordance with the Turkish Accounting Standard 16 (TAS 16) "Property, Plant and Equipment". Within this framework, the revaluation difference arising from the valuations performed by independent expertise firms for all real estates registered in the ledger is accounted under revaluation surplus on tangible and intangible assets under equity.

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

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sale price.

Maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. The depreciation rates and the estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

Tangible assets	Estimated Useful Lives (Years)	Depreciation Rates %
Buildings	50	2
Vaults	50	2
Motor Vehicles	5-7	15-20
Other Tangible Assets	4-20	5-25

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

Useful lives of buildings are reviewed at least once a year and if current estimates are different than previous estimates, then the revised estimates are considered as accounting policy change in accordance with Turkish Accounting Standard 8 (TAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Investment properties

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in production, supply of goods or services, administrative purposes or sale in the ordinary course of business are classified as investment property. As of 1 November 2015, changing the existing accounting policy, it has been decided to apply fair value model for investment properties instead of cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all the investment properties registered in the ledger, a valuation study was performed by independent expertise firms and arising changes in their fair values resulting from these studies are recognized in statement of profit or loss at the date they incur.

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

Based on the Bank's assessment, lease branches and buildings are recognized in compliance with TFRS 16 whereas ATM places, lease cars and other leases are considered out of TFRS 16 scope as a result of materiality assessment. Therefore, these leases are recognized under Other Operating Income.

At the commencement date, the Bank shall measure the right-of-use properties at cost in compliance with TFRS 16. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.
After the commencement date, the Bank measures the right-of-use asset applying a cost model. To apply the cost model, the Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Bank applies the depreciation requirements in TAS 16 "Property, Plant and Equipment" in depreciating real assets considered as right-of-use asset.

The Bank applies TAS 36 "Impairment of Assets" to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

3.14 Leasing activities

Leases, in which the majority of risks and returns of the related asset belong to the lessor, are classified as operational lease. The rent payments for leases that meet the conditions of exemptions stated in TFRS 16, are recognized as expense in related periods' statement of profit or loss over the lease term in accordance with periodicity principle.

Based on TFRS 16, at the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the incremental borrowing interest rate.

After the commencement date, the Bank measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the Bank remeasures the lease liability to reflect changes to the lease payments. The Bank recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

(Thousands of Turkish Lira (TL))

The Bank remeasures the lease liability by discounting the revised lease payments using a revised discount rate, if either there is a change in the lease term or there is a change in the assessment of an option to purchase the underlying asset. However, if there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments or if there is a change in the amounts expected to be payable under a residual value guarantee, the Bank uses an unchanged discount rate.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Bank remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the incremental borrowing interest rate at the effective date of the modification. The Bank decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Bank recognises any gain or loss relating to the partial or full termination of the lease in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

3.15 Provisions and contingent liabilities

Provisions and contingent liabilities resulted from past events, if it is probable that the commitment will be settled and a reliable estimate can be made for the amount of the obligation, are accounted for in accordance with the Turkish Accounting Standard 37 (TAS 37) "Provisions, Contingent Liabilities and Contingent Assets".

3.16 Contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits to the Bank has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the related period.

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

As per the existing labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignations or misbehaviours specified in the Turkish Labour Law.

Accordingly, the Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who retired or whose employment is terminated, called up for military service or died.

The major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	**Prior Period**
Net Effective Discount Rate	3.12%	3.00%
Discount Rate	12.40%	17.79%
Expected Rate of Salary Increase	10.50%	15.86%
Inflation Rate	9.00%	14.36%

The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS 19.

Retirement benefit obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee (and his/her dependents) will receive on retirement.

(Thousands of Turkish Lira (TL))

The Bank's defined benefit plan ("the Plan") is managed by "Türkiye Garanti Bankası A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" ("the Fund") established as per the provisional Article 20 of the Social Security Law No.506 and the Bank's employees are the members of this Fund.

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law numbered 506. These contributions are as follows:

	Current Period		Prior Period	
	Employer	**Employee**	**Employer**	**Employee**
Pension contributions	15.5%	10.0%	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%	6.0%	5.0%

The Plan is composed of a) the contractual benefits of the employees, which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law No.5754 ("the Law"), and b) other social rights and medical benefits provided by the Bank but not transferable to SSF.

a) Benefits transferable to SSF

The first paragraph of the provisional Article 23 of Banking Law No.5411, published in the Official Gazette on 1 November 2005, No.25983, which requires the transfer of the members of the funds subject to the provisional Article 20 of the Social Security Law No.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, No.2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette No.26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members.

Following the publication of the verdict, the Turkish Grand National Assembly ("Turkish Parliament") started to work on the new legal arrangements by taking the cancellation reasoning into account and the articles of the Law No.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette No.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund ("SDIF"), the banks and the funds, by using a technical discount rate of 9.80% taking into account the Funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional Article 20 of the Social Security Law No.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette No. 27900 dated 9 April 2011 as per the decision of the Council of Ministers, No.2011/1559, and as per the Letter No. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional Article 20 of the Social Security and Public

Health Insurance Law No.5510.

On 19 June 2008, Cumhuriyet Halk Partisi ("CHP") applied to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. At the meeting of the Constitutional Court on 30 March 2011, it was decided that the Article 73 and the first paragraph of the provisional Article 20 added to the Law No. 5510 are not contradictory to the Constitutional Law, and accordingly the dismissal of the cancellation request has been denied with the majority of votes.

Before the completion of two-years period set by the Council of Ministers on 14 March 2011 as explained above, as per the Article No. 51 of the Law No. 6645, published in the Official Gazette No. 29335 dated 23 April 2015, the Article No. 20 of the Law No. 5510 was amended giving the Council of Ministers the authority to determine the date of transfer without defining any timeline.

b) Other benefits not transferable to SSF

Other social rights and payments provided in the existing trust indenture but not covered through the transfer of the funds' members and their right-holders to the SSF, are to be covered by the funds and the institutions that employ the funds' members.

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS 19. On 3 March 2023, the Bank has recognised the necessary changes in the retirement pay liability and pension plans in the unconsolidated financial statements in accordance with the Law No. 5510 on the Amendment of the Social Security and General Health Insurance Law No. 5510 and the Decree Law No. 375 (known as the "Early Retirement Law") published in the Official Gazette.

3.18 Taxation

3.18.1 Corporate tax

While corporate tax which is applied to corporate earnings at the rate of 20% in Turkey, in accordance with the regulation introduced by the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law" , this rate has been determined to be applied as 25% for the corporate earnings of 2022 and later taxation periods for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions No.2009/14593 and No.2009/14594 of the Council of Ministers published in the Official Gazette No.27130 dated 3 February 2009, certain duty rates included in the articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. Accordingly, the witholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

75% of earnings generated through sale of equity shares, founders' shares, redeemed shares and preemption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

All earnings generated through transfer of equity shares, founders' shares, redeemed shares and preemption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

As of 30 June 2023, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/Ç of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting period including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette numbered 32073 on 14 January 2023, the procedures and principles of the articles allowing the revaluation of real estates and depreciation units have been redrawn. By taking into consideration aforementioned Comminiqué, the Bank, has been revaluated real estate and depreciation units within its balance sheet by providing conditions in the provisions of Tax Procedure Law's provisional Article 32 and duplicated Article 298/ç. Accordingly, corporate income tax has calculated with respect to revaluated real estate and depreciation units.

According to Law No. 7440 on Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette (dated on March 12, 2023 and numbered 32130), tax payers are to be calculating additional tax in order to be indicated in corporate income tax returns of the year 2022. With the regulation of Law No. 5520 on the "Corporate Tax Law" and other tax regulations, an additional tax of 10% will be calculated based on the exemption and deduction amounts subject to deduction from corporate income and the tax bases subject to reduced corporate tax within the scope of Article 32/A of the same law and with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520., an additional tax of 5% will be calculated based on exempted dividends and earnings from abroad. The first partial payment of this additional taxes is to be paid within the payment period of the corporate income tax, and the second partial payment is to be paid in the fourth month following this period.

The tax applications for foreign branches;

NORTHERN CYPRUS

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus No.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next seven years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October. According to the Decision of the TRNC Council of Ministers dated 25 March 2020, the prepaid taxes are calculated and paid at the rate of 15% tax on quarterly commercial earnings of the related year. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

MALTA

The corporate earnings are subject to a 35% corporate tax. This rate is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The earnings of the foreign corporations' branches in Malta are also subject to the same tax rate that the resident corporations in Malta are subject to. The earnings of such branches that are transferred to their head offices are not subject to an additional tax. The taxes payable is calculated by the obligating firm and the calculation is presented in the tax declaration form that is due till the following year's month of November.

3.18.2 Deferred taxes

According to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes"; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

As stated in Note 3.18.1, corporate income tax has been determined to be applied as 25% in accordance with the regulation introduced by the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law" for the corporate earnings for the taxation period of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. Therefore, as of 30 June 2023, the Bank has calculated deferred tax at the rate of 25% for assets and liabilities.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Furthermore, the deferred tax assets are not subject to profit distribution or capital increase as per the BRSA's related circular in cases where there are net asset balances after netting deferred tax assets with deferred tax liabilities.

3.18.3 Transfer pricing

The article No.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "Disguised Profit Distribution by Way of Transfer Pricing". "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the General Communiqué No. 4 on Disguised Profit Distribution by Way of Transfer Pricing, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

3.19 Funds borrowed

The Bank, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

In cases where such funds are valued at their amortised costs but this application results in measurement or accounting mismatch due to having the related financial instruments valued using different methods or the related gains or losses are recognized differently, such fundings are reclassified as financial liabilities at their fair values through profit or loss at initial recognition in order to prevent such mismatch. The interest expenses paid during holding the related financial liabilities and the difference between the amortized cost and the acquisition cost are recorded as interest expense in statement of profit or loss and the difference between the fair values and the amortized costs of the financial liabilities are recorded under trading account income/losses.

3.20 Share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for "Share Premium" under Shareholders' Equity.

3.21 Confirmed bills of exchange and acceptances

Payments of the confirmed bills of exchange and acceptances are made simultaneously with the payments of the customers. Confirmed bills of exchange and acceptances are recorded in "off-balance sheet accounts" as possible debts and commitments, if any.

3.22 Government incentives

As of 30 June 2023, the Bank does not have any government incentives or grants (31 December 2022: None).

(Thousands of Turkish Lira (TL))

3.23 Segment reporting

The Bank operates in corporate, commercial, retail and investment banking. Accordingly, the banking products served to customers are; custody services, time and demand deposits, accumulating deposit accounts, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account (ELMA), cheques, safety boxes, bill payments, tax collections, payment orders. GarantiCard, BonusCard, Miles&Smiles Card, FlexiCard, MoneyCard, BusinessCard, Shop & Fly, virtual cards under the brand names of Visa and Mastercard and also American Express credit cards and “Paracard” debit cards with Maestro, Electron, Visa and Mastercard brand names, are available.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers’ needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

The Bank provides corporate banking products to international and national holdings in Turkey by coordinating regional offices, suppliers and intermediaries, utilizing cross-selling techniques. Mainly, it provides services through its commercial and mixed type of branches to export-revenue earning sectors like tourism and textile and exporters of Turkey’s traditional agricultural products.

Additionally, the Bank provides banking services to enterprises and their employees working in retail and service sectors through product packages including overdraft accounts, POS machines, credit cards, cheque books, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules.

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers’ needs are met by diversified consumer banking products through branches and digital banking.

Information on the business segments is as follows:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	12,755,220	18,236,955	(3,288,199)	4,080,669	31,784,645
Net Fees And Commıssıons Income	9,429,139	4,160,826	(4,744)	(213,240)	13,371,981
Dividend Income	-	-	-	10,122	10,122
Net Tradıng Income/Losses (Net)	1,171,244	7,975,068	6,840,947	1,355,566	17,342,825
Other Operatıng Income (*)	270,352	146,685	28,433	3,581,338	4,026,808
Expected Credıt Losses (-) (*)	(5,137,044)	(6,486,633)	(677,426)	937,245	(11,363,858)
Other Provisions (-)	-	-	-	(46,895)	(46,895)
Personnel and Other Operatıng Expenses (-)	(11,995,834)	(3,703,448)	(444,978)	(4,757,856)	(20,902,116)
Income/Loss From Investments Under Equıty Accountıng	-	-	-	5,565,744	5,565,744
Net Operating Profit	**6,493,077**	**20,329,453**	**2,454,033**	**10,512,693**	**39,789,256**
Provision for Taxes	-	-	-	(5,584,268)	(5,584,268)
Net Profit	**6,493,077**	**20,329,453**	**2,454,033**	**4,928,425**	**34,204,988**
Segment Assets	300,591,225	539,219,139	582,476,149	204,229,141	1,626,515,654
Investments in Associates and Subsidiaries	-	-	-	42,848,166	42,848,166
Total Assets	**300,591,225**	**539,219,139**	**582,476,149**	**247,077,307**	**1,669,363,820**
Segment Liabilities	857,844,793	401,700,997	171,409,540	50,784,940	1,481,740,270
Shareholders’ Equity	-	-	-	187,623,550	187,623,550
Total Liabilities and Shareholders’	**857,844,793**	**401,700,997**	**171,409,540**	**238,408,490**	**1,669,363,820**

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	6,777,050	9,055,241	10,789,700	2,227,536	28,849,527
Net Fees And Commıssıons Income	4,788,559	1,826,202	(116,502)	26,562	6,524,821
Dividend Income	-	-	-	30,883	30,883
Net Tradıng Income/Losses (Net)	243,048	3,863,346	(960,961)	1,993,814	5,139,247
Other Operatıng Income (*)	301,837	105,959	12,304	1,317,882	1,737,982
Expected Credıt Losses (-) (*)	(1,237,871)	(5,730,059)	(211,883)	250,108	(6,929,705)
Other Provisions (-)	-	-	-	(2,094,063)	(2,094,063)
Personnel and Other Operatıng Expenses (-)	(4,967,183)	(1,969,896)	(401,212)	(1,708,780)	(9,047,071)
Income/Loss From Investments Under Equıty Accountıng	-	-	-	2,394,830	2,394,830
Net Operating Profit	**5,905,440**	**7,150,793**	**9,111,446**	**4,438,772**	**26,606,451**
Provision for Taxes	-	-	-	(5,510,509)	(5,510,509)
Net Profit	**5,905,440**	**7,150,793**	**9,111,446**	**(1,071,737)**	**21,095,942**
Segment Assets	204,172,562	428,188,877	404,374,563	86,340,155	1,123,076,157
Investments in Associates and Subsidiaries	-	-	-	29,095,480	29,095,480
Total Assets	**204,172,562**	**428,188,877**	**404,374,563**	**115,435,635**	**1,152,171,637**
Segment Liabilities	545,930,300	281,399,823	127,869,535	44,286,486	999,486,144
Shareholders' Equity	-	-	-	152,685,493	152,685,493
Total Liabilities and Shareholders'	**545,930,300**	**281,399,823**	**127,869,535**	**196,971,979**	**1,152,171,637**

(*) Prior year reversals from Expected Credit Losses presented under Other Operating Income in the Profit or Loss Statement are netted off with the Expected Credit Losses.

3.24 Profit reserves and profit appropriation

Retained earnings as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement explained to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In the ordinary General Assembly Meeting dated 13 April 2023, a decision has been made regarding appropriation of the unconsolidated net profit of the Bank deriving from operations in 2022 amounting to TL 58,509,158 and aforementioned distribution has been disclosed in Note 5.10.2.

3.25 Earnings per share

Earnings per share disclosed in the statement of profit or loss, are calculated by dividing net profit by the weighted average number of shares outstanding during the year concerned.

	30 June 2023	*30 June 2022*
Distributable net profit	34,204,988	21,095,942
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.08144	0.05023

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

There are no bonus shares issued in 2023 (2022: None).

3.26 Related parties

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/subsidiary with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with TAS 24 "Related Parties". The transactions with related parties are disclosed in detail in Note 5.7.

3.27 Cash and cash equivalents

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

3.28 Other disclosures

None.

(Thousands of Turkish Lira (TL))

4 Financial Position and Results of Operations and Risk Management

4.1 Total capital

The capital items calculated as per the "Regulation on Equities of Banks" published on 5 September 2013, are presented below:

4.1.1 Components of total capital

	Current Period	*Prior Period*
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	114,069,737	63,189,765
Other Comprehensive Income according to TAS	43,817,376	31,900,849
Profit	34,204,988	59,603,636
Current Period's Profit	34,204,988	58,509,158
Prior Periods' Profit	-	1,094,478
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	10,163	10,013
Common Equity Tier I Capital Before Deductions	**197,086,698**	**159,688,697**
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 (-)	10,477,987	7,155,258
Leasehold Improvements on Operational Leases (-)	125,935	109,029
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	759,052	977,838
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
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	**11,362,974**	**8,242,125**
Total Common Equity Tier I Capital	**185,723,724**	**151,446,572**
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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
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 Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
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)	**185,723,724**	**151,446,572**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	12,569,680	12,158,080
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)	11,591,818	9,211,267
Total Deductions from Tier II Capital	**24,161,498**	**21,369,347**
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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	**24,161,498**	**21,369,347**
Total Equity (Total Tier I and Tier II Capital)	**209,885,222**	**172,815,919**
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	2,359	53

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
Other items to be Defined by the BRSA	284	29
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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	**209,882,579**	**172,815,837**
Total Risk Weighted Assets	**1,069,958,863**	**838,938,765**
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	17.36	18.05
Tier I Capital Ratio (%)	17.36	18.05
Capital Adequacy Ratio (%)	19.62	20.60
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b)	2.53	2.53
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.03	0.03
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	11.36	12.05
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	14,111,489	6,723,463
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)	38,597,093	29,380,930
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	11,591,818	9,211,267
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	-	-

Within the scope of the measures announced by the BRSA on 31 January 2023 and 21 December 2021, the amount subject to credit risk shall be calculated by using the 30 December 2022 dated Central Bank's foreign exchange buying rates and negative revaluation differences of the securities classified under “Financial Assets Measured at Fair Value through Other Comprehensive Income” are not included in capital calculation.

As of 30 June 2023, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the regulation changes. If the regulation changes is not taken into account, the capital adequacy ratio decreases to 17.66% as of 30 June 2023.

The Bank plans its Common Equity Tier 1 (CET1) Capital by considering 10% as the minimum target.

(Thousands of Turkish Lira (TL))

4.1.2 Items included in capital calculation

Current Period	***Information about instruments included in total capital calculation***		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479	ISIN: TRSGRANE2915	ISIN: TRSGRAN23013
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the "Regulation on Equities of Banks" and "the Communiqué Regarding the Capital Instruments that will be included in own funds of banks" within the legislation of Capital Markets Board of Turkey.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the "Regulation on Equities of Banks" and "the Communiqué Regarding the Capital Instruments that will be included in own funds of banks" within the legislation of Capital Markets Board of Turkey.
Regulatory treatment			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	11,567 (31 December 2022: 11,155)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Nominal value of instrument (TL million)	19,278 (31 December 2022: 13,944)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	No	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
Interest/dividend payment			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	7.1770%	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
Convertible into equity shares	None	None	None
If convertible, conversion trigger (s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-

If convertible, type of instrument convertible into	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-
Write-down feature	Yes	Yes	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.
If bond can be written-down, full or partial	Partially or fully	Partially or fully	Partially or fully
If bond can be written-down, permanent or temporary	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

(Thousands of Turkish Lira (TL))

4.1.3 Reconciliation of capital items to balance sheet

Current Period	*Carrying value*	*Amount of correction*	*Value of the capital report*	*Explanation of differences*
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	34,364,391	(1,014,839)	33,349,552	Items not included in the calculation as per Regulation's Article 9-1-f
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	10,904,597	-	10,904,597	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	23,459,794	(1,014,839)	22,444,955	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	114,069,737	-	114,069,737	
Profit or Loss	34,204,988	-	34,204,988	
Prior Periods' Profit/Loss	-	-	-	
Current Period Net Profit/Loss	34,204,988	-	34,204,988	
Deductions from Common Equity Tier I Capital (-)	-		884,987	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**187,623,550**		**185,723,724**	
Subordinated Debts	-		-	
Deductions from Tier I Capital (-)	-		-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital	**-**		**185,723,724**	
Subordinated Debts			12,569,680	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			11,591,818	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**24,161,498**	
Deductions from Total Capital (-)			2,643	Deductions from Capital as per the Regulation
Total			**209,882,579**	

Within the scope of the measures announced by the BRSA on 21 December 2021, in the case of net valuation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" are negative, these differences are not taken into consideration in capital calculation for capital adequacy ratio.

(Thousands of Turkish Lira (TL))

Prior Period	***Carrying value***	***Amount of correction***	***Value of the capital report***	***Explanation of differences***
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	24,907,658	(152,054)	24,755,604	Items not included in the calculation as per Regulation's Article 9-1-f
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	4,289,245	-	4,289,245	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	20,618,413	(152,054)	20,466,359	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,189,765	-	63,189,765	
Profit or Loss	59,603,636	-	59,603,636	
Prior Periods' Profit/Loss	1,094,478	-	1,094,478	
Current Period Net Profit/Loss	58,509,158	-	58,509,158	
Deductions from Common Equity Tier I Capital (-)	-		1,086,867	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**152,685,493**		**151,446,572**	
Subordinated Debts	-		-	
Deductions from Tier I Capital (-)	-		-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital	**-**		**151,446,572**	
Subordinated Debts			12,158,080	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			9,211,267	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			**-**	Deductions from Tier II Capital as per the Regulation
Tier II Capital			**21,369,347**	
Deductions from Total Capital (-)			82	Deductions from Capital as per the Regulation
Total			**172,815,837**	

(Thousands of Turkish Lira (TL))

4.2 Credit risk

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4.3 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2023, the Bank's net 'on balance sheet' foreign currency long position amounts to TL 1,698,768 (31 December 2022: TL 35,886,243 balance sheet short position), net 'off-balance sheet' foreign currency long position amounts to TL 15,676,517 (31 December 2022: TL 43,841,050), while net foreign currency long position amounts to TL 17,375,285 (31 December 2022: TL 7,954,806).

The foreign currency position risk of the Bank is measured by "standard method" and "value-at-risk (VaR) model". Measurements by standard method are carried out monthly, whereas measurements by VaR are done daily. The foreign currency exchange risk is managed through transaction, dealer, desk and stop-loss limits approved by the Board of Directors for the trading portfolio beside the foreign currency net position standard ratio and the VaR limit.

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

	EUR	**USD**
Foreign currency purchase rates at balance sheet date	28.0900	25.7040
Exchange rates for the days before balance sheet date;		
Day 1	28.0900	25.7040
Day 2	27.4590	25.1740
Day 3	26.7970	24.6260
Day 4	26.2820	23.9820
Day 5	25.2930	23.0860

	EUR	**USD**
Last 30-days arithmetical average rates	25.2345	23.2739

(Thousands of Turkish Lira (TL))

The Bank's currency risk:

Current Period	**EUR**	**USD**	**Other FCs**	**Total**
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	51,486,044	77,037,801	36,975,515	165,499,360
Banks	15,323,724	29,035,869	3,683,085	48,042,678
Financial Assets Measured at Fair Value through Profit/Loss	354,072	1,543,886	-	1,897,958
Money Market Placements	-	54,867,708	-	54,867,708
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,591,153	18,766,409	-	20,357,562
Loans (*)	126,653,250	126,079,358	3,455,787	256,188,395
Investments in Associates, Subsidiaries and Joint-Ventures	30,719,058	-	-	30,719,058
Financial Assets Measured at Amortised Cost	1,098,602	62,120,904	-	63,219,506
Derivative Financial Assets Held for Hedging Purpose	944	1,552,519	-	1,553,463
Tangible Assets	-	490	-	490
Intangible Assets	-	-	-	-
Other Assets (**)	(8,991,842)	(2,711,599)	(89,083)	(11,792,524)
Total Assets	**218,235,005**	**368,293,345**	**44,025,304**	**630,553,654**
Liabilities				
Bank Deposits	219,704	723,843	3,187	946,734
Foreign Currency Deposits	146,713,722	223,025,486	17,281,538	387,020,746
Money Market Funds	-	36,018,613	-	36,018,613
Other Fundings (***)	14,964,190	64,554,261	1	79,518,452
Securities Issued (****)	1,269,645	23,024,008	482,072	24,775,725
Miscellaneous Payables	3,309,794	3,507,248	210,664	7,027,706
Derivative Financial Liabilities Held for Hedging Purpose	-	-	-	-
Other Liabilities (*****)	9,006,592	20,514,875	64,025,441	93,546,908
Total Liabilities	**175,483,647**	**371,368,334**	**82,002,903**	**628,854,884**
Net 'On Balance Sheet' Position	**42,751,358**	**(3,074,989)**	**(37,977,599)**	**1,698,770**
Net 'Off-Balance Sheet' Position	**(24,784,017)**	**3,516,567**	**36,943,967**	**15,676,517**
Derivative Financial Assets	8,394,963	88,135,680	40,839,502	137,370,145
Derivative Financial Liabilities	33,178,980	84,619,113	3,895,535	121,693,628
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	**149,068,298**	**272,043,952**	**31,778,668**	**452,890,918**
Total Liabilities	**131,200,818**	**299,614,027**	**57,962,316**	**488,777,161**
Net 'On Balance Sheet' Position	**17,867,480**	**(27,570,075)**	**(26,183,648)**	**(35,886,243)**
Net 'Off-Balance Sheet' Position	**(6,870,500)**	**24,866,348**	**25,845,202**	**43,841,050**
Derivative Financial Assets	59,056,229	132,684,593	27,972,123	219,712,945
Derivative Financial Liabilities	65,926,729	107,818,245	2,126,921	175,871,895
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 210,858 included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

(**) Includes expected credit losses in accordance with TFRS 9.

(***) Includes funds presented under financial liabilities amounting TL 40,284,083 measured at fair value through profit or loss in balance sheet.

(****) Includes securities issued as subordinated loan presented under subordinated debts in balance sheet.

(*****) Other liabilities include gold deposits of TL 62,473,153.

(Thousands of Turkish Lira (TL))

4.4 Interest rate risk

The interest rate risk resulting from balance sheet maturity mismatch presents the possible losses that may arise due to the changes in interest rates of interest sensitive assets and liabilities in the on- and off-balance sheet. Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the Weekly Assessment Committee and Assets-Liabilities Committee meetings taking into consideration the developments in market conditions.

The Bank's interest rate risk is measured by using economic value, economic capital, net interest income, income at risk, market price sensitivity of marketable securities portfolio, duration-gap and sensitivity analysis.

The results are supported by the sensitivity and scenario analysis performed periodically against the possible instabilities in the markets. Furthermore, the interest rate risk is monitored according to the limits approved by the Board of Directors.

4.4.1 Interest rate sensitivity of assets, liabilities and off balance sheet items (based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	190,089,392	190,089,392
Banks	5,488,654	-	-	-	-	43,131,545	48,620,199
Financial Assets Measured at Fair Value through Profit/Loss	1,705,023	67,642	553,452	855,726	197,312	769,957	4,149,112
Money Market Placements	113,275,562	-	6,083,056	-	-	235,077	119,593,695
Financial Assets Measured at Fair Value through Other Comprehensive Income	19,537,059	846,752	3,449,381	14,977,740	3,826,113	34,249,315	76,886,360
Loans	367,715,598	75,333,939	279,251,482	90,500,763	52,868,692	18,567,639	884,238,113
Financial Assets Measured at Amortised Cost	21,885,783	1,175,529	12,945,002	96,425,937	7,584,985	23,482,821	163,500,057
Other Assets (**)	-	-	-	-	-	182,286,892	182,286,892
Total Assets	**529,607,679**	**77,423,862**	**302,282,373**	**202,760,166**	**64,477,102**	**492,812,638**	**1,669,363,820**
Liabilities							
Bank Deposits	156,000	-	-	-	-	2,597,894	2,753,894
Other Deposits	340,949,809	186,811,360	79,600,719	21,568	-	609,473,027	1,216,856,483
Money Market Funds	35,354,444	65	771,120	-	-	33,281	36,158,910
Miscellaneous Payables	-	-	-	-	-	50,679,840	50,679,840
Securities Issued (***)	1,375,588	-	3,254,966	21,123,291	-	196,080	25,949,925
Other Fundings	33,864,834	6,775,317	4,337,515	225,418	34,922,543	29,943	80,155,570
Other Liabilities	44,305	108,908	302,957	1,007,826	158,759	255,186,443	256,809,198
Total Liabilities	**411,744,980**	**193,695,650**	**88,267,277**	**22,378,103**	**35,081,302**	**918,196,508**	**1,669,363,820**
On Balance Sheet Long Position	**117,862,699**	**-**	**214,015,096**	**180,382,063**	**29,395,800**	**-**	**541,655,658**
On Balance Sheet Short Position	**-**	**(116,271,788)**	**-**	**-**	**-**	**(425,383,870)**	**(541,655,658)**
Off-Balance Sheet Long Position	**54,417,756**	**54,464,902**	**54,653,559**	**34,958,123**	**33,494,864**	**-**	**231,989,204**
Off-Balance Sheet Short Position	**(39,897,492)**	**(36,661,109)**	**(55,034,428)**	**(66,351,231)**	**(35,615,727)**	**-**	**(233,559,987)**
Total Position	**132,382,963**	**(98,467,995)**	**213,634,227**	**148,988,955**	**27,274,937**	**(425,383,870)**	**(1,570,783)**

(*) Interest accruals are also included in non-interest bearing column.
(**) Includes expected credit losses in accordance with TFRS 9.
(***) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

(Thousands of Turkish Lira (TL))

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	137,893,408	137,893,408
Banks	3,729,942	-	-	-	-	19,376,488	23,106,430
Financial Assets at Fair Value through Profit/Loss	728,969	101,852	305,488	699,724	86,265	543,134	2,465,432
Money Market Placements	62,562,196	2,399,733	4,698,501	-	-	72,599	69,733,029
Financial Assets Measured at Fair Value through Other Comprehensive Income	20,586,278	1,951,151	2,789,006	12,928,993	3,258,810	35,784,971	77,299,209
Loans	248,688,116	72,048,061	197,256,455	88,142,556	33,745,762	29,519,836	669,400,786
Financial Assets Measured at Amortised Cost	16,665,222	1,394,653	4,497,199	58,523,629	6,183,362	20,963,790	108,227,855
Other Assets (**)	-	-	-	-	-	64,045,488	64,045,488
Total Assets	**352,960,723**	**77,895,450**	**209,546,649**	**160,294,902**	**43,274,199**	**308,199,714**	**1,152,171,637**
Liabilities							
Bank Deposits	310,631	720	-	-	-	903,278	1,214,629
Other Deposits	244,284,934	124,705,057	26,470,350	215,273	-	393,773,715	789,449,329
Money Market Funds	13,123,344	2,627,498	557,760	-	-	12,237	16,320,839
Miscellaneous Payables	-	-	-	-	-	44,333,555	44,333,555
Securities Issued (***)	1,798,618	8,360,172	2,224,356	15,269,651	-	288,579	27,941,376
Other Fundings	26,759,607	3,215,770	10,335,519	207,996	26,226,035	49,174	66,794,101
Other Liabilities	31,076	73,567	215,723	732,328	139,358	204,925,756	206,117,808
Total Liabilities	**286,308,210**	**138,982,784**	**39,803,708**	**16,425,248**	**26,365,393**	**644,286,294**	**1,152,171,637**
On Balance Sheet Long Position	**66,652,513**	**-**	**169,742,941**	**143,869,654**	**16,908,806**		**397,173,914**
On Balance Sheet Short Position	**-**	**(61,087,334)**	**-**	**-**	**-**	**(336,086,580)**	**(397,173,914)**
Off-Balance Sheet Long Position	**39,620,573**	**39,255,169**	**47,366,026**	**22,682,408**	**26,144,019**	**-**	**175,068,195**
Off-Balance Sheet Short Position	**(21,184,769)**	**(35,467,398)**	**(43,374,139)**	**(48,352,408)**	**(27,727,859)**	**-**	**(176,106,573)**
Total Position	**85,088,317**	**(57,299,563)**	**173,734,828**	**118,199,654**	**15,324,966**	**(336,086,580)**	**(1,038,378)**

(*) Interest accruals are also included in non-interest bearing column.

(**) Includes expected credit losses in accordance with TFRS 9.

(***) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

(Thousands of Turkish Lira (TL))

4.4.2 Average interest rates on monetary financial instruments (%)

Current Period	**EUR**	**USD**	**JPY**	**TL**
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	0.76	-	-	-
Banks	1.25	2.00	-	25.75
Financial Assets Measured at Fair Value through Profit/Loss	6.70	8.09	-	12.62
Money Market Placements	-	4.81	-	16.37
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.71	6.49	-	22.11
Loans	7.21	9.63	-	20.44
Financial Assets Measured at Amortised Cost	4.35	6.02	-	16.69
Liabilities				
Bank Deposits	-	-	-	13.00
Other Deposits	0.25	0.30	-	17.31
Money Market Funds	-	3.71	-	7.72
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	7.18	-	14.64
Other Fundings	6.08	7.77	-	17.14

Prior Period	**EUR**	**USD**	**JPY**	**TL**
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.56)	(0.50)	-	-
Banks	0.75	1.50	-	14.75
Financial Assets at Fair Value through Profit/Loss	4.45	7.49	-	12.61
Money Market Placements	-	3.96	-	10.25
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.71	6.32	-	34.16
Loans	5.77	8.33	-	22.46
Financial Assets Measured at Amortised Cost	4.39	5.96	-	23.49
Liabilities				
Bank Deposits	1.90	-	-	7.78
Other Deposits	0.19	0.33	-	11.43
Money Market Funds	1.25	3.54	-	4.71
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	6.62	-	13.77
Other Fundings	3.75	6.28	-	19.00

(Thousands of Turkish Lira (TL))

4.5 Position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

Accounting policies for equity shares in associates and subsidiaries are disclosed in Note 3.3.

4.5.2 Comparison of carrying, fair and market values of equity shares

Current Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value(*)**	**Market Value**
1	**Investment in Shares- Grade A**	**42,576,814**	**42,576,749**	**1,524,009**
	Quoted Securities	586,018	586,018	1,524,009
2	**Investment in Shares- Grade B**	**476,650**	**476,650**	**1,306,345**
	Quoted Securities	451,209	451,209	1,306,345
3	**Investment in Shares- Grade C**	**1,810,134**	**1,810,134**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**64,836**	**64,836**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**1,014**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**48.00**	**-**
	Quoted Securities	-	-	-

(*) The balances are as per the results of equity accounting application.

Prior Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value(*)**	**Market Value**
1	**Investment in Shares- Grade A**	**29,797,314**	**29,797,314**	**1,136,215**
	Quoted Securities	519,602	519,602	1,136,215
2	**Investment in Shares- Grade B**	**295,507**	**295,507**	**832,213**
	Quoted Securities	270,066	270,066	832,213
3	**Investment in Shares- Grade C**	**306,323**	**306,323**	**-**
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	**62,250**	**62,250**	**-**
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	**1,014**	**-**
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	**48**	**-**
	Quoted Securities	-	-	-

(*) The balances are as per the results of equity accounting application.

(Thousands of Turkish Lira (TL))

4.5.3 Realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals

	Current Period	Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
	Portfolio		**Total**	**Amount in Tier I Capital(*)**	**Total**	**Amount in Tier I Capital(*)**
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	1,131,441	1,131,441	-	-
3	Other Shares	-	27,066,874	27,066,874	-	-
	Total	**-**	**28,198,315**	**28,198,315**	**-**	**-**

(*) The balances are as per the results of equity accounting application.

	Prior Period	Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
	Portfolio		**Total**	**Amount in Tier I Capital(*)**	**Total**	**Amount in Tier I Capital(*)**
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	696,477	696,477	-	-
3	Other Shares	-	17,867,288	17,867,288	-	-
	Total	**-**	**18,563,765**	**18,563,765**	**-**	**-**

(*) The balances are as per the results of equity accounting application.

4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	1,224,632	1,224,632	97,971
3	Other Shares	43,704,864	34,294,891	2,743,591
	Total	**44,929,496**	**35,519,523**	**2,841,562**

	Prior Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	789,668	789,668	63,173
3	Other Shares	29,672,787	24,486,947	1,958,956
	Total	**30,462,455**	**25,276,615**	**2,022,129**

4.6 Liquidity risk management and liquidity coverage ratio

Liquidity risk is managed by Asset and Liability Management Department (ALMD), Weekly Review Committee and Asset and Liability Committee (ALCO) in line with liquidity and funding policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure. Under stressed conditions, liquidity risk is managed within the contingency funding plan framework.

The Board of Directors reviews the liquidity risk management policy and approves the liquidity and funding risk management policy, ensures the effective of practice of policies and integrations with the Bank’s risk management system. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations.

ALMD, performs daily liquidity management by ensuring compliance with regulatory and internal liquidity limits and monitoring related early warning indicators in case of probable liquidity squeezes. The medium and long term liquidity and funding management is performed by ALMD in accordance with ALCO decisions.

Head of Risk management defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with international standards, presents measurement results periodically to related departments, committees and senior management. Head of Risk management coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations. Head of Risk management analyses, develops and revises relevant liquidity risk measurement in accordance with changing market conditions and the Bank's structure. Head of Risk Management department reviews assumptions and parameters used in liquidity risk analysis.

The liquidity risk analysis and the important liquidity indicators are reported regularly to related senior management. Additionally, analysis and monitored internal ratios related to liquidity risk are presented in ALCO report. Internal liquidity metrics are monitored with limit and alert levels approved by the Board of Directors/ the Board of Directors Risk Committee and reported regularly to related parties.

Decentralized management approach is adopted in the Bank's liquidity management. Each subsidiary controlled by the Bank performs daily, medium and long term liquidity management independently from the Bank by the authorities in each subsidiary responsible for managing liquidity risk. In addition, within the scope of consolidated risk management, liquidity and funding risk of each subsidiary in control are monitored via the liquidity risk management methods identified by the Bank by considering the operations, risk profile and regulations of the related subsidiary.

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of customer deposits, interbank and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed. Additionally, in order to have a healthy liquidity buffer, most of the securities which are eligible as collateral at CBRT issued by Republic of Turkey Ministry of Treasury and Finance have active secondary market are comprised in the Bank's assets.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Bank is managed by establishing risk appetite, risk mitigation according to the liquidity and funding policies (diversification of funding sources, holding high quality liquid assets reserve) and effective control environment and closely monitoring by limits. For those risks that cannot be reduced, the adoption of the current level of risk, reduction or termination of the activities that cause the risk is considered.

In liquidity risk stress testing framework, the level of the Bank's ability to cover cash outflows in liquidity crisis scenario based on the Bank's current cash flow structure, by high quality liquid assets is calculated. Scenario analysis are performed by assessing changing balance sheet structure, liquidity requirements and market conditions.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of policy regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists "Liquidity Contingency Plan" in the Bank approved by the Board of Directors, including mechanisms to prevent increase in liquidity risk scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators and probable scenarios where liquidity risk crisis and possible actions that can be taken.

In the scope of contingency plan within the framework of intraday liquidity risk management in liquidity and funding risk procedure, situations requiring the activation of contingency plan and indicating an intraday liquidity stress, and intraday liquidity metrics are monitored and intraday liquidity risk stress testing is performed. Furthermore, "Liquidity Contingency Plan" which is approved by the Board of Directors, is prepared independently in each subsidiary controlled by the Bank.

The Bank's liabilities consist of TL and foreign currency funding, of which a large portion is USD/EUR and Gold. Deposits and capital constitute most of TL funding. Retail customers cannot use foreign currency loans but are able to purchase FX for foreign currency deposits, leading to imbalances in deposit and loan volumes in the TL and FC balance sheet.. Long term funding obtained from foreign banks and creditors are mainly in foreign currency. For these reasons overall foreign currency liabilities are usually more than foreign currency assets and unused portion of USD, EURO and gold are used in TL funding via currency swap transactions. Swap transactions which is made for TL funding are made with CBRT, however swap transactions with foreign banks are being made in legal swap limits. Repo lines by open market operations and Borsa Istanbul ("OMO / BİST") are not utilized , unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also Eurobonds of Republic of Turkey aren't used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored.

The Bank turns to permanent consumer deposits to increase of weights Consumer/SME deposits in TL deposits which significantly contributes to liquidity metrics such as the internal stress test in the second quarter of 2023.

The Bank keeps a strong liquidity buffer due to possible liquidity risks. Excess liquidity is utilized as overnight reverse repurchase transactions in BİST, in which, the collateral received by the bank is HQLA securities issued by CBRT and Ministry of Treasury and Finance.

4.6.1 Liquidity coverage ratio

Liquidity Coverage Ratio (LCR), aims for the banks having the ability to cover 30 days of liquidity needs with their own cash and high quality liquid assets that are easy to convert to cash during liquidity shortages in the markets. With that perspective and according to "Regulation for Banks' Liquidity Coverage Ratio Calculations" (the Regulation) terms LCR ratio is calculated by having high quality liquid assets divided by net cash outflows. In both bank-only and consolidated basis, LCR ratio should be at least 80% for foreign currency and 100% for total.

Items in balance sheet and off balance sheet items are taken into account after being multiplied by the coefficients advised in the Regulation. In LCR calculation cash inflows are limited by 75% of cash outflows and cash inflows from high quality liquid assets aren't included.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 6.34% cash, 45.03% deposits in central banks and 48.64% securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Funding source composition as of report date is 86.34% deposits, 8.23% funds borrowed and money market borrowings, 1.84% securities issued and 3.59% other liabilities.

In LCR calculation, cash outflows are mainly consisting of deposits, secured and unsecured borrowings, securities issued and off balance sheet items.

The cash flows from derivative financial instruments are included in LCR calculations according to the Regulation's terms. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

(Thousands of Turkish Lira (TL))

	Current Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	**FC**	**TL+FC**	**FC**
High-Quality Liquid Assets				**349,496,187**	**175,594,609**
1	Total high-quality liquid assets (HQLA)	349,496,187	175,594,609	349,496,187	175,594,609
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	680,728,372	287,725,152	61,913,359	28,772,515
3	Stable deposits	123,189,562	-	6,159,478	-
4	Less stable deposits	557,538,810	287,725,152	55,753,881	28,772,515
5	Unsecured wholesale funding, of which:	251,106,893	97,138,282	135,849,299	48,640,268
6	Operational deposits	-	-	-	-
7	Non-operational deposits	197,874,106	87,046,051	98,310,116	38,728,103
8	Unsecured funding	53,232,787	10,092,231	37,539,183	9,912,165
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	597,990,604	108,765,765	60,712,115	29,183,247
11	Outflows related to derivative exposures and other collateral requirements	11,021,535	15,033,327	11,021,535	15,033,327
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	586,969,069	93,732,438	49,690,580	14,149,920
14	Other revocable off-balance sheet commitments and contractual obligations	5,702	5,702	284	284
15	Other irrevocable or conditionally revocable off-balance sheet obligations	38,834,222	37,020,299	1,941,712	1,851,016
16	**Total Cash Outflows**			260,416,769	108,447,330
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	116,911,615	32,362,251	81,054,206	26,899,816
19	Other cash inflows	1,615,070	23,869,309	1,615,070	23,869,309
20	**Total Cash Inflows**	118,526,685	56,231,560	82,669,276	50,769,125
21	**Total HQLA**			**349,496,187**	**175,594,609**
22	**Total Net Cash Outflows**			**177,747,493**	**59,342,933**
23	**Liquidity Coverage Ratio (%)**			**196.55**	**324.02**

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

The table below presents highest, lowest and average liquidity coverage ratios of the second quarter of 2023:

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	223.36	20.04.2023	159.14	25.05.2023	196.55
FC	618.21	27.03.2023	209.40	25.05.2023	324.02

(Thousands of Turkish Lira (TL))

Prior Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				**321,276,107**	**167,583,142**
1	Total high-quality liquid assets (HQLA)	321,276,107	167,583,142	321,276,107	167,583,142
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
3	Stable deposits	531,204,422	283,038,251	49,224,479	28,303,825
4	Less stable deposits	77,919,262	-	3,895,963	-
5	Unsecured wholesale funding, of which:	453,285,160	283,038,251	45,328,516	28,303,825
6	Operational deposits	227,718,928	118,107,419	112,310,545	55,955,849
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	186,617,298	110,212,574	84,259,619	48,221,135
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	391,963,408	109,720,619	52,701,254	40,872,130
11	Outflows related to derivative exposures and other collateral requirements	17,564,229	28,384,076	17,564,229	28,384,076
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	374,399,179	81,336,543	35,137,025	12,488,054
14	Other revocable off-balance sheet commitments and contractual obligations	5,143	5,143	256	256
15	Other irrevocable or conditionally revocable off-balance sheet obligations	33,441,279	31,880,508	1,672,064	1,594,025
16	**Total Cash Outflows**			**215,908,598**	**126,726,085**
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	86,528,655	28,866,240	60,240,928	24,203,450
19	Other cash inflows	1,709,840	98,395,825	1,709,840	98,395,825
20	**Total Cash Inflows**	**88,238,495**	**127,262,065**	**61,950,768**	**122,599,275**
21	**Total HQLA**			**321,276,107**	**167,583,142**
22	**Total Net Cash Outflows**			**153,957,831**	**31,681,522**
23	**Liquidity Coverage Ratio (%)**			**209.24**	**529.95**

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

The table below presents highest, lowest and average liquidity coverage ratios of the last quarter of 2022:

Prior Period	Highest	Date	Lowest	Date	Average
TL+FC	242.82	30.09.2022	193.35	20.10.2022	209.24
FC	639.86	11.10.2022	434.00	15.12.2022	529.95

(Thousands of Turkish Lira (TL))

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4.6.3 Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	96,445,356	93,644,036	-	-	-	-	-	190,089,392
Banks	43,129,850	5,490,349	-	-	-	-	-	48,620,199
Financial Assets Measured at Fair Value through Profit/Loss	652,400	14,584	23,384	384,394	2,528,820	545,530	-	4,149,112
Money Market Placements	-	113,489,510	-	6,104,185	-	-	-	119,593,695
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,519,054	-	9,290,840	6,877,960	43,628,594	15,569,912	-	76,886,360
Loans	1,121,476	208,643,509	129,220,613	294,474,376	163,597,945	50,740,966	36,439,228	884,238,113
Financial Assets Measured at Amortised Cost	-	219,540	13,933	16,303,009	119,830,020	27,133,555	-	163,500,057
Other Assets (*)	16,493,863	11,208,326	4,693,103	1,801,630	4,883,437	3,886,611	139,319,922	182,286,892
Total Assets	**159,361,999**	**432,709,854**	**143,241,873**	**325,945,554**	**334,468,816**	**97,876,574**	**175,759,150**	**1,669,363,820**
Liabilities								
Bank Deposits	2,597,665	156,229	-	-	-	-	-	2,753,894
Other Deposits	508,372,402	436,224,175	190,575,527	81,622,047	53,865	8,467	-	1,216,856,483
Other Fundings	-	3,200,998	667,278	26,089,668	11,271,641	38,925,985	-	80,155,570
Money Market Funds	-	35,369,026	65	789,819	-	-	-	36,158,910
Securities Issued (**)	-	382,388	-	3,270,989	21,274,021	1,022,527	-	25,949,925
Miscellaneous Payables	50,679,834	6	-	-	-	-	-	50,679,840
Other Liabilities (***)	7,199,122	5,715,422	14,193,087	2,260,529	5,488,450	7,207,797	214,744,791	256,809,198
Total Liabilities	**568,849,023**	**481,048,244**	**205,435,957**	**114,033,052**	**38,087,977**	**47,164,776**	**214,744,791**	**1,669,363,820**
Liquidity Gap	**(409,487,024)**	**(48,338,390)**	**(62,194,084)**	**211,912,502**	**296,380,839**	**50,711,798**	**(38,985,641)**	**-**
Net Off-Balance Sheet Position	**-**	**(13,851,877)**	**(12,331,391)**	**2,524,163**	**(407,255)**	**87,633**	**-**	**(23,978,727)**
Derivative Financial Assets	-	181,397,828	100,506,455	43,949,319	21,383,713	3,351,466	-	350,588,781
Derivative Financial Liabilities	-	195,249,705	112,837,846	41,425,156	21,790,968	3,263,833	-	374,567,508
Non-Cash Loans	-	7,831,963	6,354,756	9,925,685	1,179,808	-	706,419,481	731,711,693
Prior Period								
Total Assets	**104,681,361**	**259,554,533**	**107,925,669**	**266,211,132**	**266,964,011**	**85,207,242**	**61,627,689**	**1,152,171,637**
Total Liabilities	**442,714,717**	**266,976,713**	**142,855,339**	**53,987,817**	**31,080,846**	**34,492,863**	**180,063,342**	**1,152,171,637**
Liquidity Gap	**(338,033,356)**	**(7,422,180)**	**(34,929,670)**	**212,223,315**	**235,883,165**	**50,714,379**	**(118,435,653)**	**-**
Net Off-Balance Sheet Position	**-**	**451,834**	**1,190,221**	**1,996,318**	**(1,290,147)**	**155,850**	**-**	**2,504,076**
Derivative Financial Assets	-	215,295,394	83,297,106	24,419,487	14,606,131	2,357,703	-	339,975,821
Derivative Financial Liabilities	-	214,843,560	82,106,885	22,423,169	15,896,278	2,201,853	-	337,471,745
Non-Cash Loans	-	22,049,703	6,417,948	5,848,138	692,082	-	420,309,033	455,316,904

(*) Includes expected credit losses in accordance with TFRS 9.
(**) Includes securities issued having qualification of subordinated loan presented under subordinated debts in balance sheet.
(***) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

(Thousands of Turkish Lira (TL))

4.7 Leverage ratio

The leverage ratio table prepared in accordance with the Communiqué "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No. 28812 dated 5 November 2013 is presented below:

The Bank's leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods is 7.97% (31 December 2022: 9.20%). While the capital increased by 19.64% mainly as a result of increase in net profits, total risk amount increased by 38.17%. Therefore, the current period leverage ratio decreased by 123 basis points compared to prior period.

	On-balance sheet assets	***Current Period* (*)**	***Prior Period* (*)**
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1,392,515,335	1,064,125,609
2	(Assets deducted in determining Tier I capital)	(870,630)	(1,028,742)
3	Total on-balance sheet risks (sum of lines 1 and 2)	1,391,644,705	1,063,096,867
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative instruments and credit derivatives	13,658,639	8,887,916
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	50,595,646	38,759,185
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	64,254,285	47,647,101
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (excluding on-balance sheet)	17,770,871	7,008,977
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	17,770,871	7,008,977
	Other off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	688,302,948	447,355,081
11	(Adjustments for conversion to credit equivalent amounts)	(2,348,547)	(2,124,372)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	685,954,401	445,230,709
	Capital and total risks		
13	Tier I capital	172,001,990	143,762,775
14	Total risks (sum of lines 3, 6, 9 and 12)	2,159,624,262	1,562,983,654
	Leverage ratio		
15	Leverage ratio	7.97	9.20

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

4.8 Fair values of financial assets and liabilities

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

4.9 Transactions carried out on behalf of customers and items held in trust

None.

4.10 Risk management objectives and policies

The notes under this caption are prepared as per the "Regulation on Risk Management Disclosures" published in the Official Gazette No. 29511 dated 23 October 2015.

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

Risk management activities are structured under the responsibility of the Board of Directors. Besides oversight of corporate risk management policies and practices, capital adequacy and planning with liquidity adequacy subjects, management of various risks that the Bank may be exposed to is the responsibility of the Risk Committee, which consists of members of the Board of Directors. Accordingly, the Risk Management, which performs risk management functions, reports to the Board of Directors via the Risk Committee, whereas the Internal Audit Department, performing internal audit functions, the Internal Control Unit, performing internal control functions, and the Compliance Department, which implements compliance controls and performs activities to prevent laundering proceeds of crime, and financing of terrorism, report directly to the Board of Directors. Senior managements responsibility is to report to Board of Directors about the significant risk the Bank encounters, ensure the compliance with the risk management about own duties, eliminate the risks, deficiencies and errors occurring in the units responsible or take the necessary measures, participate in design and implementation of internal capital adequacy assessment process (ICAAP); participate in process of assessing the adequacy and appropriateness of the underlying assumptions, data sources and principles used to measure the assumptions and risks associated with the models. The Bank's main approach for the implementation of risk management model is establishing risk culture throughout the Bank, and aims that the importance of risk management for maintaining business operations is understood and risk awareness and sensitivity is ensured for decision making and implementation mechanisms process by all employees.

Risk Management ensures that; risk management policies and principles are applied and adopted throughout the Bank and its consolidated subsidiaries and that risk management system is maintained and improved which pursues risk-return relationship, and measures all risks together and which is in compliance with applicable regulation, bank strategies and policies and where limits determined in connection with the risk appetite approved by the Board of Directors are not breached. Risk Management defines, measures, reports, monitors the risks and ensure the activities executed in order to control these risks thoroughly and timely; also monitors the results.

Policies and procedures regarding risk management are established for consolidated subsidiaries. Policies and procedures are prepared in compliance with applicable legislations that the subsidiaries subject to and the parent Bank's risk management strategy, reviewed regularly and revised if necessary. The parent Bank ensures that risk management system is applied in subsidiaries where risks are defined, measured, monitored and controlled.

Compliant with legislation, the Bank measures and monitors risks that exposed to, considering methods suitable with international standards. Risk measuring and reporting are performed via advanced methods and risk management software. Risk based detailed reports are prepared for management of significant risks, in order to determine strategies and take decisions, in this scope, reports are prepared for Board of Directors, relevant committees and senior management.

The Bank manages all exposed crisis situations within the framework of business continuity policy and business continuity program formed by strategic goals which designate The Bank's business continuity vision and principles; takes necessary actions.

The Bank's risk appetite framework determines the risk level that the Board of Directors is prepared to accept in order to accomplish the goals and strategies with the consideration of the capacity of the institution to safely absorbs those risks and the Bank monitors regularly risk appetite metrics regarding capital, liquidity, income recurrence and risk based limits.

Risks that the Bank is exposed is managed by providing effective control environment and monitoring limits. Unmitigated risks are either accepted with current risk levels or decreasing/ terminating the activity that causes the risk.

The Risk Management function conducts the ICAAP report, to be sent to the BRSA by coordinating relevant parties. Stress test report is also reported to the BRSA, which evaluates how adverse effects on macroeconomic parameters, in the scope of determined scenarios, affect the Bank's three year budget plan and results, and certain ratios, including capital adequacy.

Training programs for employees, risk reports to the Board of Directors, senior management and committees, risk appetite framework established by the Bank and ICAAP generate significant inputs to ensure that risk management culture is widely embraced.

On the other hand, within the scope of the "Regulation on the Precautionary Plans to be Prepared by Systemically Important Banks" published in the Official Gazette dated 16.03.2021 and numbered 31425, the Bank prepares a Recovery Plan and reports the Plan to BRSA.

The Recovery Plan describes; the "precautionary measures" to be taken, in case the Recovery Plan indicators such as solvency (capital), liquidity, profitability indicators etc., fall below certain threshold levels. In this plan, besides the options that can be applied under stress scenarios, information about the bank's structure is also given. The main purposes of the Recovery Plan are the following:

- An overview, with a detailed analysis of core business lines, critical economic functions as well as its interconnectedness.

- A detailed explanation of the specific governance arrangements relating to the recovery plan, comprising its development, approval and integration in the overall corporate governance of the Bank.

- A description of the decision-making process regarding the potential adoption of recovery measures, underscoring the escalation process and the role of indicators in this process.

- An identification of feasible recovery measures to be potentially adopted in order to restore the Recovery Plan indicators such as liquidity, solvency (capital), profitability etc., following a substantial deterioration that has potentially led to the implementation of recovery measures. This identification should be accompanied by a financial assessment of each measure, their legal and operational requirements, their potential obstacles, and their time for implementation and, in a second step, their feasibility in different scenarios of financial stress.

- A reference to the communication plan to address both internal and external communication.

The main purpose of including scenarios in the recovery plan is to test the impact and feasibility of the different recovery measures. They also allow for proper identification of the potential impediments or delays in the implementation of the recovery measures in a range of situations. Therefore, it is worth noting that the role of scenarios is noticeably different from the role of scenarios in other supervisory tools, such as capital plans or stress-tests exercises, whereas there should be consistency among all these tools.

(Thousands of Turkish Lira (TL))

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		**Minimum Capital Requirements**
		Current Period	***Prior Period***	***Current Period***
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	897,261,736	715,364,760	71,780,939
2	Of which standardised approach (SA)	897,261,736	715,364,760	71,780,939
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	30,083,681	21,536,626	2,406,694
5	Of which standardised approach for counterparty credit risk (SA-CCR)	30,083,681	21,536,626	2,406,694
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	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	26,375,413	39,757,953	2,110,033
17	Of which standardised approach (SA)	26,375,413	39,757,953	2,110,033
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	116,238,033	62,279,426	9,299,043
20	Of which basic indicator approach	116,238,033	62,279,426	9,299,043
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)	**1,069,958,863**	**838,938,765**	**85,596,709**

(*) Excluding equity investments in funds and amounts below the thresholds for deductions from capital

4.10.2 Linkages between financial statements and risk amounts

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.3 Credit risk

4.10.3.1 General information on credit risk

4.10.3.1.1 General qualitative information on credit risk

The Bank's credit risk management policies; under the relevant legislation in line with the Bank's credit strategy approved by the board of directors are created based on the prudence, sustainability and customer credit worthiness principles. Credit risk is managed on a portfolio basis considering the risk/return balance and asset quality of the Bank in the scope of the principles specified in the credit risk policy documents.

Credit risk management is a structured process where credit risks are consistently assessed, quantified and monitored. In order to take the right decision, during the credit process which begins with the application of the customer and includes the phases of determination of the customer's credibility, collateralization, loan configuration, approval and usage, monitoring and closing the exposure, all required financial and non-financial information and documents intended to identify the customer are collected in a centralized database, with this information the customer's financial strength is analyzed, credit risk analysis is done. Thus before a loan is granted, it is ensured that risks are well-understood, sufficient evaluation has been done and after the loan is granted the loan is monitored, controlled and reported.

Diversification to avoid concentrations are performed while determining the Bank's credit risk profile. Credit portfolios are evaluated depending upon the credit type, managed aggregately during their life cycle. Customer selection is made in accordance with the policies and strategies, affordability of the borrower to fulfil on a timely basis all financial obligations with his expected cash flows from foreseeable specific transactions or from its regular operations; without depending upon guarantors, bails or pledged assets is predicated. Necessary risk rating/scoring models are developed, reviewed, and validated for the different portfolios of the Bank. These models are created by ensuring the best separation of the customers in terms of their credibility and grading them using the objective criteria. The outputs of the internal rating and scoring models that developed based on the each portfolio are an important part of the loan approval process.

Loan based assessment, allocation and monitoring are carried out within the framework of related processes by related units in the credit group. Credit proposals, on the basis of the determined amount and in the framework of levels of authority, are concluded after being evaluated by the regional credit offices, loans units and committees of headoffice, if required by the credit committee and the board of directors. The credit approval authority can be transferred starting from the board of directors by notifying in written form.

Each unit operating in credit risk management is responsible for identifying risks arising from its own process, activities and systems, informing senior management and taking necessary action to reduce risk level.

The general risk policy including the risk appetite and indicators is determined by the board of directors. Risk management is handled, in order to reach the determined targets, by carrying out a continuous monitoring process with a proper classification of risks and customers in scope of the effective management mentality. The limit framework and delegation rules are specified by establishing proper decision systems in order to assess the risks correctly. Optimum limit levels are determined by taking into account the loss and returns during the limit setting process.

Organizational structure related to credit risk management and control functions is detailed below: Units within the scope of credit risk management; Corporate and Specialized Loans, Commercial Loans, Corporate and Commercial Loans Restructuring, Wholesale Recovery, Retail Collection, Commercial Risk Strategies Retail Loans Evaluations, Retail Risk Strategies, Retail & SME Loans Risk Governance, Risk Planning Monitoring and Reporting, Credit Risk Management Advanced Analytics Discipline, Risk Projects, Validation, Credit Risk Control, Risk Management Control.

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Wholesale Credit Risk Committee, Retail Credit Risk Committee, Risk Management Committee, Risk Technology and Analytics Committee, Credit

(Thousands of Turkish Lira (TL))

Restructuring Committee, NPL and Collection Committee, Credit Admission Committee, and Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

The Risk Management measures, monitors and reports credit risks by using validated probability of defaults obtained from the Bank's rating models, loss that is caused by defaulted customer and credit conversion factors. The Bank's internal capital is calculated and adequacy is assessed by considering stress tests and scenario analysis. Also, by considering optimum risk return balance, expectations regarding economic outlook the limits are determined for credit portfolios. Risk based analyses are executed, credit concentrations are monitored and the results are presented to senior management.

The Bank carries out on-site and central controls regarding credit risk by Internal Control Unit. Internal Control Unit, which is in the second line of defense, carries out on-site collateral and contract controls and centralized remote examinations in branches and business/support units, which are involved in credit risk management. In addition, as a second line control specialist, Risk Management Control which reports to the Head of Risk Management conducts periodic controls and assessments on credit risk management on compliance with the Bank's credit risk policies, rules and procedures.

4.10.3.1.2 Credit quality of assets

	Current Period	*Gross carrying value as per TAS*		*Allowances/amortisation and impairments*	*Net values*
		Defaulted	*Non-defaulted*		
1	Loans	18,696,722	1,171,612,202	13,134,139	1,177,174,785
2	Debt securities	-	238,867,363	-	238,867,363
3	Off-balance sheet exposures	3,169,678	336,238,398	2,244,966	337,163,110
4	**Total**	**21,866,400**	**1,746,717,963**	**15,379,105**	**1,753,205,258**

	Prior Period	*Gross carrying value as per TAS*		*Allowances/amortisation and impairments*	*Net values*
		Defaulted	*Non-defaulted*		
1	Loans	17,612,512	850,544,456	12,722,252	855,434,716
2	Debt securities	-	184,545,355	-	184,545,355
3	Off-balance sheet exposures	2,506,152	230,299,120	1,771,347	231,033,925
4	**Total**	**20,118,664**	**1,265,388,931**	**14,493,599**	**1,271,013,996**

4.10.3.1.3 Changes in stock of default loans and debt securities

		Current Period	*Prior Period*
1	**Defaulted loans and debt securities at end of the previous reporting period**	**17,612,512**	**16,071,215**
2	Loans and debt securities defaulted since the last reporting period	4,127,474	12,526,087
3	Receivables back to non-defaulted status	-	(254,927)
4	Amounts written off	(928,938)	(8,877,928)
5	Other changes	(2,114,326)	(1,851,935)
6	**Defaulted loans and debt securities at end of the reporting period**	**18,696,722**	**17,612,512**

(Thousands of Turkish Lira (TL))

4.10.3.1.4 Additional disclosure related to the credit quality of assets

Not prepared in compliance with the communique "Risk Management Related Disclosures to be Announced to Public by Banks".

4.10.3.2 Credit risk mitigation

4.10.3.2.1 Qualitative disclosure on credit risk mitigation techniques

The Bank assesses the cash flow of the activity or investment subject to credit as the primary repayment source during the credit assignment process.

Calculating the value of the collateral depends on margins determined according to market and FX risks. Standard margins in use throughout the Bank are specific to type of the collateral and changes according to the currency of the collateral.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Operational transactions are handled by centralized Operation unit (ABACUS). During the credit utilization, compliance of all conditions between credit decision and credit utilization (such as collateral conditions) are controlled systematically.

The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

Within the context of capital adequacy ratio calculation, The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals, that are composed of cash or cash equivalents, real estate mortgages, high quality securities and Credit Guarantee Fund suretyship having Treasury guarantee, have been used in credit risk mitigation.

4.10.3.2.2 Credit risk mitigation techniques

	Current Period	*Exposures unsecured: carrying amount as per TAS*	*Exposures secured by collateral*	*Collateralized amount of exposures secured by collateral*	*Exposures secured by financial guarantees*	*Collateralized amount of exposures secured by financial guarantees*	*Exposures secured by credit derivatives*	*Collateralized amount of exposures secured by credit derivatives*
1	Loans	962,671,174	214,503,612	211,029,808	3,654,733	3,654,733	-	-
2	Debt securities	238,867,363	-	-	-	-	-	-
3	**Total**	**1,201,538,537**	**214,503,612**	**211,029,808**	**3,654,733**	**3,654,733**	**-**	**-**
4	Of which defaulted(*)	18,696,722	-	-	-	-	-	-

(*)The defaulted amount is given as gross.

	Prior Period	*Exposures unsecured: carrying amount as per TAS*	*Exposures secured by collateral*	*Collateralized amount of exposures secured by collateral*	*Exposures secured by financial guarantees*	*Collateralized amount of exposures secured by financial guarantees*	*Exposures secured by credit derivatives*	*Collateralized amount of exposures secured by credit derivatives*
1	Loans	752,810,885	102,623,831	99,564,831	4,767,117	4,767,117	-	-
2	Debt securities	184,545,355	-	-	-	-	-	-
3	**Total**	**937,356,240**	**102,623,831**	**99,564,831**	**4,767,117**	**4,767,117**	**-**	**-**
4	Of which defaulted(*)	17,612,512	-	-	-	-	-	-

(*)The defaulted amount is given as gross.

(Thousands of Turkish Lira (TL))

4.10.3.3 Credit risk under standardised approach

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

Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk An international rating firm, Fitch Ratings' external risk ratings and JCR Avrasya Derecelendirme A.Ş. international ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The international risk ratings are used for the exposures to central governments and central banks, whereas for central governments and central banks that are not rated by Fitch Ratings, the published country ratings as announced by the Organisation for Economic Cooperation and Development (OECD) are used.

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. According to BRSA decision No.8875 dated 21 February 2020, for the assigment of risk weights to TL denominated receivables from domestic Banks, brokerage houses and Corporates JCR Avrasya Derecelendirme A.Ş. international ratings are used. Other domestic receivables are considered as unrated in the calculation of capital adequacy.

In the determination of risk weights; if a relevant rating is available then such rating, but if it is an unrated exposure then the rating available for the issuer is used.

Rating notes issued by Fitch Ratings are presented in the table below, as per credit quality levels and risk weights per risk classes:

Credit Quality Level	*Fitch Ratings long term credit rating*	*Risk Classes*			
		Exposures to Central Governments or Central Banks	*Exposures to Banks and Brokerage Houses*		*Exposures to Corporates*
			Exposures with Original Maturities Less Than 3 Months	*Exposures with Original Maturities More Than 3 Months*	
1	AAA to AA-	0%	20%	20%	20%
2	A+ to A-	20%	20%	50%	50%
3	BBB+ to BBB-	50%	20%	50%	100%
4	BB+ to BB-	100%	50%	100%	100%
5	B+ to B-	100%	50%	100%	150%
6	CCC+ and below	150%	150%	150%	150%

(Thousands of Turkish Lira (TL))

4.10.3.3.2 Credit risk exposure and credit risk mitigation techniques

	Current Period	***Exposures before CCF and CRM***		***Exposures post-CCF and CRM***		***RWA and RWA density***	
	Risk classes	***On-balance sheet amount***	***Off-balance sheet amount***	***On-balance sheet amount***	***Off-balance sheet amount***	***RWA***	***RWA density***
1	Exposures to sovereigns and their central banks	438,270,326	177,144	441,925,046	10,052	5,881,495	1.33%
2	Exposures to regional and local governments	1,724,845	2,011	1,724,446	998	862,722	50.00%
3	Exposures to administrative bodies and non-commercial entities	1,417,793	361,586	1,417,345	58,948	1,476,293	100.00%
4	Exposures to multilateral development banks	741	100	741	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	146,005,585	23,843,417	43,188,684	14,233,712	17,820,093	31.03%
7	Exposures to corporates	344,179,428	246,852,521	283,728,122	129,465,280	366,024,053	88.58%
8	Retail exposures	325,628,744	410,693,585	298,528,589	26,611,108	266,408,476	81.94%
9	Exposures secured by residential property	25,050,513	68,246	25,036,701	36,370	8,775,575	35.00%
10	Exposures secured by commercial property	15,477,319	7,094,306	15,380,543	4,337,917	12,232,354	62.04%
11	Past-due items	5,380,932	28	5,380,928	-	3,413,219	63.43%
12	Exposures in high-risk categories	87,700,053	773,025	87,672,116	379,182	149,346,256	169.61%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short-term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	60,064,831	-	60,064,831	-	29,934,913	49.84%
17	Shares	35,086,287	-	35,086,287	-	35,086,287	100.00%
18	**Total**	**1,485,987,397**	**689,865,969**	**1,299,134,379**	**175,133,567**	**897,261,736**	**60.86%**

(Thousands of Turkish Lira (TL))

	Prior Period	***Exposures before CCF and CRM***		***Exposures post-CCF and CRM***		***RWA and RWA density***	
	Risk classes	***On-balance sheet amount***	***Off-balance sheet amount***	***On-balance sheet amount***	***Off-balance sheet amount***	***RWA***	***RWA density***
1	Exposures to sovereigns and their central banks	268,761,188	4,022,314	273,528,305	102,529	4,202,598	1.54%
2	Exposures to regional and local governments	2,075,548	2,008	2,075,148	998	1,038,073	50.00%
3	Exposures to administrative bodies and non-commercial entities	2,344,477	475,330	2,344,053	166,244	2,510,298	100.00%
4	Exposures to multilateral development banks	8,717	100	8,717	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	85,427,640	20,134,237	27,387,053	9,759,886	12,396,586	33.37%
7	Exposures to corporates	269,725,212	190,510,565	248,481,890	89,948,021	292,807,753	86.52%
8	Retail exposures	222,399,377	203,675,736	216,400,966	13,708,147	186,315,909	80.97%
9	Exposures secured by residential property	17,053,648	66,344	17,044,177	34,110	5,977,400	35.00%
10	Exposures secured by commercial property	15,417,940	4,534,199	15,362,049	2,632,827	11,048,933	61.40%
11	Past-due items	4,694,052	49	4,694,052	-	2,757,725	58.75%
12	Exposures in high-risk categories	91,288,539	619,033	91,229,006	304,865	156,196,125	170.64%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short-term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	33,593,652	-	33,593,652	-	15,247,970	45.39%
17	Shares	24,865,390	-	24,865,390	-	24,865,390	100.00%
18	**Total**	**1,037,655,380**	**424,039,915**	**957,014,458**	**116,657,627**	**715,364,760**	**66.63%**

(Thousands of Turkish Lira (TL))

4.10.3.3.3 Exposures by asset classes and risk weights

	Regulatory portfolio Current Period	*0%*	*2%*	*10%*	*20%*	*25%*	*35%*	*50%*	*75%*	*100%*	*150%*	*250%*	*Others*	*Total risk amount (post-CCF and CRM)*
1	Exposures to sovereigns and their central banks	435,937,261	-	-	145,352	-	-	121	-	5,852,364	-	-	-	441,935,098
2	Exposures to regional and local government	-	-	-	-	-	-	1,725,442	-	2	-	-	-	1,725,444
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	1,476,293	-	-	-	1,476,293
4	Exposures to multilateral development banks	741	-	-	-	-	-	-	-	-	-	-	-	741
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	187,306	-	41,001,628	-	-	13,234,881	-	2,998,581	-	-	-	57,422,396
7	Exposures to corporates	-	-	-	33,109,175	-	-	41,364,018	-	338,720,209	-	-	-	413,193,402
8	Retail exposures	-	-	-	5,154	-	-	5,376	234,897,604	90,231,563	-	-	-	325,139,697
9	Exposures secured by residential property	-	-	-	-	-	25,073,071	-	-	-	-	-	-	25,073,071
10	Exposures secured by commercial property	-	-	-	-	-	-	14,972,212	-	4,746,248	-	-	-	19,718,460
11	Past-due items	-	-	-	-	-	-	3,935,421	-	1,445,507	-	-	-	5,380,928
12	Exposures in high-risk categories	-	-	-	-	-	-	220,942	-	43,155	54,705,582	-	33,081,619	88,051,298
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Shares	-	-	-	-	-	-	-	-	35,086,287	-	-	-	35,086,287
17	Other exposures	30,128,860	-	-	1,320	-	-	-	-	29,934,651	-	-	-	60,064,831
18	**Total**	**466,066,862**	**187,306**	**-**	**74,262,629**	**-**	**25,073,071**	**75,458,413**	**234,897,604**	**510,534,860**	**54,705,582**	**-**	**33,081,619**	**1,474,267,946**

(Thousands of Turkish Lira (TL))

	Regulatory portfolio Prior Period	***0%***	***2%***	***10%***	***20%***	***25%***	***35%***	***50%***	***75%***	***100%***	***150%***	***250%***	***Others***	***Total risk amount (post-CCF and CRM)***
1	Exposures to sovereigns and their central banks	269,427,407	-	-	994	-	-	68	-	4,202,365	-	-	-	273,630,834
2	Exposures to regional and local government	-	-	-	-	-	-	2,076,146	-	1	-	-	-	2,076,147
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	2,510,297	-	-	-	2,510,297
4	Exposures to multilateral development banks	8,717	-	-	-	-	-	-	-	-	-	-	-	8,717
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	242,585	-	24,660,037	-	-	9,569,181	-	2,675,136	-	-	-	37,146,939
7	Exposures to corporates	-	-	-	35,159,281	-	-	34,988,872	1,187	268,280,571	-	-	-	338,429,911
8	Retail exposures	-	-	-	2	-	-	2,459	175,167,859	54,938,793	-	-	-	230,109,113
9	Exposures secured by residential property	-	-	-	-	-	17,078,286	-	-	-	-	-	-	17,078,286
10	Exposures secured by commercial property	-	-	-	-	-	-	13,891,885	-	4,102,991	-	-	-	17,994,876
11	Past-due items	-	-	-	-	-	-	3,872,656	-	821,396	-	-	-	4,694,052
12	Exposures in high-risk categories	-	-	-	-	-	-	162,259	-	48,673	53,218,581	-	38,104,358	91,533,871
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Shares	-	-	-	-	-	-	-	-	24,865,390	-	-	-	24,865,390
17	Other exposures	18,344,883	-	-	998	-	-	-	-	15,247,771	-	-	-	33,593,652
18	**Total**	**287,781,007**	**242,585**	-	**59,821,312**	-	**17,078,286**	**64,563,526**	**175,169,046**	**377,693,384**	**53,218,581**	-	**38,104,358**	**1,073,672,085**

(Thousands of Turkish Lira (TL))

4.10.4 Counterparty credit risk

4.10.4.1 Qualitative disclosure on counterparty credit risk

Counterparty credit risk management policies include evaluating and monitoring risk developments, taking necessary measures, setting risk limits, ensuring that the risks remain within the limits, and establishing required reporting, control and audit mechanisms by using the methods aligned with both international standards and local regulations. The policies regarding counterparty credit risk measurement, monitoring, and limit settings are defined by the board of directors.

Counterparty credit risk arising from derivative transactions is periodically being monitored and reported by the Market Risk and Credit Risk Control units on product, country, counterparty and counterparty type basis.

International framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms in order to mitigate the counterparty credit risk.

4.10.4.2 Counterparty credit risk (CCR) approach analysis

	Current Period	*Replacement cost*	*Potential future exposure*	*EEPE(Effective Expected Positive Exposure)*	*Alpha used for computing regulatory EAD*	*EAD post-CRM*	*RWA*
1	Standardised Approach - CCR (for derivatives)	15,623,326	2,254,231		1.4	25,028,581	6,750,648
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					13,231,199	13,231,158
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	**Total**						**19,981,806**

(Thousands of Turkish Lira (TL))

	Prior Period	*Replacement cost*	*Potential future exposure*	*EEPE(Effective Expected Positive Exposure)*	*Alpha used for computing regulatory EAD*	*EAD post-CRM*	*RWA*
1	Standardised Approach - CCR (for derivatives)	7,216,912	3,104,643		1.4	14,450,177	6,751,382
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					6,427,120	5,989,659
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	**Total**						**12,741,041**

4.10.4.3 Capital requirement for credit valuation adjustment (CVA)

		Current Period		*Prior Period*	
		EAD post-CRM	*RWA*	*EAD post-CRM*	*RWA*
	Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1	(i) VaR component (including the 3×multiplier)		-		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	25,028,581	10,101,875	14,450,177	8,795,585
4	**Total subject to the CVA capital obligation**	**25,028,581**	**10,101,875**	**14,450,177**	**8,795,585**

(Thousands of Turkish Lira (TL))

4.10.4.4 CCR exposures by risk class and risk weights

Current Period	***Risk weight***									
Regulatory portfolio	***0%***	***2%***	***10%***	***20%***	***50%***	***75%***	***100%***	***150%***	***Other***	***Total credit exposure***
Exposures to sovereigns and their central banks	11,183,310	-	-	-	-	-	-	-	-	11,183,310
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	171	-	-	171
Exposures to multilateral development banks	98,366	-	-	-	-	-	-	-	-	98,366
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	1,014,558	-	1,497,653	7,745,625	-	22,519	-	-	10,280,355
Exposures to corporates	-	101,113	-	229,171	1,285,114	-	15,057,730	-	-	16,673,128
Retail exposures	-	-	-	-	-	24,450	-	-	-	24,450
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**11,281,676**	**1,115,671**	**-**	**1,726,824**	**9,030,739**	**24,450**	**15,080,420**	**-**	**-**	**38,259,780**

Prior Period	***Risk weight***									
Regulatory portfolio	***0%***	***2%***	***10%***	***20%***	***50%***	***75%***	***100%***	***150%***	***Other***	***Total credit exposure***
Exposures to sovereigns and their central banks	1,410,652	-	-	-	-	-	-	-	-	1,410,652
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	26,960	-	-	26,960
Exposures to multilateral development banks	35,324	-	-	-	-	-	-	-	-	35,324
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	610,633	-	1,400,117	7,880,634	-	421	-	-	9,891,805
Exposures to corporates	-	86,942	-	535,539	605,572	-	7,424,384	-	-	8,652,437
Retail exposures	-	-	-	-	-	860,119	-	-	-	860,119
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**1,445,976**	**697,575**	**-**	**1,935,656**	**8,486,206**	**860,119**	**7,451,765**	**-**	**-**	**20,877,297**

(Thousands of Turkish Lira (TL))

4.10.4.5 Collaterals for CCR

Current Period	*Collateral for derivative transactions*				*Collateral for other transactions*	
	Fair value of collateral received		*Fair value of collateral given*		*Fair value of collateral received*	*Fair value of collateral given*
	Segregated	*Unsegregated*	*Segregated*	*Unsegregated*		
Cash-domestic currency	-	-	-	-	140,029	-
Cash-foreign currency	-	-	-	-	26,177,620	-
Domestic sovereign debts	-	-	-	-	-	39,388,248
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	**26,317,649**	**39,388,248**

Prior Period	*Collateral for derivative transactions*				*Collateral for other transactions*	
	Fair value of collateral received		*Fair value of collateral given*		*Fair value of collateral received*	*Fair value of collateral given*
	Segregated	*Unsegregated*	*Segregated*	*Unsegregated*		
Cash-domestic currency	-	-	-	-	48,985	-
Cash-foreign currency	-	-	-	-	12,727,399	-
Domestic sovereign debts	-	-	-	-	-	18,969,345
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	**12,776,384**	**18,969,345**

4.10.4.6 Credit derivatives

	Current Period		*Prior Period*	
	Protection bought	*Protection sold*	*Protection bought*	*Protection sold*
Notionals				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	43,860,663	-	33,243,160
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	**-**	**43,860,663**	**-**	**33,243,160**
Fair Values		**(4,261,598)**		**(1,879,069)**
Positive fair values (asset)	-	962	-	129,821
Negative fair values (liability)	-	(4,262,560)	-	(2,008,890)

(Thousands of Turkish Lira (TL))

4.10.4.7 Exposures to central counterparties

	Current Period		*Prior Period*	
	EAD (post-CRM)	*RWA*	*EAD (post-CRM)*	*RWA*
Exposures to QCCPs (total)		**22,313**		**14,157**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	1,115,671	22,313	707,858	14,157
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs (total)		-		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-

4.10.5 Securitisations

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

4.10.6 Market risk

4.10.6.1 Qualitative disclosure on market risk

Market risk is managed in accordance with the strategies and policies defined by the Bank. The Bank takes economic climate, market and liquidity conditions and their effects on market risk, the structure of portfolio subject to market risk, the sufficiency of the Bank's definition, measurement, evaluation, monitoring, reporting, control and mitigation of market risk and the availability of the related processes into account while defining the market risk management. Market risk strategies and policies are reviewed by the board of directors and related top management by considering financial performance, capital required for market risk, and the existing market developments. Market risk for internal use, implementation fundamentals and procedures are being developed on bank-only and consolidated level in consideration of the size and complexity of the operations.

Market risk is managed through measuring the risks in parallel with the international standards, setting the limits, capital reserving and additionally through mitigating via hedging transactions.

The Market Risk function under Market Risk and Structural Risk Control Unit monitors the activities of Treasury Unit via risk reports and the limits approved by the board of directors.

Market Risk, which is defined as the risk arising from the price fluctuations in balance sheet and off-balance sheet trading positions, is being calculated and reported daily via Value at Risk (VaR) Model.

(Thousands of Turkish Lira (TL))

4.10.6.2 Market risk under standardised approach

		RWA	
		Current Period	*Prior Period*
	Outright products	**26,029,575**	**37,969,591**
1	Interest rate risk (general and specific)	5,309,825	5,602,250
2	Equity risk (general and specific)	1,124,550	770,528
3	Foreign exchange risk	19,107,713	31,082,975
4	Commodity risk	487,487	513,838
	Options	**345,838**	**1,788,362**
5	Simplified approach	-	-
6	Delta-plus method	345,838	1,788,362
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**26,375,413**	**39,757,953**

4.10.7 Operational risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

4.10.8 Banking book interest rate risk

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

(Thousands of Turkish Lira (TL))

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and cash equivalents

5.1.1.1 Cash and balances with Central Bank

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Cash in TL/Foreign Currency	4,875,885	28,088,936	3,310,208	16,828,245
Central Bank of Turkey	19,714,147	130,155,259	5,895,148	108,120,522
Others	-	7,255,165	-	3,739,285
Total	**24,590,032**	**165,499,360**	**9,205,356**	**128,688,052**

Balances with the Central Bank of Turkey

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Unrestricted Demand Deposits	19,714,147	36,511,223	5,895,148	35,586,176
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	93,644,036	-	72,534,346
Total	**19,714,147**	**130,155,259**	**5,895,148**	**108,120,522**

The reserve requirements in TL, FC and gold that maintained in accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1 are included in the table.

According to the Communiqué on Required Reserves published in the Official Gazette dated 31 December 2022 and numbered 32060, the facility for maintain Turkish lira reserve requirements in standard gold and scrap gold will be terminated as of 23 June 2023.

The required reserve rates for TL liabilities vary between 0% and 8% for TL deposits and other liabilities according to their maturities as of 30 June 2023 (31 December 2022: 3% and 8% for all TL liabilities); the reserve rates for foreign currency liabilities vary between 5% and 26% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2023 (31 December 2022: 5% and 26% for all foreign currency liabilities). As of 28 April 2023, foreign currency reserve requirement ratios will be 5 points higher for banks with a "TL Deposit Share" ratio below 60%, calculated separately for real and legal person deposit portfolio.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts who practices regarding the establishment of additional required reserves and payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and time deposit accounts was terminated as of 23 December 2022.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits in total deposits has been changed to be applied as of 23 December 2022. As per this amendment, banks with a share of Turkish Lira deposits below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposit liabilities.

(Thousands of Turkish Lira (TL))

5.1.1.2 Banks

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic banks	204,185	273,736	130,661	338,517
Foreign banks	373,336	47,768,942	480,729	22,156,523
Foreign head offices and branches	-	-	-	-
Total	**577,521**	**48,042,678**	**611,390**	**22,495,040**

The placements at foreign banks include blocked accounts amounting TL 13,236,743 (31 December 2022: TL 9,152,303) of which TL 204,748 (31 December 2022: TL 1,236) kept at the central banks of Malta, TL 931,686 (31 December 2022: TL 606,643) kept at Turkish Republic of Northern Cyprus and TL 12,100,309 (31 December 2022: TL 8,544,424) kept at various banks as collateral.

Due from foreign banks

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.1.3 Receivables from reserve repo transactions

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**64,725,987**	**-**	**34,719,478**	**-**
Central Bank of Turkey	-	-	-	-
Banks	64,722,981	-	34,719,478	-
Others	3,006	-	-	-
Foreign Transactions	**-**	**54,867,708**	**-**	**35,013,551**
Central banks	-	-	-	-
Banks	-	54,867,708	-	35,013,551
Others	-	-	-	-
Total	**64,725,987**	**54,867,708**	**34,719,478**	**35,013,551**

5.1.1.4 Expected credit losses for cash and cash equivalents

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**897,282**	**4,039**	**-**	**901,321**
Additions during the Period (+)	1,812,729	-	-	1,812,729
Disposals (-)	(1,476,597)	(4,046)	-	(1,480,643)
Transfer to 12 month ECL (Stage1)	4	(4)	-	-
Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2)	(3)	3	-	-
Transfer to lifetime ECL Impaired Credits (Stage 3)	-	-	-	-
Foreign Currency Differences	193,247	8	-	193,255
Balances at End of Period	**1,426,662**	**-**	**-**	**1,426,662**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**237,031**	**-**	**-**	**237,031**
Additions during the Period (+)	2,536,474	14,370	-	2,550,844
Disposals (-)	(1,958,879)	(12,267)	-	(1,971,146)
Transfer to 12 month ECL (Stage1)	1	(1)	-	-
Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2)	(15)	15	-	-
Transfer to lifetime ECL Impaired Credits (Stage 3)	-	-	-	-
Foreign Currency Differences	82,670	1,922	-	84,592
Balances at End of Period	**897,282**	**4,039**	**-**	**901,321**

5.1.2 Information on financial assets measured at fair value through profit/loss

5.1.2.1 Financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked

None.

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Government Securities	2,140,750	1,201,553	1,098,714	616,986
Equity Securities	92,319	90,125	87,470	67,322
Other Financial Assets (*)	18,085	606,280	22,584	572,356
Total	**2,251,154**	**1,897,958**	**1,208,768**	**1,256,664**

(*) Loans whose contractual conditions are inconsistent with a basic lending agreement (consideration for the time value of money and credit risk are typically the most significant elements of interest) are measured at fair value through profit or loss. As of 30 June 2023, loans with a fair value of TL 7,845 (31 December 2022: TL 58,884) have been classified under other financial assets.

5.1.3 Financial assets measured at fair value through other comprehensive income

5.1.3.1 Financial assets subject to repurchase agreements and provided as collateral/blocked

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	23,741,510	2,489,914	27,785,811	1,557,763
Assets subject to Repurchase Agreements	127,113	14,571,597	-	8,165,263
Total	**23,868,623**	**17,061,511**	**27,785,811**	**9,723,026**

5.1.3.2 Details of financial assets measured at fair value through other comprehensive income

	Current Period	*Prior Period*

Debt Securities	**44,094,045**	**42,439,429**
Quoted at Stock Exchange	44,094,045	42,439,429
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	**17,708**	**13,840**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	13,217	9,349
Value Increase/Impairment Losses (-)	**32,774,607**	**34,845,940**
Total	**76,886,360**	**77,299,209**

Expected losses of TL 320,456 (31 December 2022: TL 269,022) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Forward Transactions	1,720,796	38,991	357,376	84,705
Swap Transactions	10,996,389	5,418,085	3,069,493	4,176,790
Futures	-	-	-	-
Options	113,646	96,525	751,728	510,661
Others	-	-	-	-
Total	**12,830,831**	**5,553,601**	**4,178,597**	**4,772,156**

5.1.4.2 Derivative financial assets held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	***Current Period***		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	-	462,169	-	311,360
Cash Flow Hedges	1,299,149	1,090,349	179,457	953,649
Net Foreign Investment Hedges	-	-	-	-
Total	**1,299,149**	**1,552,518**	**179,457**	**1,265,009**

As of 30 June 2023, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			***Prior Period***		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swaps	43,571,623	1,595,474	7,877	47,958,820	1,282,034	-
-TL	3,064,000	42,956	7,877	120,000	17,025	-
-FC	40,507,623	1,552,518	-	47,838,820	1,265,009	-
Currency Swaps	8,953,141	1,121,138	-	11,068,932	11,708	21,111
-TL	3,935,005	1,121,138	-	5,550,445	11,708	21,111
-FC	5,018,136	-	-	5,518,487	-	-
Cross Currency Swaps	162,890	135,055	-	179,448	138,635	-
-TL	15,047	135,055	-	22,571	138,635	-
-FC	147,843	-	-	156,877	-	-
Currency Forwards	-	-	-	55,328	12,089	-
-TL	-	-	-	21,862	12,089	-
-FC	-	-	-	33,466	-	-
Total	**52,687,654**	**2,851,667**	**7,877**	**59,262,528**	**1,444,466**	**21,111**

5.1.4.3 Fair value hedge accounting

Current Period				**Net Fair Value Change of Hedging Item**		**Statement of profit or loss**
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**	**Asset**	**Liability**	**Effect (gains/losses from derivative financial instruments)**
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(395,101)	462,169	-	76,776

Prior Period				**Net Fair Value Change of Hedging Item**		**Statement of profit or loss**
Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item**	**Asset**	**Liability**	**Effect (gains/losses from derivative financial instruments)**
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	-	-	-	115
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(321,068)	311,360	-	22,009

(Thousands of Turkish Lira (TL))

5.1.4.4 Cash flow hedge accounting

Current Period							
			Fair Value Change of Hedged Item				
Hedging Item	**Hedged Item**	**Type of Risk**	**Asset**	**Liability**	**Gains/Losses Accounted under Shareholders' Equity in the Period**	**Gains/Losses Accounted under Statement of Profit/Loss in the Period**	**Ineffective Portion (net) Accounted under Statement of Profit/Loss**
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,133,305	(7,877)	389,676	202,081	888,552
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	135,055	-	774	1,052	(1,222,985)
Currency Swaps	Expected investment /Operational expenses	Cash flow risk resulted from foreign currency exchange rates	1,121,138	-	1,021,076	-	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	-	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	213,360	-	-

In the current period, the amount reclassified from the Shareholders' Equity to the Statement of Profit or Loss due to the ceased hedging transactions is TL (670,140) and the amount recognized in Equity is TL (947,374).

(Thousands of Turkish Lira (TL))

Prior Period							
			Fair Value Change of Hedged Item				
Hedging Item	**Hedged Item**	**Type of Risk**	**Asset**	**Liability**	**Gains/Losses Accounted under Shareholders' Equity in the Period**	**Gains/Losses Accounted under Statement of Profit/Loss in the Period**	**Ineffective Portion (net) Accounted under Statement of Profit/Loss**
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	970,674	-	969,706	62,770	19,412
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	138,635	-	(7,599)	(3,388)	-
Currency Swaps	Expected investment /Operational expenses	Cash flow risk resulted from foreign currency exchange rates	11,708	(21,111)	20,071	-	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	12,089	-	4,859	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	170,560	-	-

In the current period, the amount reclassified from the Shareholders' Equity to the Statement of Profit or Loss due to the ceased hedging transactions is TL (257,322) and the amount recognized in Equity is TL (119,064).

(Thousands of Turkish Lira (TL))

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		*Prior Period*	
	Cash Loans	**Non-Cash Loans**	**Cash Loans**	**Non-Cash Loans**
Direct Lendings to Shareholders	**-**	**4,001,434**	**-**	**2,067,095**
Corporates	-	4,001,434	-	2,067,095
Individuals	-	-	-	-
Indirect Lendings to Shareholders	**95,375**	**-**	**49,533**	**9,937**
Loans to Employees	**1,014,293**	**21**	**725,207**	**77**
Total	**1,109,668**	**4,001,455**	**774,740**	**2,077,109**

5.1.5.2 *Performing loans and loans under follow-up including restructured loans, and provisions allocated for such loans*

Current Period Cash Loans (*)	**Performing Loans**	**Loans under Follow-up**		
		Non-restructured	**Restructured**	
			Revised Contract Terms	**Refinanced**
Loans	**737,283,021**	**77,181,285**	**23,870,500**	**27,206,585**
Working Capital Loans	71,239,765	5,230,714	1,224,018	13,471,082
Export Loans	88,943,970	3,415,939	57,384	109,964
Import Loans	-	-	-	-
Loans to Financial Sector	36,342,719	1,009	-	-
Consumer Loans	140,110,300	15,973,580	1,067,436	2,902
Credit Cards	155,681,682	26,762,262	928,986	-
Others	244,964,585	25,797,781	20,592,676	13,622,637
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**-**	**-**	**-**	**-**
Total	**737,283,021**	**77,181,285**	**23,870,500**	**27,206,585**

(*) Non-performing loans are not included.

Prior Period **Cash Loans (*)**	**Performing Loans**	**Loans under Follow-up**		
		Non-restructured	**Restructured**	
			Revised Contract Terms	**Refinanced**
Loans	**550,976,005**	**53,893,635**	**26,219,825**	**20,698,809**
Working Capital Loans	55,632,696	7,631,143	1,701,108	10,158,605
Export Loans	61,446,817	5,885,132	87,923	88,151
Import Loans	-	-	-	-
Loans to Financial Sector	17,909,674	7,652	-	-
Consumer Loans	109,625,845	11,083,817	1,446,151	37,406
Credit Cards	98,522,389	12,410,131	492,320	-
Others	207,838,584	16,875,760	22,492,323	10,414,647
Specialization Loans	**-**	**-**	**-**	**-**
Other Receivables	**-**	**-**	**-**	**-**
Total	**550,976,005**	**53,893,635**	**26,219,825**	**20,698,809**

(*) Non-performing loans are not included.

(Thousands of Turkish Lira (TL))

Current Period	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	281,928,439	191,796,642	262,637,524	920,416	544,565,963	192,717,058
Loans under Follow-up (Stage 2)	28,278,736	61,824,551	38,124,793	30,290	66,403,529	61,854,841
Total Stage 1 and 2 Loans	**310,207,175**	**253,621,193**	**300,762,317**	**950,706**	**610,969,492**	**254,571,899**
Expected Credit losses-Stage 1-2 (-)	5,174,056	21,871,697	3,462,289	317	8,636,345	21,872,014
Total Non-performing Loans (Stage 3)	**11,356,757**	**1,392,513**	**5,934,327**	**13,125**	**17,291,084**	**1,405,638**
Expected Credit losses-Stage 3 (-)	8,472,053	1,066,311	3,586,942	8,833	12,058,995	1,075,144

Prior Period	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	250,120,480	116,620,728	183,742,840	491,957	433,863,320	117,112,685
Loans under Follow-up (Stage 2)	22,404,677	56,594,067	21,788,357	25,168	44,193,034	56,619,235
Total Stage 1 and 2 Loans	**272,525,157**	**173,214,795**	**205,531,197**	**517,125**	**478,056,354**	**173,731,920**
Expected Credit losses-Stage 1-2 (-)	4,960,914	16,836,692	2,046,691	263	7,007,605	16,836,955
Total Non-performing Loans (Stage 3)	**12,680,638**	**1,193,765**	**3,729,709**	**8,400**	**16,410,347**	**1,202,165**
Expected Credit losses-Stage 3 (-)	9,522,299	888,173	2,306,251	5,529	11,828,550	893,702

	Current Period		***Prior Period***	
	Performing Loans	**Loans Under Follow-Up**	**Performing Loans**	**Loans Under Follow-Up**
12-Month ECL (Stage 1)	3,849,795	-	3,681,287	-
Significant Increase in Credit Risk (Stage 2)	-	26,658,564	-	20,163,273

As of 30 June 2023, loans amounting to TL 8,292,827 are benefited as collateral under funding transactions (31 December 2022: TL 6,480,885).

Collaterals received for loans under follow-up;

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	5,214,690	83,539	-	5,298,229
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	32,980,170	1,641,549	-	34,621,719
Loans Collateralized by Pledged Assets	6,605,740	373,122	-	6,978,862
Loans Collateralized by Cheques and Notes	124,220	7,941	-	132,161
Loans Collateralized by Other Collaterals	36,402,595	6,025,469	-	42,428,064
Unsecured Loans	2,195,789	8,912,298	27,691,248	38,799,335
Total	**83,523,204**	**17,043,918**	**27,691,248**	**128,258,370**

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,534,852	72,199	-	1,607,051
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	25,905,196	3,166,866	-	29,072,062
Loans Collateralized by Pledged Assets	10,664,721	348,449	-	11,013,170
Loans Collateralized by Cheques and Notes	155,608	4,701	-	160,309
Loans Collateralized by Other Collaterals	31,536,057	7,113,891	-	38,649,948
Unsecured Loans	5,546,010	1,861,268	12,902,451	20,309,729
Total	**75,342,444**	**12,567,374**	**12,902,451**	**100,812,269**

(Thousands of Turkish Lira (TL))

Delinquency periods of loans under follow-up;

Current Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
31-60 days	206,227	1,220,837	887,593	2,314,657
61-90 days	123,373	522,606	365,649	1,011,628
Others	83,193,604	15,300,475	26,438,006	124,932,085
Total	**83,523,204**	**17,043,918**	**27,691,248**	**128,258,370**

Prior Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
31-60 days	126,728	1,094,571	388,909	1,610,208
61-90 days	484,572	339,278	150,663	974,513
Others	74,731,144	11,133,525	12,362,879	98,227,548
Total	**75,342,444**	**12,567,374**	**12,902,451**	**100,812,269**

5.1.5.3 Maturity analysis of cash loans

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.1.5.4 Consumer loans, retail credit cards, personnel loans and personnel credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**32,849,201**	**103,858,479**	**136,707,680**
Housing Loans	63,995	32,466,818	32,530,813
Automobile Loans	2,189,131	7,715,639	9,904,770
General Purpose Loans	30,596,075	63,676,022	94,272,097
Other	-	-	-
Consumer Loans – FC-indexed	**-**	**154,419**	**154,419**
Housing Loans	-	154,419	154,419
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	**68**	**93,364**	**93,432**
Housing Loans	-	64,125	64,125
Automobile Loans	-	20,843	20,843
General Purpose Loans	68	8,396	8,464
Other	-	-	-
Retail Credit Cards – TL	**142,549,567**	**567,419**	**143,116,986**
With Installment	77,410,714	567,419	77,978,133
Without Installment	65,138,853	-	65,138,853
Retail Credit Cards – FC	**843,270**	**-**	**843,270**
With Installment	-	-	-
Without Installment	843,270	-	843,270
Personnel Loans – TL	**204,400**	**211,196**	**415,596**
Housing Loan	-	1,597	1,597
Automobile Loans	302	366	668
General Purpose Loans	204,098	209,233	413,331
Other	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	**126**	**-**	**126**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	126	-	126
Other	-	-	-
Personnel Credit Cards – TL	**582,857**	**1,814**	**584,671**
With Installment	275,528	1,814	277,342
Without Installment	307,329	-	307,329
Personnel Credit Cards – FC	**13,878**	**-**	**13,878**
With Installment	-	-	-
Without Installment	13,878	-	13,878
Deposit Accounts– TL (Real persons)	**19,782,943**	-	**19,782,943**
Deposit Accounts– TL (Personnel)	**22**		**22**
Deposit Accounts– FC (Real persons)	-	-	**-**
Total	**196,826,332**	**104,886,691**	**301,713,023**

(Thousands of Turkish Lira (TL))

Prior Period	**Short-Term**	**Medium and Long-Term**	**Total**
Consumer Loans – TL	**18,339,322**	**91,526,657**	**109,865,979**
Housing Loans	36,300	23,025,402	23,061,702
Automobile Loans	985,209	4,891,000	5,876,209
General Purpose Loans	17,317,813	63,610,255	80,928,068
Other	-	-	-
Consumer Loans – FC-indexed	**-**	**132,069**	**132,069**
Housing Loans	-	132,069	132,069
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	**1,195**	**79,064**	**80,259**
Housing Loans	-	58,357	58,357
Automobile Loans	-	14,034	14,034
General Purpose Loans	1,195	6,673	7,868
Other	-	-	-
Retail Credit Cards – TL	**82,758,294**	**283,379**	**83,041,673**
With Installment	45,361,352	283,379	45,644,731
Without Installment	37,396,942	-	37,396,942
Retail Credit Cards – FC	**431,603**	**-**	**431,603**
With Installment	-	-	-
Without Installment	431,603	-	431,603
Personnel Loans – TL	**101,175**	**208,422**	**309,597**
Housing Loan	-	214	214
Automobile Loans	-	405	405
General Purpose Loans	101,175	207,803	308,978
Other	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	**268**	**-**	**268**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	268	-	268
Other	-	-	-
Personnel Credit Cards – TL	**375,668**	**1,164**	**376,832**
With Installment	163,197	1,164	164,361
Without Installment	212,471	-	212,471
Personnel Credit Cards – FC	**4,995**	**-**	**4,995**
With Installment	-	-	-
Without Installment	4,995	-	4,995
Deposit Accounts– TL (Real persons)	**11,771,532**	-	**11,771,532**
Deposit Accounts– TL (Personnel)	**33,515**		**33,515**
Deposit Accounts– FC (Real persons)	-	-	**-**
Total	**113,817,567**	**92,230,755**	**206,048,322**

(Thousands of Turkish Lira (TL))

5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**10,733,740**	**22,953,511**	**33,687,251**
Real Estate Loans	24,411	815,069	839,480
Automobile Loans	2,261,148	14,241,890	16,503,038
General Purpose Loans	8,448,181	7,896,552	16,344,733
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**53,546**	**53,546**
Real Estate Loans	-	39,735	39,735
Automobile Loans	-	-	-
General Purpose Loans	-	13,811	13,811
Other	-	-	-
Installment-based Commercial Loans – FC	**12,140**	**1,792,785**	**1,804,925**
Real Estate Loans	-	-	-
Automobile Loans	12,140	1,743,486	1,755,626
General Purpose Loans	-	49,299	49,299
Other	-	-	-
Corporate Credit Cards – TL	**37,872,718**	**753,716**	**38,626,434**
With Installment	14,978,020	753,716	15,731,736
Without Installment	22,894,698	-	22,894,698
Corporate Credit Cards – FC	**187,691**	**-**	**187,691**
With Installment	-	-	-
Without Installment	187,691	-	187,691
Deposit Accounts– TL (Corporates)	**4,913,518**	**-**	4,913,518
Deposit Accounts– FC (Corporates)	**-**	**-**	-
Total	**53,719,807**	**25,553,558**	**79,273,365**

Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**12,561,101**	**22,141,353**	**34,702,454**
Real Estate Loans	70,442	951,074	1,021,516
Automobile Loans	3,921,391	13,059,913	16,981,304
General Purpose Loans	8,569,268	8,130,366	16,699,634
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**58,630**	**58,630**
Real Estate Loans	-	34,596	34,596
Automobile Loans	-	-	-
General Purpose Loans	-	24,034	24,034
Other	-	-	-
Installment-based Commercial Loans – FC	**4,004**	**1,220,868**	**1,224,872**
Real Estate Loans	-	-	-
Automobile Loans	3,711	1,162,036	1,165,747
General Purpose Loans	293	58,832	59,125
Other	-	-	-
Corporate Credit Cards – TL	**26,835,060**	**631,801**	**27,466,861**
With Installment	14,729,618	631,801	15,361,419
Without Installment	12,105,442	-	12,105,442
Corporate Credit Cards – FC	**102,876**	**-**	**102,876**
With Installment	-	-	-
Without Installment	102,876	-	102,876
Deposit Accounts– TL (Corporates)	**5,346,111**	**-**	5,346,111
Deposit Accounts– FC (Corporates)	**-**	**-**	-
Total	**44,849,152**	**24,052,652**	**68,901,804**

(Thousands of Turkish Lira (TL))

5.1.5.6 Allocation of loans by customers

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.5.7 Allocation of domestic and foreign loans (*)

	Current Period	*Prior Period*
Domestic Loans	858,457,845	646,440,928
Foreign Loans	7,083,546	5,347,346
Total	**865,541,391**	**651,788,274**

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	Current Period	*Prior Period*
Direct Lending	22,270,821	10,247,589
Indirect Lending	-	-
Total	**22,270,821**	**10,247,589**

5.1.5.9 Provision allocated for non-performing loans (Stage 3)

	Current Period	*Prior Period*
Substandard Loans - Limited Collectibility	908,471	694,649
Doubtful Loans	1,871,015	1,176,335
Uncollectible Loans	10,354,653	10,851,268
Total	**13,134,139**	**12,722,252**

5.1.5.10 Non-performing loans (NPLs) (Net)

Non-performing loans and loans restructured from this category

	Group III	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period			
(Gross Amounts before Provisions)	141,035	972,458	5,568,698
Restructured Loans and Receivables	141,035	972,458	5,568,698
Prior Period			
(Gross Amounts before Provisions)	236,523	415,242	7,164,867
Restructured Loans and Receivables	236,523	415,242	7,164,867

(Thousands of Turkish Lira (TL))

Movements in non-performing loans groups

Current Period	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Balances at End of Prior Period	**1,459,088**	**1,835,487**	**14,317,937**
Additions (+)	3,866,649	52,209	208,616
Transfer from Other NPL Categories (+)	-	3,090,553	1,526,250
Transfer to Other NPL Categories (-)	3,090,553	1,526,250	-
Collections during the Period (-)	424,309	414,309	1,706,317
Write down / Write-offs (-) (*)(**)	-	-	928,938
Debt Sale (-) (***)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other(****)	-	-	-
Foreign Currency Differences	11,845	51,562	367,202
Balances at End of Period	**1,822,720**	**3,089,252**	**13,784,750**
Provisions (-)	908,471	1,871,015	10,354,653
Net Balance on Balance Sheet	**914,249**	**1,218,237**	**3,430,097**

Prior Period	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Balances at End of Prior Period	**1,029,387**	**1,315,573**	**13,726,255**
Additions (+)	4,720,818	42,057	7,763,212
Transfer from Other NPL Categories (+)	-	3,714,530	2,593,994
Transfer to Other NPL Categories (-)	3,714,530	2,593,994	-
Collections during the Period (-)	580,246	654,680	2,361,132
Write down / Write-offs (-)(*) (**)	-	-	8,183,707
Debt Sale (-) (***)	-	-	694,221
Corporate and Commercial Loans	-	-	155,577
Retail Loans	-	-	386,123
Credit Cards	-	-	152,521
Other (****)	-	-	(254,928)
Foreign Currency Differences	3,659	12,001	1,728,464
Balances at End of Period	**1,459,088**	**1,835,487**	**14,317,937**
Provisions (-)	694,649	1,176,335	10,851,268
Net Balance on Balance Sheet	**764,439**	**659,152**	**3,466,669**

(*) Includes loans for which 100% provision is provided during the corresponding period.

(**) As the details are explained in the section 3.8.5 Disclosures on write down policy, the Bank has written off its Fifth Group-Loss Loans amounting to TL 12,718,357 as of 30 June 2023 (31 December 2022: TL 10,837,948). As of 30 June 2023, the Bank's NPL ratio is measured as 3.5% (31 December 2022: 4.18%) instead of 2.11% (31 December 2022: 2.63%) when the calculation is made by taking into account the loans written off. The loan granted to LYY Telekomünikasyon A.Ş. amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time and then has been written-off in the prior period.

(***) Consists of sale of non-performing loans.

(****)Includes receivables that have been reclassifed to non-defaulted status (31 December 2022: TL 254,928).

(Thousands of Turkish Lira (TL))

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	**Doubtful Loans and Receivables**	**Uncollectible Loans and Receivables**
Current Period			
Balance at End of Period	**11,243**	**788,353**	**8,453,044**
Provisions (-)	6,456	478,210	6,340,787
Net Balance at Balance Sheet	**4,787**	**310,143**	**2,112,257**
Prior Period			
Balance at End of Period	**154,042**	**151,241**	**9,541,718**
Provisions (-)	30,183	147,302	7,238,679
Net Balance at Balance Sheet	**123,859**	**3,939**	**2,303,039**

Gross and net non-performing loans as per customer categories

	Group III	Group IV	Group V
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period (Net)	**914,249**	**1,218,237**	**3,430,097**
Loans to Individuals and Corporates (Gross)	1,822,720	3,089,252	13,784,750
Provision (-)	908,471	1,871,015	10,354,653
Loans to Individuals and Corporates (Net)	914,249	1,218,237	3,430,097
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
***Prior Period* (Net)**	**764,439**	**659,152**	**3,466,669**
Loans to Individuals and Corporates (Gross)	1,459,088	1,835,487	14,317,937
Provision (-)	694,649	1,176,335	10,851,268
Loans to Individuals and Corporates (Net)	764,439	659,152	3,466,669
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-

(Thousands of Turkish Lira (TL))

Interest accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period (Net)	**68,429**	**82,361**	**230,956**
Interest accruals and valuation differences	138,740	215,091	806,106
Provision (-)	70,311	132,730	575,150
Prior Period (Net)	**51,434**	**54,103**	**200,074**
Interest accruals and valuation differences	104,589	137,702	726,759
Provision (-)	53,155	83,599	526,685

Collaterals received for non-performing loans

Current Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	2,548	204	-	2,752
Loans Collateralized by Mortgages	7,396,704	65,710	-	7,462,414
Loans Collateralized by Pledged Assets	931,898	11,209	-	943,107
Loans Collateralized by Cheques and Notes	141,534	2,157	-	143,691
Loans Collateralized by Other Collaterals	3,096,257	1,886,712	-	4,982,969
Unsecured Loans	891,697	2,348,707	1,921,385	5,161,789
Total	**12,460,638**	**4,314,699**	**1,921,385**	**18,696,722**

Prior Period	**Corporate/ Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
Loans Collateralized by Cash	9,267	235	-	9,502
Loans Collateralized by Mortgages	7,986,946	150,782	-	8,137,728
Loans Collateralized by Pledged Assets	1,411,306	20,525	-	1,431,831
Loans Collateralized by Cheques and Notes	113,334	1,195	-	114,529
Loans Collateralized by Other Collaterals	2,553,241	2,590,843	-	5,144,084
Unsecured Loans	1,275,748	346,673	1,152,417	2,774,838
Total	**13,349,842**	**3,110,253**	**1,152,417**	**17,612,512**

5.1.5.11 Expected credit loss for loans

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**3,681,287**	**20,163,273**	**12,722,252**	**36,566,812**
Additions during the Period (+)	3,239,808	8,236,312	1,290,710	12,766,830
Disposals (-)	(4,913,853)	(4,895,639)	(1,417,982)	(11,227,474)
Debt Sales (-)	-	-	-	-
Write-offs (-)	-	-	(928,938)	(928,938)
Transfer to Stage1	2,515,111	(2,511,073)	(4,038)	-
Transfer to Stage 2	(909,540)	912,483	(2,943)	-
Transfer to Stage 3	(12,260)	(1,132,834)	1,145,094	-
Foreign Currency Differences	249,242	5,886,042	329,984	6,465,268
Balances at End of Period	**3,849,795**	**26,658,564**	**13,134,139**	**43,642,498**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**2,450,350**	**13,680,262**	**10,614,068**	**26,744,680**
Additions during the Period (+)	8,604,591	10,598,922	10,456,688	29,660,201
Disposals (-)	(10,026,578)	(4,789,966)	(1,761,372)	(16,577,916)
Debt Sales (-)	-	-	(694,221)	(694,221)
Write-offs (-)	-	-	(8,183,707)	(8,183,707)
Transfer to Stage 1	3,347,011	(3,341,643)	(5,368)	-
Transfer to Stage 2	(956,869)	1,026,451	(69,582)	-
Transfer to Stage 3	(15,839)	(1,113,236)	1,129,075	-
Foreign Currency Differences	278,621	4,102,483	1,236,671	5,617,775
Balances at End of Period	**3,681,287**	**20,163,273**	**12,722,252**	**36,566,812**

5.1.5.12 Liquidation policy for uncollectible loans and receivables

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.5.13 Write-off policy

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.6 Lease receivable

None.

5.1.7 Financial assets measured at amortised cost

5.1.7.1 Financial assets subject to repurchase agreements and provided as collateral/blocked

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Investments	86,497,459	30,067,296	52,040,944	20,978,687
Investments subject to Repurchase	12,721	31,381,717	42,589	16,293,681
Total	**86,510,180**	**61,449,013**	**52,083,533**	**37,272,368**

5.1.7.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	147,827,080	97,364,114
Treasury Bills	233,443	174,069
Other Government Securities	7,724,243	7,726,350
Total	**155,784,766**	**105,264,533**

5.1.7.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**142,420,837**	**88,789,451**
Quoted at Stock Exchange	138,110,259	85,701,873
Unquoted at Stock Exchange	4,310,578	3,087,578
Valuation Increase/(Decrease)	**21,079,220**	**19,438,404**
Total	**163,500,057**	**108,227,855**

(Thousands of Turkish Lira (TL))

5.1.7.4 Movement of financial assets measured at amortised cost

	Current Period	*Prior Period*
Balances at Beginning of Period	**108,227,855**	**42,025,324**
Foreign Currency Differences On Monetary Assets	17,859,469	13,047,049
Purchases during the Period	44,690,345	47,010,076
Disposals through Sales/Redemptions	(8,918,428)	(5,539,962)
Valuation Effect	1,640,816	11,685,368
Balances at End of Period	**163,500,057**	**108,227,855**

5.1.7.5 Expected credit loss for financial assets measured at amortised cost

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**472,532**	-	-	**472,532**
Additions during the Period (+)	290,742	-	-	290,742
Disposal (-)	(54,735)	-	-	(54,735)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	76,710	-	-	76,710
Balances at End of Period	**785,249**	**-**	**-**	**785,249**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**51,513**	-	-	**51,513**
Additions during the Period (+)	419,449	-	-	419,449
Disposal (-)	(29,533)	-	-	(29,533)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	31,103	-	-	31,103
Balances at End of Period	**472,532**	**-**	**-**	**472,532**

(Thousands of Turkish Lira (TL))

5.1.8 Assets held for sale and assets of discontinued operations

5.1.8.1 Movement of assets held for sale and assets of discontinued operations

	Current Period	*Prior Period*
End of Prior Period		
Cost	**769,757**	**542,860**
Accumulated Depreciation (-)	**(2,176)**	**(10,213)**
Net Book Value	**767,581**	**532,647**
End of Current Period		
Additions	100,916	545,367
Disposals (Cost)	(75,796)	(325,341)
Disposals (Accumulated Depreciation)	69	8,038
Impairment Losses	-	6,871
Depreciation Expense for Current Period (-)	-	-
Cost	**794,877**	**769,757**
Accumulated Depreciation (-)	**(2,107)**	**(2,175)**
Net Book Value	**792,770**	**767,582**

5.1.8.2 Investments in subsidiaries and associates to be disposed

	Current Period	*Prior Period(*)*
End of Prior Period		
Cost	**-**	**881,140**
Impairment Losses (-)	**-**	**(881,140)**
Net Book Value	**-**	**-**
End of Current Period		
Additions	**-**	**-**
Disposals (Cost)	**-**	**(881,140)**
Disposals (Accumulated Depreciation)	**-**	**-**
Impairment Losses (-)	**-**	**881,140**
Depreciation Expense for Current Period	**-**	**-**
Cost	**-**	**-**
Impairment Losses (-)	**-**	**-**
Net Book Value	**-**	**-**

(*)In the current period, within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192.500.000.000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 22.1265% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations".

As per the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. The Entity's paid-in capital after the general assembly had been TL 3,982,280. The Bank's shareholding ratios in the Entity's capital did not change as a result of the increase, and the nominal value of the direct shares increased from TL 11 to TL 881.140 and the number of shares increased from 1,106,325 to 88,114,036,863. Valuation differences recorded on the financial asset are presented as impairment in Assets Held for Sale and Discontinued Operations after capital increase. In 2020, all of the assets acquired under TFRS 5 was impaired. The liquidation of the related special purpose entity has been registered in Trade Registry Gazette dated 28 December 2022 and numbered 10735. As of 31 December 2022, the capital share amounting to TL 881,140, which is fully impaired, has been written off regarding to completion of the liquidation process.

(Thousands of Turkish Lira (TL))

5.1.9 Investments in associates

5.1.9.1 Investments in associates

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Bankalararası Kart Merkezi A.Ş. (1)	İstanbul / Turkey	4.98	4.98
2	Yatırım Finansman Menkul Değerler A.Ş. (1)	İstanbul / Turkey	0.77	0.77
3	İstanbul Takas Ve Saklama Bankası A.Ş.(1)	İstanbul / Turkey	4.95	4.97
4	Borsa İstanbul A.Ş. (2)	İstanbul / Turkey	0.30	0.34
5	KKB Kredi Kayıt Bürosu A.Ş.(1)	İstanbul / Turkey	9.09	9.09
6	TCMB (2)	Ankara / Turkey	2.48	2.48
7	Kredi Garanti Fonu A.Ş (1)	Ankara / Turkey	1.49	1.49
8	JCR Avrasya Derecelendirme A.Ş.(1)	İstanbul / Turkey	2.86	2.86
9	Birleşik İpotek Finansmanı A.Ş. (1)	İstanbul / Turkey	8.33	8.33
10	İhracatı Geliştirme A.Ş. (1)	İstanbul / Turkey	1.16	1.16

	Total Assets	Shareholders' Equity	Total Fixed Assets(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	2,068,572	1,640,651	151,005	61,552	-	955,578	53,059	-
2	2,889,578	387,866	59,983	37,224	457	43,055	22,085	-
3	87,190,263	4,602,160	210,942	605,915	47,944	91,335	282,254	-
4	91,710,707	9,454,794	837,195	552,580	-	3,583,577	1,754,959	-
5	2,068,572	1,640,651	151,005	61,552	301	955,578	53,059	-
6	3,575,062,693	84,895,025	1,148,976	135,246,966	31,372,141	72,029,068	57,483,159	-
7	2,778,086	1,399,720	32,668	42,591	-	108,050	91,739	-
8	207,846	172,095	18,461	8,902	114	11,843	12,655	-
9	85,418	79,062	2,790	3,468	3,525	8,092	4,570	-
10	5,406,427	5,389,007	21,171	319,338	-	268,561	-	-

(1) Financial information is as of 31 March 2023.
(2) Financial information is as of 31 December 2022.
(*) Total fixed assets include tangible and intangible assets.

5.1.9.2 Movement of investments in associates

	Current Period	*Prior Period*
Balance at Beginning of Period	**110,939**	**47,221**
Movements during the Period	**2,586**	**63,718**
Acquisitions(*)		80,816
Bonus Shares Received	14,976	1,364
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	(12,390)	(18,462)
Balance at End of Period	**113,525**	**110,939**
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(Thousands of Turkish Lira (TL))

5.1.9.3 Sectoral distribution of investments and associates

Investments in Associates	***Current Period***	***Prior Period***
Banks	25,557	25,557
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	87,968	85,382

5.1.9.4 Quoted associates

None.

5.1.9.5 Valuation methods of investments in associates

Investments in Associates	***Current Period***	***Prior Period***
Valued at Cost	113,525	110,939
Valued at Fair Value	-	-

5.1.9.6 Investments in associates sold during the current period

None.

5.1.9.7 Investments in associates acquired during the current period

None.

(Thousands of Turkish Lira (TL))

5.1.10 Investments in subsidiaries

5.1.10.1 Information on capital adequacy of major subsidiaries

The Bank does not have any capital needs for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major subsidiaries is presented below.

Current Period	**Garanti Bank International NV**	**Garanti Holding BV**	**Garanti Finansal Kiralama AŞ**	**Garanti Emeklilik ve Hayat AŞ**	**Garanti Yatırım Menkul Kıymetler AŞ**
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	3,848,480	12,328,393	357,848	517,159	205,423
Share Premium	-	364,438	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	2,035,747	1,552,114	3,252,084	875,902	2,026,696
Other Comprehensive Income according to TAS	12,968,311	89,926	-	14,573	-
Current and Prior Periods' Profits	1,113,973	476,699	1,392,413	845,161	1,294,181
Minority interest	-	-	-	-	61,288
Common Equity Tier I Capital Before Deductions	**19,966,511**	**14,811,570**	**5,002,345**	**2,252,795**	**3,587,588**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	188,343	2,429,878	6,475	17,060	8,050
Leasehold Improvements on Operational Leases (-)	-	951	-	75	1,312
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	184,343	1,550,472	23,194	59,768	13,420
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**372,686**	**3,981,301**	**29,669**	**76,903**	**22,782**
Total Common Equity Tier I Capital	**19,593,825**	**10,830,269**	**4,972,676**	**2,175,892**	**3,564,806**
Total Deductions From Tier I Capital	**-**	**-**	**-**	**-**	**-**
Total Tier I Capital	**19,593,825**	**10,830,269**	**4,972,676**	**2,175,892**	**3,564,806**
TIER II CAPITAL	**-**	**561,857**	**-**	**-**	**-**
TOTAL CAPITAL	**19,593,825**	**11,392,126**	**4,972,676**	**2,175,892**	**3,564,806**

Prior Period	**Garanti Bank International NV**	**Garanti Holding BV**	**Garanti Finansal Kiralama AŞ**	**Garanti Emeklilik ve Hayat AŞ**	**Garanti Yatırım Menkul Kıymetler AŞ**
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	2,723,825	8,721,164	357,848	517,159	13,750
Share Premium	-	257,805	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,307,529	753,404	952,933	526,544	1,006,981
Other Comprehensive Income according to TAS	8,353,564	(373,948)	-	18,115	-
Current and Prior Periods' Profits	712,575	696,368	2,404,150	999,357	1,211,388
Minority interest	-	-	-	-	50,517
Common Equity Tier I Capital Before Deductions	**13,097,493**	**10,054,793**	**3,714,931**	**2,061,175**	**2,282,636**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	132,838	1,806,449	12,985	15,870	6,435
Leasehold Improvements on Operational Leases (-)	-	345	-	100	1,649
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	116,407	1,040,824	17,918	38,584	8,053
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**249,245**	**2,847,618**	**30,903**	**54,554**	**16,137**
Total Common Equity Tier I Capital	**12,848,248**	**7,207,175**	**3,684,028**	**2,006,621**	**2,266,499**
Total Deductions From Tier I Capital	**-**	**-**	**-**	**-**	**-**
Total Tier I Capital	**12,848,248**	**7,207,175**	**3,684,028**	**2,006,621**	**2,266,499**
TIER II CAPITAL	**-**	**178,803**	**-**	**-**	**-**
TOTAL CAPITAL	**12,848,248**	**7,385,978**	**3,684,028**	**2,006,621**	**2,266,499**

(Thousands of Turkish Lira (TL))

5.1.10.2 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Ödeme Sistemleri A.Ş.	Istanbul/Turkey	99.96	100.00
2	Garanti Kültür A.Ş.	Istanbul/Turkey	100.00	100.00
3	Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş.	Istanbul/Turkey	100.00	100.00
4	Garanti Finansal Kiralama A.Ş.	Istanbul/Turkey	100.00	100.00
5	Garanti Faktoring A.Ş.	Istanbul/Turkey	81.84	81.84
6	Garanti Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100.00	100.00
7	Garanti Portföy Yönetimi A.Ş.	Istanbul/Turkey	100.00	100.00
8	Garanti Emeklilik A.Ş.	Istanbul/Turkey	84.91	84.91
9	Garanti Bank International Nv	Amsterdam/the Netherlands	100.00	100.00
10	Garanti Holding Bv	Amsterdam/the Netherlands	100.00	100.00
11	Garanti Ödeme ve Elektronik Para Hizmetleri A.Ş.	Istanbul/Turkey	50.00	100.00
12	Garanti BBVA Finansal Teknoloji A.Ş.	Istanbul/Turkey	100.00	100.00

Financial data presented in the table below is as of 30 June 2023.

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	293,767	195,827	350	8,098	-	42,875	23,492	-
2	6,377	1,747	592	-	-	67	54	-
3	9,296	5,718	-	278	-	(622)	(248)	-
4	24,335,832	4,929,819	38,689	1,440,324	-	1,408,218	730,542	-
5	13,225,966	1,155,839	24,307	1,311,975	-	481,039	135,249	-
6	11,003,789	3,528,568	75,149	921,649	-	1,299,635	488,601	-
7	540,174	478,256	2,867	51,252	-	159,597	59,337	-
8	6,317,102	2,235,735	71,929	384,837	201,677	845,161	428,716	-
9	152,049,597	19,795,501	967,453	2,613,653	26,535	1,113,968	297,481	-
10	11,053,556	11,051,789	-	-	-	(1,418)	(676)	-
11	181,889	173,815	77,242	8,026	-	(2,260)	-	-
12	79	79	-	-	-	(21)	-	-

(*) Total fixed assets include tangible and intangible assets.

(Thousands of Turkish Lira (TL))

5.1.10.3 Movement of investments in subsidiaries

	Current Period	*Prior Period*
Balances at Beginning of Period	**28,984,541**	**19,922,934**
Movements during the Period	**13,750,100**	**9,061,607**
Acquisitions	85,100	105,001
Bonus Shares Received	216,672	-
Earnings from Current Year Profit	5,565,744	5,317,917
Sales/Liquidations	-	(102,514)
Reclassification of Shares	-	
Increase/(Decrease) in Market Values	(1,092,091)	(1,343,006)
Currency Differences on Foreign Subsidiaries	8,974,675	4,995,295
Impairment Reversals/(Losses)	-	88,914
Balance at End of Period	**42,734,641**	**28,984,541**
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.10.4 Sectoral distribution of investments in subsidiaries

Subsidiaries	*Current Period*	*Prior Period*
Banks	19,750,065	12,949,862
Insurance Companies	1,900,203	1,736,718
Factoring Companies	946,137	566,300
Leasing Companies	4,916,812	3,769,188
Finance Companies	-	-
Other Subsidiaries	15,221,424	9,962,473

5.1.10.5 Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchange	946,137	566,300
Quoted at Foreign Stock Exchange	-	-

5.1.10.6 Valuation methods of investments in subsidiaries

Subsidiaries	*Current Period*	*Prior Period*
Valued at Cost	-	-
Valued at Fair Value (*)	42,734,641	28,984,541

(*) The balances are as per the results of equity accounting application.

5.1.10.7 Investments in subsidiaries disposed during the current period

None.

5.1.10.8 Investments in subsidiaries acquired during the current period

None.

5.1.11 Investments in Joint-Ventures

None.

5.1.12 Tangible assets

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.1.13 Intangible assets

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.1.14 Investment property

	Current Period	*Prior Period*
Net Book Value at Beginning Period	**1,815,310**	**814,148**
Additions	87	7,471
Disposals	-	(119,212)
Transfers	-	(44,567)
Fair Value Change	913,885	1,157,470
Net Book Value at End of Period	**2,729,282**	**1,815,310**

The investment property is held for operational leasing purposes. The Bank account its investment property based on the fair value model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Accordingly, for all investment properties registered in the ledger, valuation studies are performed by independent expertise firms every year.

5.1.15 Deferred tax asset

As of 30 June 2023, the Bank has a deferred tax asset of TL 14,451,947 (31 December 2022: TL 6,769,614) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

As of 30 June 2023, the Bank has no deferred tax assets calculated on financial losses or tax deductions and exemptions; however, the Bank has a deferred tax asset of TL 17,600,089 (31 December 2022: TL 11,015,819) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods and on tax losses, which is presented as netted-off with a deferred tax liability of TL 3,148,142 (31 December 2022: TL 4,246,205).

For the cases where such differences are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

	Current Period		*Prior Period*	
	Tax Base	**Deferred Tax Amount**	**Tax Base**	**Deferred Tax Amount**
Provisions (*)	4,342,234	1,084,514	4,290,078	1,071,475
Stages 1&2 Credit Losses	38,203,433	9,247,601	29,036,636	7,029,514
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,772,409	670,475	(2,097,142)	(373,790)
Revaluation Differences on Real Estates(***)	4,611,328	2,157,136	(7,447,048)	(1,154,607)
Differences Between Book Value and Tax Value of Fixed Assets (***)	4,197,129	1,049,282	(213,119)	(53,280)
Other	931,418	242,939	955,102	250,302
Deferred Tax Asset	**54,057,951**	**14,451,947**	**24,524,507**	**6,769,614**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.
(**) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches' financial assets.
(***) Includes the revaluation of immovable and depreciable economic assets within the scope of the provisions of Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law.

(Thousands of Turkish Lira (TL))

5.1.16 Other Assets

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Derivative Financial Assets (Derivative Guarantees)	475,837	3,357,971	351,203	2,620,719
Receivables From Clearing Transactions	12,484,801	150,117	14,572,861	164,132
Prepaid Expenses(*)	20,206,707	1,271	18,745,832	918
Cash Guarantees Given	20,780	1,988,409	16,001	1,974,702
Receivables From Forward Sale of Assets	25,137	-	65,137	-
Other(**)	90,925,446	1,131,309	2,912,976	725,211
Total	**124,138,708**	**6,629,077**	**36,664,010**	**5,485,682**

(*)The related item mainly includes salary promotion payments.
(**)As of 30 June 2023, the foreign exchange valuation differences amounting to TL 88,508,566 (31 December 2022: TL 1,867,023) calculated as of the balance sheet date related to the foreign exchange protected deposit accounts opened within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696 are included in other assets.

(Thousands of Turkish Lira (TL))

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**77,533,806**	**-**	**77,552,960**	**233,933,556**	**56,245,584**	**7,850,388**	**56,790,170**	**719**	**509,907,183**
Foreign Currency Deposits	**310,704,991**	**-**	**16,453,509**	**51,794,991**	**4,457,964**	**935,208**	**2,618,691**	**55,392**	**387,020,746**
Residents in Turkey	293,504,019	-	16,034,715	47,964,014	4,071,642	600,952	1,279,686	54,928	363,509,956
Residents in Abroad	17,200,972	-	418,794	3,830,977	386,322	334,256	1,339,005	464	23,510,790
Public Sector Deposits	**1,152,031**	**-**	**14,421**	**42,053**	**707**	**10**	**-**	**-**	**1,209,222**
Commercial Deposits	**56,467,328**	**-**	**68,558,633**	**83,637,191**	**17,358,984**	**4,270,528**	**13,366,422**	**-**	**243,659,086**
Other	**1,516,871**	**-**	**646,210**	**6,300,490**	**2,861,268**	**851,287**	**420,272**	**-**	**12,596,398**
Precious Metal Deposits	**60,997,375**	**-**	**-**	**422,445**	**289,944**	**39,138**	**714,946**	**-**	**62,463,848**
Bank Deposits(*)	**2,597,665**	**-**	**153,123**	**-**	**-**	**-**	**3,106**	**-**	**2,753,894**
Central Bank of Turkey	567,708	-	-	-	-	-	-	-	567,708
Domestic Banks	11,517	-	-	-	-	-	-	-	11,517
Foreign Banks	1,996,059	-	153,123	-	-	-	3,106	-	2,152,288
Special Financial Institutions	22,381	-	-	-	-	-	-	-	22,381
Other	-	-	-	-	-	-	-	-	-
Total(**)	**510,970,067**	**-**	**163,378,856**	**376,130,726**	**81,214,451**	**13,946,559**	**73,913,607**	**56,111**	**1,219,610,377**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**58,493,129**	**-**	**9,395,834**	**177,231,319**	**6,112,481**	**3,509,677**	**16,198,229**	**686**	**270,941,355**
Foreign Currency Deposits	**230,819,127**	**-**	**19,320,363**	**60,515,888**	**2,287,443**	**2,729,592**	**3,537,354**	**43,513**	**319,253,280**
Residents in Turkey	217,770,809	-	19,094,032	57,046,224	2,018,913	2,464,758	2,213,834	42,784	300,651,354
Residents in Abroad	13,048,318	-	226,331	3,469,664	268,530	264,834	1,323,520	729	18,601,926
Public Sector Deposits	**3,155,441**	**-**	**14,677**	**22,606**	**814**	**9**	**-**	**-**	**3,193,547**
Commercial Deposits	**50,678,497**	**-**	**43,150,240**	**35,627,159**	**2,169,987**	**6,741,621**	**5,162,729**	**-**	**143,530,233**
Other	**905,434**	**-**	**730,655**	**2,489,086**	**2,311,118**	**744,246**	**1,420,901**	**-**	**8,601,440**
Precious Metal Deposits	**42,187,783**	**-**	**-**	**732,265**	**268,913**	**81,233**	**659,280**	**-**	**43,929,474**
Bank Deposits(*)	**903,165**	**-**	**309,427**	**-**	**-**	**-**	**2,037**	**-**	**1,214,629**
Central Bank of Turkey	3,410	-	-	-	-	-	-		3,410
Domestic Banks	4,798	-	135,060	-	-	-	-		139,858
Foreign Banks	878,462	-	174,367	-	-	-	2,037		1,054,866
Special Financial Institutions	16,495	-	-	-	-	-	-		16,495
Other	-	-	-	-	-	-	-		-
Total(**)	**387,142,576**	**-**	**72,921,196**	**276,618,323**	**13,150,756**	**13,806,378**	**26,980,530**	**44,199**	**790,663,958**

(*) Includes Interbank precious metal accounts.

(**) As of 30 June 2023, the Bank has a total of TL 347,970,275 (31 December 2021: TL 168,381,687) foreign exchange-protected deposit instrument of which TL 256,430,170 (31 December 2022: TL 116,671,627) within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, TL 91,534,105 (31 December 2022: TL 51,710,062) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 88,508,566 (31 December 2022: TL : 1,867,023) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are included in deposits.

(Thousands of Turkish Lira (TL))

5.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund

Information on deposits covered by deposit insurance and exceeding insurance coverage limit:

Saving Deposits	**Covered by Deposit Insurance Over Deposit Insurance Limit(*)**		**Over Deposit Insurance Limit**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***
Saving Deposits (TL)	140,238,259	86,360,259	296,839,900	182,675,274
Foreign Currency Saving Deposits	91,406,061	49,892,618	152,207,707	144,600,086
Other Saving Deposits	33,304,215	18,354,267	26,970,485	24,026,437
Foreign Branches' Deposits Under Foreign Insurance Coverage	2,082,285	1,472,283	2,359,152	1,759,315
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

Commercial Deposits(**)	**Covered by Deposit Insurance Over Deposit Insurance Limit(*)**		**Over Deposit Insurance Limit**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***
Commercial Deposits (TL)	27,437,401	18,559,928	211,660,483	129,012,201
Foreign Currency Commercial Deposits	8,158,131	4,033,840	128,081,508	115,156,771
Other Commercial Deposits	148,414	76,244	1,926,641	1,382,546
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

(*) The amount of deposits subject to insurance is TL 400 for the current period (Prior period is TL 200).
(**) With the regulation published in the Official Gazette dated 27 August 2022 and numbered 31936, commercial deposits were included in the scope of insurance.

5.2.1.2 Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.1.3 Deposits not covered by insurance limits

Saving Deposits	***Current Period***	***Prior Period***
Deposits and Other Accounts held at Foreign Branches	51,924	36,803
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	136,673	115,450
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

Commercial Deposits	***Current Period***	***Prior Period***
Deposits and Other Accounts held at Foreign Branches	9,167,962	6,912,508
Deposits and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control	8,799,770	3,190,476
Official Institutions Deposits and Other Accounts	1,219,269	3,271,941
Credit and Financial Institutions Deposits	5,088,183	1,872,076

(Thousands of Turkish Lira (TL))

5.2.2 Funds borrowed

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	637,118	593,888	1,007,811	729,846
Foreign Banks, Institutions and Funds	-	38,640,481	-	33,268,398
Total	**637,118**	**39,234,369**	**1,007,811**	**33,998,244**

5.2.2.1 Maturities of funds borrowed

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Short-Term	633,470	2,214,027	967,641	701,251
Medium and Long-Term	3,648	37,020,342	40,170	33,296,993
Total	**637,118**	**39,234,369**	**1,007,811**	**33,998,244**

5.2.2.2 Disclosures for concentration areas of bank's liabilities

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.2.3 *Money market funds*

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**140,285**	**36,018,613**	**48,653**	**14,873,679**
Financial Institutions and Organizations	111,563	35,228,795	-	10,278,030
Other Institutions and Organizations	12,179	789,818	19,337	3,121,198
Individuals	16,543	-	29,316	1,474,451
Foreign Transactions	**12**	**-**	**357**	**1,398,150**
Financial Institutions and Organizations	-	-	-	1,398,150
Other Institutions and Organizations	-	-	235	-
Individuals	12	-	122	-
Total	**140,297**	**36,018,613**	**49,010**	**16,271,829**

5.2.4 *Securities issued*

Current Period	**TL**		**FC**	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	-	990,320	848,275	4,477,050
Cost	-	990,320	848,275	4,460,936
Carrying Value (*)	-	151,673	864,459	4,491,256

(*) The Bank repurchased its own TL securities with a total face value of TL 840,320 and netted off such securities in the accompanying financial statements.

Prior Period	**TL**		**FC**	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	-	990,320	979,852	12,514,195
Cost	-	990,320	979,852	12,502,796
Carrying Value (*)	-	151,673	990,538	11,730,322

(*) The Bank repurchased its own TL securities with a total face value of TL 840,320 and foreign currency securities with a total face value of USD 50,335,000 and netted off such securities in the accompanying financial statements.

5.2.5 *Financial liabilities measured at fair value through profit/loss*

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Funds Borrowed	-	40,284,083	-	31,788,046
Total	**-**	**40,284,083**	**-**	**31,788,046**

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,706,375,000 (31 December 2022: USD 1,788,035,714) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 June 2023, the accumulated fair value change of the related financial liabilities amounted to TL 4,307,907 (31 December 2022: TL 1,919,509) and the corresponding gains/losses recognised in the statement of profit/loss mounted to TL 2,388,398 (31 December 2022: TL (1,849,545)). The carrying value of the related financial liability amounted to TL 40,284,083 (31 December 2022: TL 31,788,046).

(Thousands of Turkish Lira (TL))

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Forward Transactions	3,951,783	68,411	451,919	13,520
Swap Transactions	4,211,389	8,577,786	4,184,107	5,321,404
Futures	-	-	-	-
Options	274,715	3,843,682	340,322	557,974
Others	-	-	-	-
Total	**8,437,887**	**12,489,879**	**4,976,348**	**5,892,898**

5.2.6.2 Derivative financial liabilities held for hedging purpose

Derivative Financial Liabilities held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	7,877	-	21,111	-
Net Foreign Investment Hedges	-	-	-	-
Total	**7,877**	**-**	**21,111**	**-**

5.2.7 Lease liabilities (Net)

5.2.7.1 Operational lease liabilities

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Up to 1 Year	643,580	454,505	462,931	319,006
1-4 Years	1,261,332	890,770	924,959	637,389
More than 4 Years	392,912	277,480	341,978	235,657
Total	**2,297,824**	**1,622,755**	**1,729,868**	**1,192,052**

As of 30 June 2023, the weighted average of the incremental borrowing interest rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Bank are 20.8%, 0.9% and 3.2% (31 December 2022: 20.4%, 1.9% and 3.8%) respectively.

5.2.8 Provisions

5.2.8.1 Reserve for employee severance indemnity

	Current Period	*Prior Period*
Balances at Beginning of Period	**1,944,077**	**912,449**
Provision for the Period	425,146	287,995
Actuarial Gain/Loss	257,652	857,877
Payments During the Period	(1,053,574)	(114,244)
Balances at End of Period	**1,573,301**	**1,944,077**

5.2.8.2 Provisions for foreign exchange differences on foreign currency indexed loans and financial lease receivables

None (31 December 2022: None).

(Thousands of Turkish Lira (TL))

5.2.8.3 Expected credit losses (Stage 3) for non-cash loans that are not indemnified or converted into cash

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.8.4 Other provisions

	Current Period	*Prior Period*
Reserve for Employee Benefits	3,044,597	3,350,382
Provision for Promotion Expenses of Credit Cards	699,437	499,389
Provision for Lawsuits	463,132	532,172
Provision for Non-Cash Loans	7,873,920	5,725,041
Other Provisions (*)	6,337,601	8,410,551
Total	**18,418,687**	**18,517,535**

(*)Includes total general reserve of total TL 6,000,000 current period (31.12.2023: TL 8,000,000).

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 31 March 2023 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 11,422,047 at 31 March 2023 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 March 2023 as per the requirements of the Law explained in Note 3.17, the accounting policies related with "employee benefits" for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary's report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 2,213,328 remains as of 31 March 2023 as details are given in the table below.

	Current Period	*Prior Period*
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(8,672,105)	(5,662,430)
Net present value of medical benefits and health premiums transferable to SSF	2,645,571	2,107,010
General administrative expenses	(267,539)	(173,942)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	**(6,294,073)**	**(3,729,362)**
Fair Value of Plan Assets (2)	**17,716,120**	**15,883,530**
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	**11,422,047**	**12,154,168**
Non-Transferable Benefits:		
Other pension benefits	(4,222,241)	(3,428,501)
Other medical benefits	(4,986,478)	(2,860,977)
Total Non-Transferable Benefits (4)	**(9,208,719)**	**(6,289,478)**
Asset Surplus over Total Benefits ((3)-(4)=(5))	**2,213,328**	**5,864,690**

(Thousands of Turkish Lira (TL))

Movement of recognized liability for asset shortage over the Bank's defined benefit plan:

	Current Period	*Prior Period*
Balance at Beginning of Period	-	-
Actual contributions paid during the period	(248,124)	(445,647)
Total expense recognized in the statement of profit or loss	574,316	116,594
Amount recognized in the shareholders' equity	(326,192)	329,053
Balance at End of Period	-	-

The major actuarial assumptions used in the calculation of other benefits not transferable to SSF in compliance with TAS 19 are as follows:

	Current Period	*Prior Period*
	%	%
Discount Rate (*)	12.40	17.79
Inflation Rate (*)	9.00	14.36
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	13.20	18.56
Future Pension Increase Rate (*)	9.00	14.36

(*) The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees' years-in-service.

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follow:

Defined Benefit Obligation	**Pension Benefits Effect**	**Medical Benefits Effect**	**Overall Effect**
Assumption change	**%**	**%**	**%**
Discount rate +0.5%	(6.20)	(9.40)	(7.90)
Discount rate -0.5%	6.90	10.90	9.10
Medical inflation rate +0.5%	-	10.80	5.90
Medical inflation rate -0.5%	-	(9.30)	(5.10)

Retirement Indemnities	**Sensitivity of Past Service Liability**	**Sensitivity of Normal Cost**
Assumption change	**%**	**%**
Discount rate +0.5%	(6.70)	(8.20)
Discount rate -0.5%	7.40	9.10
Inflation rate +0.5%	7.60	(4.20)
Inflation rate -0.5%	(6.90)	4.40

(Thousands of Turkish Lira (TL))

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 June 2023, the corporate tax liability amounts to TL 4,682,002 (31 December 2022: TL 6,379,903) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

As of 30 June 2023, TL 9,260,760 of total current period tax expense amounting to TL 8,070,518 (31 December 2022: TL 19,519,845) has been classified in the statement of profit or loss and TL 1,190,242 (31 December 2022: TL 3,011,863) has been classified in equity.

5.2.9.1.2 Taxes payable

	Current Period	*Prior Period*
Corporate Taxes Payable	4,682,002	6,379,903
Taxation on Securities Income	421,234	136,594
Taxation on Real Estates Income	10,314	7,199
Banking Insurance Transaction Tax	787,393	581,598
Foreign Exchange Transaction Tax	38,717	52,022
Value Added Tax Payable	213,573	113,753
Others	185,461	198,905
Total	**6,338,694**	**7,469,974**

5.2.9.1.3 Premiums

	Current Period	*Prior Period*
Social Security Premiums-Employees	420	294
Social Security Premiums-Employer	515	361
Bank Pension Fund Premium-Employees	199	732
Bank Pension Fund Premium-Employer	266	1,160
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	5,353	4,558
Unemployment Insurance-Employer	10,832	9,217
Others	172	94
Total	**17,757**	**16,416**

5.2.9.2 Deferred tax liability

As of balance sheet date, the Bank has no deferred tax liability. (31 December 2022: None).

5.2.10 Liabilities for assets held for sale and assets of discontinued operations

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.2.11 Subordinated debts

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.2.12 Other liabilities

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Payables from credit card transactions	41,358,552	684,897	37,106,273	293,532
Payables from clearing transactions	7,134,191	5,324	10,954,242	146,936
Other	4,197,163	19,151,825	3,075,153	8,103,400
Total	**52,689,906**	**19,842,046**	**51,135,668**	**8,543,868**

5.2.13 Shareholders' equity

5.2.13.1 Paid-in capital

	Current Period	*Prior Period*
Common Shares	4,200,000	4,200,000
Preference Shares	-	-

5.2.13.2 Registered share capital system

Capital	**Paid-in Capital**	**Ceiling per Registered Share Capital**
Registered Shares	4,200,000	10,000,000

5.2.13.3 Capital increases in current period

None.

5.2.13.4 Capital increases from capital reserves in current period

None.

5.2.13.5 Capital commitments for current and future financial periods

None.

5.2.13.6 Possible effect of estimations made for the parent bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

None.

5.2.13.7 Information on privileges given to stocks representing the capital

None.

(Thousands of Turkish Lira (TL))

5.2.13.8 Securities value increase fund

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Investments in Associates, Subsidiaries and Joint-Ventures	**24,678,219**	**(398,234)**	**15,874,171**	**(349,576)**
Valuation difference	24,678,219	(398,234)	15,874,171	(349,576)
Exchange rate difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	**7,435,580**	**(791,245)**	**10,645,405**	**(604,637)**
Valuation difference	6,802,693	(791,245)	10,316,503	(604,637)
Exchange rate difference	632,887	-	328,902	-
Total	**32,113,799**	**(1,189,479)**	**26,519,576**	**(954,213)**

5.2.13.9 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Movables	814,530	206,042	462,826	38,465
Real Estates	10,958,382	208,196	4,949,980	160,887
Defined Benefit Plans' Actuarial Gains/Losses	(1,226,358)	-	(1,277,762)	-
Other	(56,195)	-	(45,151)	-
Total	**10,490,359**	**414,238**	**4,089,893**	**199,352**

5.2.13.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	*Prior Period*
Bankalararası Kart Merkezi A.Ş.	5,782	5,782
Garanti Yatırım Menkul Değerler AŞ	942	942
Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş.	860	860
JCR Avrasya Derecelendirme A.Ş.	828	828
İhracatı Geliştirme A.Ş.	536	536
Kredi Kayıt Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Kömür İşletmeleri A.Ş.	295	145
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Dati Yatırım Holding A.Ş.	7	7
Total	**10,163**	**10,013**

5.2.13.11 Legal reserves

	Current Period	*Prior Period*
I. Legal Reserve	961,534	961,534
II. Legal Reserve	1,511,590	654,953
Special Reserves	-	-
Total	**2,473,124**	**1,616,487**

5.2.13.12 Extraordinary and other profit reserves

	Current Period	*Prior Period*
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	111,596,613	61,573,278

(Thousands of Turkish Lira (TL))

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 2,297,209 (31 December 2022: TL 16,548,883), commitments for cheque payments of TL 9,435,047 (31 December 2022: TL 5,515,488) and commitments for credit card limits of TL 290,433,326 (31 December 2022: TL 138,215,802).

5.3.1.2 Possible losses, commitments and contingencies resulted from off-balance sheet items

	Current Period	*Prior Period*
Letters of Guarantee in Foreign Currency	116,350,931	79,612,373
Letters of Guarantee in TL	149,269,819	103,006,476
Letters of Credit	35,828,793	30,014,439
Bills of Exchange and Acceptances	5,847,633	3,918,563
Endorsements	10,780,328	5,653,771
Other Guarantees	163,496	164,083
Total	**318,241,000**	**222,369,705**

Expected losses for non-cash loans and irrevocable commitments

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**1,043,125**	**2,910,569**	**1,771,347**	**5,725,041**
Additions during the Period (+)	968,960	2,447,247	50,191	3,466,398
Disposals (-)	(1,383,761)	(1,119,559)	(79,570)	(2,582,890)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	672,890	(672,797)	(93)	-
Transfer to Stage 2	(148,655)	237,735	(89,080)	-
Transfer to Stage 3	(196)	(3,664)	3,860	-
Foreign Currency Differences	42,709	634,351	588,311	1,265,371
Provisions at End of Period	**1,195,072**	**4,433,882**	**2,244,966**	**7,873,920**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**515,863**	**1,049,091**	**1,327,064**	**2,892,018**
Additions during the Period (+)	1,840,428	2,933,525	203,508	4,977,461
Disposals (-)	(1,843,152)	(924,612)	(229,059)	(2,996,823)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	664,305	(663,552)	(753)	-
Transfer to Stage 2	(216,218)	235,759	(19,541)	-
Transfer to Stage 3	(1,485)	(27,639)	29,124	-
Foreign Currency Differences	83,384	307,997	461,004	852,385
Provisions at End of Period	**1,043,125**	**2,910,569**	**1,771,347**	**5,725,041**

Lifetime expected credit loss (Stage 3) of TL 3,169,678 (31 December 2022: TL 2,506,154) is made for unliquidated non-cash loans of TL 2,244,965 (31 December 2022: TL 1,771,346) recorded under the off-balance sheet items.

The detailed information for commitments, guarantees and sureties are provided under the statement of “off-balance sheet items”.

(Thousands of Turkish Lira (TL))

5.3.1.3 Non-cash loans

	Current Period	*Prior Period*
Non-Cash Loans against Cash Risks	61,117,247	39,122,899
With Original Maturity of 1 Year or Less	8,541,769	6,399,588
With Original Maturity of More Than 1 Year	52,575,478	32,723,311
Other Non-Cash Loans	257,123,753	183,246,806
Total	**318,241,000**	**222,369,705**

5.3.1.4 Sectoral risk concentration of non-cash loans

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.1.5 Non-cash loans classified under Stage I and II

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.2 Financial derivative instruments

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.3 Credit derivatives and risk exposures on credit derivatives

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.4 Contingent liabilities and assets

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.3.5 Services rendered on behalf of third parties

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.4 Statement of Profit or Loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Interest income received from loans				
Short-term loans	24,855,268	2,878,399	13,529,311	800,796
Medium and long-term loans	18,862,289	7,269,100	14,490,770	3,992,995
Loans under follow-up	623,746	28,699	378,803	6,191
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**44,341,303**	**10,176,198**	**28,398,884**	**4,799,982**

(*) Includes also the fee and commission income on cash loans

5.4.1.2 Interest income from banks

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	-	39,272	-	575
Domestic Banks	39,088	-	3,915	424
Foreign Banks	3,613	523,372	2,308	66,668
Foreign Head Offices and Branches	-	-	-	-
Total	**42,701**	**562,644**	**6,223**	**67,667**

5.4.1.3 Interest income from securities portfolio

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Financial Assets Measured at Fair Value through Profit or Loss	108,717	43,054	34,735	20,855
Financial Assets Measured at Fair Value through Other Comprehensive Income	6,652,115	528,432	5,006,625	347,606
Financial Assets Measured at Amortised Cost	8,458,931	1,589,494	4,029,211	761,005
Total	**15,219,763**	**2,160,980**	**9,070,571**	**1,129,466**

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 30 June 2023, the valuation of such securities has been calculated according to the annual inflation forecast of 35%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of 30 June 2023 will increase or decrease by approximately TL 268,000.

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	*Prior Period*
Interest Received from Investments in Associates and Subsidiaries	1,280,903	254,805

(Thousands of Turkish Lira (TL))

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks	**72,145**	**825,460**	**82,789**	**452,754**
Central Bank of Turkey	-	-	-	-
Domestic Banks	72,145	28,145	82,789	23,614
Foreign Banks	-	797,315	-	429,140
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	1,723,048	-	571,716
Total	**72,145**	**2,548,508**	**82,789**	**1,024,470**

(*) Also includes the fee and commission expenses on borrowings.

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	*Prior Period*
Interest Paid to Investments in Associates and Subsidiaries	699,495	289,654

5.4.2.3 Interest expenses on securities issued

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.4.2.4 Maturity structure of interest expense on deposits

Current Period		Time Deposits						
Account Description	**Demand Deposits**	**Up to 1 Month**	**1-3 Months**	**3-6 Months**	**6-12 Months**	**1 Year and Over**	**Accumulating Deposit Accounts**	**Total**
Turkish Lira								
Bank Deposits	1,011	78,102	-	-	-	-	-	79,113
Saving Deposits	42,508	346,512	20,194,923	1,760,720	182,939	2,075,005	-	24,602,607
Public Sector Deposits	-	786	4,019	58	-	-	-	4,863
Commercial Deposits	94,310	3,711,704	6,947,311	512,481	274,386	390,137	-	11,930,329
Other	5,390	45,642	707,157	202,437	54,861	40,667	-	1,056,154
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total TL	**143,219**	**4,182,746**	**27,853,410**	**2,475,696**	**512,186**	**2,505,809**	**-**	**37,673,066**
Foreign Currency								
Foreign Currency Deposits	-	31,833	119,861	62,028	13,582	21,144	98	248,546
Bank Deposits	-	2,983	-	-	-	-	-	2,983
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	980	216	30	5,632	-	6,858
Total FC	**-**	**34,816**	**120,841**	**62,244**	**13,612**	**26,776**	**98**	**258,387**
Grand Total	**143,219**	**4,217,562**	**27,974,251**	**2,537,940**	**525,798**	**2,532,585**	**98**	**37,931,453**

(Thousands of Turkish Lira (TL))

Prior Period		**Time Deposits**						
Account Description	**Demand Deposits**	**Up to 1 Month**	**1-3 Months**	**3-6 Months**	**6-12 Months**	**1 Year and Over**	**Accumulating Deposit Accounts**	**Total**
Turkish Lira								
Bank Deposits	1,631	19,348	-	-	-	-	-	20,979
Saving Deposits	-	325,830	6,204,402	606,566	119,981	303,057	-	7,559,836
Public Sector Deposits	-	1,032	3,197	57	105	-	-	4,391
Commercial Deposits	-	1,704,766	1,002,660	1,151,500	1,115,867	233,467	-	5,208,260
Other	-	84,863	176,159	29,018	187,405	188,845	-	666,290
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	**1,631**	**2,135,839**	**7,386,418**	**1,787,141**	**1,423,358**	**725,369**	**-**	**13,459,756**
Foreign Currency								**-**
Foreign Currency Deposits	2	11,155	109,876	3,339	7,265	25,689	107	157,433
Bank Deposits	-	579	-	-	-	-	-	579
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	213	3	5	160	-	381
Total FC	**2**	**11,734**	**110,089**	**3,342**	**7,270**	**25,849**	**107**	**158,393**
Grand Total	**1,633**	**2,147,573**	**7,496,507**	**1,790,483**	**1,430,628**	**751,218**	**107**	**13,618,149**

5.4.2.5 Interest expense on money market transactions

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.6 Interest expense on lease liabilities

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.6.1 Operational lease expenses

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.2.7 Interest expenses on factoring payables

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

5.4.3 Dividend income

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

(Thousands of Turkish Lira (TL))

5.4.4 Trading income/losses

	Current Period	*Prior Period*
Income	**175,322,599**	**177,728,993**
Trading Account Income	4,085,854	4,380,805
Gains from Derivative Financial Instruments	21,479,060	28,216,731
Foreign Exchange Gains	149,757,685	145,131,457
Losses (-)	**157,979,774**	**172,589,746**
Trading Account Losses	388,753	457,358
Losses from Derivative Financial Instruments	27,903,271	47,338,413
Foreign Exchange Losses	129,687,750	124,793,975
Total	**17,342,825**	**5,139,247**

TL 2,773,673 (30 June 2022: TL 15,700,011) of foreign exchange gains and TL 10,851,816 (30 June 2022: TL 6,926,863) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

5.4.5 Other operating income

The items under "other operating income" generally consists of collection or reversals of prior years' expected credit losses, banking services related costs recharged to customers and income on custody services.

	Current Period	*Prior Period*
Reversal of Prior Years' Provisions	**11,674,180**	**5,696,223**
Stage 1 Provisions	4,830,499	3,064,519
Stage 2 Provisions	2,963,201	1,390,082
Stage 3 Provisions	1,476,246	1,036,521
Others(*)	2,404,234	205,101
Revenues from Sale of Assets	**49,173**	**379,536**
Others	**1,573,401**	**1,153,345**
Total	**13,296,754**	**7,229,104**

(*)In the current period, general reserve for possible risks amounting to TL 2,000,000 has been reversed.

5.4.6 Expected credit losses and other provisions

	Current Period	*Prior Period*
Expected Credit Losses	**20,633,804**	**12,420,827**
12-Month ECL (Stage 1)	4,769,934	4,175,585
Lifetime ECL Significant Increase in Credit Risk (Stage 2)	12,762,968	5,130,734
Lifetime ECL Impaired Credits (Stage 3)	3,100,902	3,114,508
Other Provisions	**46,895**	**2,094,063**
Impairment Losses on Securities	-	110
Financial Assets Measured at Fair Value through Profit/Loss	-	110
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	**373**
Associates	-	373
Subsidiaries	-	-
Joint-ventures	-	-
Others (*)	46,895	2,093,580
Total	**20,680,699**	**14,514,890**

(Thousands of Turkish Lira (TL))

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	425,146	121,235
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	935
Depreciation Expenses of Tangible Assets	432,311	221,355
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	127,111	84,772
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	238,257	149,745
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	10,063,416	4,039,179
Operational Lease related Expenses (*)	153,842	107,215
Repair and Maintenance Expenses	100,377	54,686
Advertisement Expenses	339,603	143,660
Other Expenses (**)	9,469,594	3,733,618
Loss on Sale of Assets	211	1,850
Others (***)	2,068,041	947,265
Total	**13,354,493**	**5,566,336**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes the cash donation payment amounting to TL 650,000 made to the Republic of Turkey Ministry of Interior Disaster and Emergency Management Presidency due to the earthquake disaster.
(***) Includes Saving Deposits Insurance Fund related expenses of TL 503,001 (30 June 2022: TL 489,315) in the current period.

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.4.9 Information on provision for taxes from continued and discontinued operations

As of 30 June 2023, the Bank recorded a tax expense of TL 9,260,760 (30 June 2022: tax income of TL 6,955,144) and a deferred tax income of TL 3,676,492 (30 June 2022: deferred tax income of TL 1,444,635).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	*Current Period*	*Prior Period*
Increase in tax deductible timing differences (+)	(5,201,009)	(3,730,772)
Decrease in tax deductible timing differences (-)	1,115,405	1,702,966
Increase in taxable timing differences (-)	1,286,773	2,388,341
Decrease in taxable timing differences (+)	(877,661)	(1,805,170)
Total	**(3,676,492)**	**(1,444,635)**

(Thousands of Turkish Lira (TL))

Deferred tax benefit/charge in the statement of profit/loss arising on timing differences, tax losses and tax deductions and exemptions:

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	***Current Period***	***Prior Period***
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(4,085,604)	(2,027,806)
(Increase)/Decrease in Taxable Timing Differences (net)	409,112	583,171
(Increase)/Decrease in Tax Losses (net)	-	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**(3,676,492)**	**(1,444,635)**

5.4.10 Information on net profit/loss from continued and discontinued operations

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of the Bank's performance

None.

5.4.11.2 Any changes in estimations that might have a material effect on current and subsequent period results

None.

5.4.12 Components of other items in statement of profit/loss

The items in others under "Fees and commissions received" and "Fees and commissions paid" in the income statement include mainly fees and commissions related with credit card transactions and other banking services.

5.5 Statement of changes in shareholders' equity

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.6 Statement of Cash Flows

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(Thousands of Turkish Lira (TL))

5.7 Related Party Risks

5.7.1 Transactions with the Bank's risk group

5.7.1.1 Loans and other receivables

Current Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	13,244,458	3,843,369	387,611	2,467,095	14,198	16,647
Balance at end of period	26,473,782	3,531,250	68,829	4,001,434	15,429	10,099
Interest and Commission Income	**1,454,106**	**14,223**	**9,480**	**-**	**1,957**	**-**

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	5,814,968	3,366,181	774,676	1,563,727	10,060	193,011
Balance at end of period	13,244,458	3,843,369	387,611	2,467,095	14,198	16,647
Interest and Commission Income	**282,036**	**18,309**	**867**	**-**	**1,037**	**-**

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Balance at beginning of period	3,073,602	2,404,548	33,165	31,849	6,304,682	7,064,055
Balance at end of period	8,643,171	3,073,602	49,616	33,165	7.043,977	6,304,682
Interest Expense	**515,208**	**171,504**	**63**	**33**	**766,375**	**557,347**

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Transactions at Fair Value Through Profit/(Loss):	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Balance at beginning of period	**4,178,614**	**3,888,943**	**46,634,311**	**35,864,072**	**-**	**-**
Balance at end of period	35,342,574	4,178,614	42,573,402	46,634,311	-	-
Total Profit/(Loss)	**569,600**	**(11,604)**	**626,790**	**174,977**		**-**
Transactions for Hedging:						
Balance at beginning of period	-	-	-	220,100	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)		**-**	-	**(1,010)**	**-**	**-**

5.7.2 The Bank's risk group

5.7.2.1 Relations with companies in risk group of/or controlled by the Bank regardless of nature of current transactions

Transactions with the risk group, are held under arm's-length conditions; terms are set according to the market conditions and in compliance with the Banking Law. The Bank's policy is to keep the balances and transaction volumes with the risk group at reasonable levels preventing any high concentration risk on balance sheet.

5.7.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group amounting TL 22,279,309 (31 December 2022: TL 10,254,824) compose 2.52% (31 December 2022: 1.53%) of the Bank's total cash loans and 1.33% (31 December 2022: 0.89%) of the Bank's total assets. The total loans and similar receivables amounting TL 26,558,040 (31 December 2022: TL 24,927,940) compose 1.59% (31 December 2022: 2.16%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 7,542,783 (31 December 2022: TL 6,327,111) compose 2.37% (31 December 2022: 2.85%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 15,736,763 (31 December 2022: TL 9,411,449) compose 1.29% (31 December 2022: 1.19%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 48,594,261 (31 December 2022: TL 38,241,093) compose 121.88% (31 December 2022: 109.24%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

The credit card ("POS") payables to the related parties, amounted to TL 549,367 (31 December 2022: TL 393,091).

A total rent income of TL 24,742 (30 June 2022: TL 12,043) was recognized for the real estates rented to the related parties.

Operating expenses for TL 279,454 (30 June 2022: 78,242 TL) were incurred for the IT services rendered by the related parties. Banking services fees of TL 116,435 (30 June 2022: TL 17,572) were recognized from the related parties.

Insurance brokerage fee of TL 592,888 (30 June 2022: 298,370 TL), shares brokerage fee of TL 372,228 (30 June 2022: TL 159,067), and fixed-rate securities brokerage fee of TL 15,321 (30 June 2022: TL 6,625) were received from the subsidiaries.

Operating expenses of TL 37,254 (30 June 2022: TL 38,058) for operational leasing services rendered by the related parties were recognized as expenses.

Including the payments related to resigners, the net payment provided or to be provided to the key management of the Bank amounts to TL 103,147 as of 30 June 2023 (30 June 2022: TL 62,226).

5.7.2.3 Other matters not required to be disclosed

None (31 December 2022: None).

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.10 investments in subsidiaries.

5.7.2.5 All kind of agreements signed like asset purchases/sales, service rendering, agencies, leasing, research and development, licenses, funding, guarantees, management services

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the insurance products to customers. Agency services for trading of securities on behalf of the Bank's customers are rendered by specialized branches (Investment Centers).

Purchase of equipment for the Bank's internal use are partly arranged through leasing.

5.8 Domestic, foreign and off-shore branches or equity investments, and foreign representative offices

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

5.9 Matters arising subsequent to balance sheet date

With the Article 19 of the Law on the Amendment of Additional Motor Vehicle Tax and Amendments to Certain Laws and Decree Law No. 375 for Compensation of Economic Losses Caused by Earthquakes on 6 February 2023 (entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249), the exemption rate of earnings arising from the sale of immovables has been abolished, and 25% of the earnings arising from the sale of immovables, which were included in the assets of the institutions before the effective date of the Law, are exempted with Article 22. With the 21st article of the same Law, the corporate tax rate in the first paragraph of the 32nd article of the Corporate Tax Law No. 5520 will be applied as 25% and this rate will be applied as 30% over the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

With the amendment to the reserve requirement communiqué published in the Official Gazette dated 21 July 2023 and numbered 32255, a reserve requirement ratio of 15% for all maturities was introduced for Foreign Exchange Protected Deposit accounts. The first reserve requirement will be established on 04.08.2023 for the calculation period of 21.07.2023.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S *(August 2022)*

Outlook	Stabil
Long-Term FC Deposit	B3(Stable)
Long-Term TL Deposit	B3(Stable)
Short-Term FC Deposit	Not Prime
Short-Term TL Deposit	Not Prime
Basic Loan Assessment	b3
Adjusted Loan Assessment	b3
Senior Unsecured Rating (Regular Bond)	B3 (Stable)
Senior Unsecured Rating (Medium-Term Note Program)	P (B3)
Long-Term National Scale Rating (NSR)	A1.tr
Short-Term NSR	TR-2

FITCH RATINGS (*February 2023)*

Long-Term FC	B- / Negative Outlook
Short-Term FC	B
Long-Term TL	B / Negative Outlook
Short-Term TL	B
Viability Rating	b
Shareholder Support	b-
National Long Term Rating	AA(tur)
Long term senior unsecured notes	B-
Short term senior unsecured notes	B
Subordinated notes	CCC+

JCR EURASIA RATINGS *(September 2022)*

Long-Term International FC	BBB- (Stable)
Short-Term International FC	-
Long-Term International TL	BBB (Stable)
Short-Term International TL	-
Long-Term NSR	AAA(Tr) (Stable)
Short-Term NSR	J1+(Tr) (Stable)

(Thousands of Turkish Lira (TL))

5.10.2 Dividends

As per the decision made at the annual general assembly of shareholders of the Bank on 13 April 2023, the distribution of the net profit of the year 2022, was as follows;

2022 PROFIT DISTRIBUTION TABLE	
2022 Net Profit	**58,509,158**
A- I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(150,379)
B- First dividend at 5% of the paid-in capital	(210,000)
C- Extraordinary reserves at 5% after above deductions	(2,914,958)
D- Second dividend to the shareholders	(8,566,374)
E- Extraordinary reserves	(45,810,810)
F- II. Legal reserve (Turkish Commercial Code 519/2)	(856,637)

5.10.3 Other disclosures

None.

6 Disclosures on Limited Review Report

6.1 Disclosure on limited review report

The unconsolidated financial statements of the Bank as of 30 June 2023, have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of Ernst & Young Global Limited) and a limited review report dated 27 July 2023, is presented in the introduction to this report.

6.2 Disclosures and footnotes prepared by independent auditors

None

7 Interim Activity Report

(Amounts are expressed in Turkish Lira (TL))

7.1 Summary financial information regarding the operating results for the current period, the comments of the chairman of the board of directors and the CEO

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 June 2023. Based on the unconsolidated financials, the Bank's **net income** in the first 6 months of the year recorded as TL 34 billion 204 million 988 thousand. **Asset size** reached to TL 1 trillion 669 billion 363 million 820 thousand and the Bank's contribution to the economy through cash and non-cash **loans** increased to TL 1 trillion 183 billion 782 million 391 thousand. Actively managing the funding base, customer deposits continued to be the main funding source with 73% share in the total funding base. Customer deposit base reached to TL 1 trillion 216 billion 856 million 483 thousand with 54% growth in the first 6 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 17.7%*. The Bank delivered an **ROAE** (Return on Average Equity) of 38.6%** and an **ROAA** (Return on Average Assets) of 4.8%**.

**Calculated without the forbearance introduced by BRSA*

***In the calculation of Return on Average Equity (ROAE) & Return on Average Assets (ROAA), non-recurring items are excluded when annualizing Net Income for the remaining quarters*

Commenting on the topic, **Garanti BBVA, Chairman Süleyman Sözen** stated that "In the first half of 2023, Garanti BBVA once again continued its uninterrupted support to the economy, thanks to its robust capital base, healthy liquidity, and profitability ratios. Our agile management allows us to adapt quickly to developments in the economy and regulations. We play an active role in solving problems not only in the economic area but also in other areas through financial participation programs.

As Garanti BBVA, we have contributed more than TL 86 billion to the financing of sustainable development since 2018.

While our high-quality income generation capacity, sustainable growth, and dynamic balance sheet management represent our competitive advantages and strengths in the financial field, our ability to create a difference in the client experience through the blending of technology and human elements constitutes our forte in non-financial areas.

In today's world, the use of artificial intelligence has become more visible among the factors that support the sustainable competitive advantage of banks. When we specifically look at Garanti BBVA, the use of robotic systems, big data, and artificial intelligence technologies stand out in deepening our relations with our customers and improving process efficiency. We strive to strengthen our communication with customers and offer real-time, intelligent, and personalized content according to their needs. Additionally, we have hundreds of models established with algorithms ranging from machine learning to deep learning in areas such as pricing, risk management, and credit evaluation, which collectively contribute positively to the bank's operational efficiency. The main factor that distinguishes us from competitors in technology use and digitalization is not only that we integrate these applications into our technological infrastructure in a timely manner but also that we have continued the investments that make up this infrastructure uninterruptedly since the early 90s, with the help of our competent human resources and agile management.

These factors further distinguish our bank visibly, even in competition with financial technology corporations affecting many European and Asian countries today.

The goal to meet the changing needs of our clients in the most effective and innovative manner possible will continue to be our priority. Taking this opportunity, I would like to thank my colleagues and our valuable clients, shareholders, and all other stakeholders."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ said:**, "In the second quarter of 2023, we managed our balance sheet in accordance with regulations. In this context, our bank's TL loan portfolio reached 600 billion TL with a net increase of nearly 80 billion TL. Our growth focus was on SME and consumer loans; while growth in corporate and commercial loans remained relatively muted. With market share gains in SME loans, we also successfully maintained our traditional leadership position in credit cards and consumer loans during this quarter as well.

As a result of the long-term, trust-based relationship we have established with our customers, we demonstrated a differentiating performance in TL deposits. Foreign Currency Protected Deposits continued to be the main driver behind the growth. Our bank became the leader among private sector banks by achieving the highest FX - protected deposit volume. Today, FX - protected deposits make-up more than two-thirds of our TL time deposits. TL deposit is a focus area in which we manage diligently, as per the regulations. As a result, our TL loan deposit ratio has improved even further, reaching its lowest level in history."

Recep Baştuğ continued his words as follows: "In the second quarter of the year, we successfully renewed our syndicated loan facility, once again demonstrating Garanti BBVA's ability to create sustainable funding. We linked the social performance goals of the syndication loan, which we renewed with the participation of 26 banks, to the financing of women entrepreneurs and micro-scale businesses in the earthquake zone. When we successfully achieve our targets, there will be a discount in the interest of the loan, and we will use this gain for the earthquake region. Thus, we will continue to contribute to both strengthening the regional trade and ensuring equal opportunities."

"In line with our responsible banking principle and inclusive growth strategic priority, we are moving forward with a focus on being an inclusive bank that creates long-term value for all stakeholders. Our most recent work in this field is the 'Women Who Know Their Account' program, which we announced in July, for women who have not yet encountered banking services. The program aims to support women to receive financial literacy training and manage their own economies with the special product opportunities we offer. As a bank, we value every individual's participation in social and economic life and believe that contemporary and strong societies are founded on the principle of equal opportunity.

Recep Baştuğ pointed out that global warming will be the most important issue both globally and nationally in 2023 and the following years and continued his words by saying, "Leaving a more livable world for future generations is among our most important responsibilities. We are glad to announce that we are carrying our Blue Breath (Mavi Nefes) journey which we launched in 2021 with the cooperation of Turkish Marine Environment Protection Association/ TURMEPA in the Sea of Marmara, to Lake Van. Our goal is to prevent pollution in the lake, make the Lake Van Basin resistant to climate change, and create regional awareness on this issue."

Baştuğ said: "Today, with 14 million mobile customers, we are the bank with the most used banking application in Turkey. I would like to thank my colleagues who have made a great effort and contribution during this process and to all our stakeholders, especially our customers, who have accompanied us on this journey, supported us, and trusted us".

(Thousands of Turkish Lira (TL))

You may access Garanti BBVA earnings presentations regarding the BRSA unconsolidated financial results from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com

7.1.1 Selected Figures of Unconsolidated Financial Statements

Selected Balance Sheet Items	**Current Period 30.June.2023**	**Prior Period 31.Dec.2022**	**Change Δ %**
Total Assets	1.669.363.820	1.152.171.637	44,9%
Loans	884.238.113	669.400.786	32,1%
- Performing Loans	865.541.391	651.788.274	32,8%
- Non-Performing Loans	18.696.722	17.612.512	6,2%
Customer Deposits	1.216.856.483	789.449.329	54,1%
Shareholders' Equity	187.623.550	152.685.493	22,9%

Selected P&L Items	**Current Period 30.June.2023**	**Prior Period 31.Mar.2022**	**Change Δ %**
Net Interest Income	31.784.645	28.849.527	10,2%
Operating Expenses	20.902.116	9.047.071	131,0%
- HR Cost	7.547.623	3.480.735	116,8%
- Other Operating Expenses	13.354.493	5.566.336	139,9%
Net Fees&Commissions	13.371.981	6.524.821	104,9%
Net Income	34.204.988	21.095.942	62,1%

Selected Financial Ratios	**Current Period 30.June.2023**	**Prior Period 31.Dec.2022**	**Change Δ bps**
Performing Loans/Assets	51,8%	56,6%	(472)
Customer Deposits/Assets	72,9%	68,5%	438
Return on Average Equity	38,6%	51,1%	(1247)
Return on Average Assets	4,8%	6,0%	(124)
Non-Performing Loans Ratio	2,1%	2,6%	(52)
Capital Adequacy Ratio*	17,7%	18,9%	(125)
* Calculated without the forbearance introduced by BRSA			

Market Shares	**Current Period 30.June.2023**	**Prior Period 31.Dec.2022**	**Change ∆ bps**
Performing Loans	10,0%	9,9%	11
TL Performing Loans	10,2%	10,4%	(19)
FC Performing Loans	9,5%	8,7%	83
Customer Deposits	11,6%	9,9%	173
TL Customer Deposits	12,9%	9,9%	302
FC Customer Deposits	10,0%	10,0%	2

Garanti with Numbers	**Current Period 30.June.2023**	**Prior Period 31.Dec.2022**	**Change ∆ %**
Branch Network	828	838	-1,2%
Number of Employees	18.733	18.544	1,0%
ATM	5.387	5.450	-1,2%
POS*	778.869	777.497	0,2%
Number of Customers	24.003.690	23.035.557	4,2%
Number of Digital Customers**	14.128.195	13.386.156	5,5%
Number of Credit Card Customers	9.782.652	9.220.070	6,1%

*Includes shared and virtual POS.

** Active customers only -- min. 1 login or call per quarter.

7.2 The amendments in the articles of association during period of 01.01.2023-30.06.2023

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2023-30.06.2023

Garanti BBVA’s Annual Report, documents regarding ordinary general meeting of shareholders, information on board of directors and senior management, ratings and disclosures regarding important developments and other disclosures were announced and the disclosures were uploaded to the Public Disclosure Platform. Disclosures and all of the announcements are available at www.garantibbvainvestorrelations.com.

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 June 2023. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com.

You may find financial information on Garanti BBVA for the most recent five year period in the 2022 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti BBVA Investor Relations website and at www.garantibbvainvestorrelations.com/en/integrated-annual-report/.

7.5 Information regarding management and corporate governance practices

You may access information about the activities of the Board of Directors, the Audit Committee, the Credit Committee and the committees that are established pursuant to the Regulation on the Internal Systems of Banks under the framework of the risk management systems and are organized under the Board of Directors or to support the Board of Directors, chairman and members of the committees' names and surnames, fundamental duties and their attendance to the meetings from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com under the Committees section.

You may access the Corporate Governance Principles Compliance Report from Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com under the Corporate Governance section.

7.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş. has announced it's forward looking statements regarding the expectations for the year 2023. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti BBVA Investor Relations' website at www.garantibbvainvestorrelations.com in Operating Plan Guidance Presentations section.