

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

Türkiye Garanti Bankası Anonim Şirketi
Publicly Announced Unconsolidated Financial
Statements, Related Disclosures and Independent
Auditors' Report Thereon
as of and for the Three-Month Period Ended
31 March 2023

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



**Building a better
working world**

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**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 March 31, 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 three 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 March 31, 2023 include a free provision at an amount of Thousand TL 8,000,000 which was provided in prior years 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 March 31, 2023 and of the results of its operations and its cash flows for the three month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section 7, 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

April 26, 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023

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The unconsolidated financial report for the three-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 three-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

Belkis Sema Yurdum
Audit Committee
Member

The authorized contact person for questions on this financial report:

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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 828 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 31 March 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 160 years, providing variety of wide spread financial and non-financial services to 89.3 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 the market leader in South America, operates in more than 25 countries with more than 115 thousand employees.

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 31 March 2023

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 31 March 2023			PRIOR PERIOD 31 December 2022		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			162,843,873	198,560,537	361,404,410	112,872,415	207,118,991	319,991,406
1.1 Cash and Cash Equivalents	5.1.1		91,529,722	177,179,134	268,708,856	44,175,474	185,656,072	229,831,546
1.1.1 Cash and Balances with Central Bank			64,586,120	119,552,642	184,138,762	9,205,356	128,688,052	137,893,408
1.1.2 Banks			453,448	20,058,655	20,512,103	611,390	22,495,400	23,106,430
1.1.3 Money Market Placements			27,007,000	38,042,395	65,049,395	34,719,478	35,013,551	69,733,029
1.1.4 Expected Credit Losses (-)			516,846	474,558	991,404	360,750	540,571	901,321
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2		1,714,823	1,048,269	2,763,092	1,208,768	1,256,664	2,465,432
1.2.1 Government Securities			1,600,900	469,518	2,070,418	1,098,714	616,986	1,715,700
1.2.2 Equity Securities			98,308	63,936	162,244	87,470	67,322	154,792
1.2.3 Other Financial Assets			15,615	514,815	530,430	22,584	572,356	594,940
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.1.3		63,160,003	14,990,125	78,150,128	63,130,119	14,169,090	77,299,209
1.3.1 Government Securities			62,441,495	14,048,980	76,490,475	62,993,455	13,324,042	76,317,497
1.3.2 Equity Securities			306,442	941,145	1,247,587	136,664	845,048	981,712
1.3.3 Other Financial Assets			412,066	-	412,066	-	-	-
1.4 Derivative Financial Assets	5.1.4		6,439,325	5,343,009	11,782,334	4,358,054	6,037,165	10,395,219
1.4.1 Derivative Financial Assets Measured at FVTPL			6,182,872	4,494,254	10,677,126	4,178,597	5,083,516	9,262,113
1.4.2 Derivative Financial Assets Measured at FVOCI			256,453	848,755	1,105,208	179,457	953,649	1,133,106
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST			624,533,077	220,858,108	845,391,185	537,818,421	202,770,876	740,589,297
2.1 Loans	5.1.5		544,828,669	192,890,921	737,719,590	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		99,285,528	46,579,246	145,864,774	62,454,628	45,773,227	108,227,855
2.3.1 Government Securities			97,714,920	43,559,916	141,274,836	62,420,560	42,843,973	105,264,533
2.3.2 Other Financial Assets			1,570,608	3,019,330	4,589,938	34,068	2,929,254	2,963,322
2.4 Expected Credit Losses (-)			19,581,120	18,612,059	38,193,179	19,102,908	17,936,436	37,039,344
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.8		814,698	-	814,698	767,582	-	767,582
3.1 Asset Held for Resale			814,698	-	814,698	767,582	-	767,582
3.2 Assets of Discontinued Operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			10,191,718	21,955,373	32,147,091	8,896,423	20,199,057	29,095,480
4.1 Associates (Net)	5.1.9		112,537	-	112,537	110,939	-	110,939
4.1.1 Associates Consolidated Under Equity Accounting			-	-	-	-	-	-
4.1.2 Unconsolidated Associates			112,537	-	112,537	110,939	-	110,939
4.2 Subsidiaries (Net)	5.1.10		10,079,181	21,955,373	32,034,554	8,785,484	20,199,057	28,984,541
4.2.1 Unconsolidated Financial Investments in Subsidiaries			10,023,546	21,955,373	31,978,919	8,740,804	20,199,057	28,939,861
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries			55,635	-	55,635	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		11,780,544	378	11,780,922	9,968,922	345	9,969,267
VI. INTANGIBLE ASSETS (Net)	5.1.13		1,019,850	-	1,019,850	1,023,989	-	1,023,989
6.1 Goodwill			-	-	-	-	-	-
6.2 Others			1,019,850	-	1,019,850	1,023,989	-	1,023,989
VII. INVESTMENT PROPERTY (Net)	5.1.14		2,378,380	-	2,378,380	1,815,310	-	1,815,310
VIII. CURRENT TAX ASSET			-	-	-	-	-	-
IX. DEFERRED TAX ASSET	5.1.15		11,851,597	-	11,851,597	6,769,614	-	6,769,614
X. OTHER ASSETS (Net)	5.1.16		35,980,456	5,165,929	41,146,385	36,664,010	5,485,682	42,149,692
TOTAL ASSETS			861,394,193	446,540,325	1,307,934,518	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 31 March 2023

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2023			PRIOR PERIOD 31 December 2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	565,410,197	343,825,592	909,235,789	427,313,084	363,350,874	790,663,958
II. FUNDS BORROWED	5.2.2	882,326	33,460,032	34,342,358	1,007,811	33,998,244	35,006,055
III. MONEY MARKET FUNDS	5.2.3	67,127	29,716,895	29,784,022	49,010	16,271,829	16,320,839
IV. SECURITIES ISSUED (NET)	5.2.4	151,673	3,862,582	4,014,255	151,673	12,720,860	12,872,533
4.1 Bills		-	477,769	477,769	-	990,538	990,538
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		151,673	3,384,813	3,536,486	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	-	30,644,198	30,644,198	-	31,788,046	31,788,046
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6	4,503,766	7,770,853	12,274,619	4,997,459	5,892,898	10,890,357
7.1 Derivative Financial Liabilities Measured at FVTPL		4,499,755	7,770,853	12,270,608	4,976,348	5,892,898	10,869,246
7.2 Derivative Financial Liabilities Measured at FVOCI		4,011	-	4,011	21,111	-	21,111
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	5.2.7	1,270,323	167,137	1,437,460	1,056,987	135,065	1,192,052
X. PROVISIONS	5.2.8	7,191,395	11,492,611	18,684,006	6,618,736	11,898,799	18,517,535
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		3,292,817	89,145	3,381,962	3,227,691	122,691	3,350,382
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		3,898,578	11,403,466	15,302,044	3,391,045	11,776,108	15,167,153
XI. CURRENT TAX LIABILITY	5.2.9	11,262,366	31,139	11,293,505	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	1,019,145	14,697,208	15,716,353	1,021,983	14,046,860	15,068,843
14.1 Borrowings		-	-	-	-	-	-
14.2 Other Debt Instruments		1,019,145	14,697,208	15,716,353	1,021,983	14,046,860	15,068,843
XV. OTHER LIABILITIES	5.2.12	54,762,967	11,927,728	66,690,695	51,135,668	8,543,868	59,679,536
XVI. SHAREHOLDERS' EQUITY	5.2.13	173,683,474	133,784	173,817,258	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		8,413,924	275,463	8,689,387	4,089,893	199,352	4,289,245
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		21,884,078	(274,896)	21,609,182	20,808,718	(190,305)	20,618,413
16.5 Profit Reserves		63,062,327	133,217	63,195,544	62,828,078	361,687	63,189,765
16.5.1 Legal Reserves		1,616,487	-	1,616,487	1,616,487	-	1,616,487
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		61,341,575	-	61,341,575	61,107,326	-	61,107,326
16.5.4 Other Profit Reserves		104,265	133,217	237,482	104,265	361,687	465,952
16.6 Profit/Loss		75,338,711	-	75,338,711	59,603,636	-	59,603,636
16.6.1 Prior Periods' Profit/Loss		59,603,636	-	59,603,636	1,094,478	-	1,094,478
16.6.2 Current Period's Net Profit/Loss		15,735,075	-	15,735,075	58,509,158	-	58,509,158
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		820,204,759	487,729,759	1,307,934,518	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 31 March 2023

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2023			31 December 2022		
	TL	FC	Total	TL	FC	Total	
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)							
I. GUARANTEES AND SURETIES							
1. Letters of guarantee	5.3.1	845,686,109	912,511,394	1,758,197,503	665,534,731	825,722,772	1,491,257,503
1.1. Guarantees subject to State Tender Law		141,214,058	121,526,828	262,740,886	109,607,909	112,761,796	222,369,705
1.1.1. Guarantees given for foreign trade operations		129,713,888	84,160,652	213,874,540	103,006,476	79,612,373	182,618,849
1.1.2. Other letters of guarantee		4,877,783	1,033,658	5,911,441	4,397,754	3,426,185	3,426,185
1.1.3. Other letters of guarantee		124,836,105	79,837,260	204,673,365	98,608,722	75,274,537	173,883,259
1.2. Bank acceptances		612,449	3,344,389	3,956,838	496,948	3,421,615	3,918,563
1.2.1. Import letter of acceptance		612,449	3,344,389	3,956,838	496,948	3,421,615	3,918,563
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		292,981	33,759,316	34,052,297	746,185	29,268,254	30,014,439
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		292,981	33,759,316	34,052,297	746,185	29,268,254	30,014,439
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		10,594,740	144,638	10,739,378	5,358,300	295,471	5,653,771
1.5.1. Endorsements to the Central Bank of Turkey		10,594,740	144,638	10,739,378	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		-	117,833	117,833	-	164,083	164,083
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	5.3.1	328,618,711	40,214,472	368,833,183	216,440,351	16,506,848	232,947,199
2.1. Irrevocable commitments		328,017,211	38,440,698	366,457,909	215,825,936	14,798,340	230,624,276
2.1.1. Asset purchase and sale commitments		2,346,106	35,103,650	37,449,756	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		85,000	6,379	91,379	-	6,102	6,102
2.1.4. Loan granting commitments		90,138,149	3,330,669	93,468,818	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		9,022,264	-	9,022,264	5,515,488	-	5,515,488
2.1.8. Tax and fund obligations on export commitments		454,511	-	454,511	342,576	-	342,576
2.1.9. Commitments for credit card limits		225,965,743	-	225,965,743	138,215,802	-	138,215,802
2.1.10. Commitments for credit cards and banking services related promotions		5,438	-	5,438	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		-	-	-	-	225,474	225,474
2.2. Revocable commitments		601,500	1,773,774	2,375,274	614,415	1,708,508	2,322,923
2.2.1. Revocable loan granting commitments		601,500	1,768,435	2,369,935	614,415	1,703,325	2,317,740
2.2.2. Other revocable commitments		-	5,339	5,339	-	5,183	5,183
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	375,853,340	750,770,094	1,126,623,434	339,486,471	696,454,128	1,035,940,599
3.1. Derivative financial instruments held for risk management		7,889,230	42,599,901	50,489,131	5,714,878	53,547,650	59,262,528
3.1.1. Fair value hedges		-	13,245,309	13,245,309	-	14,408,800	14,408,800
3.1.2. Cash flow hedges		7,889,230	29,354,592	37,243,822	5,714,878	39,138,850	44,853,728
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		367,964,110	708,170,193	1,076,134,303	333,771,593	642,906,478	976,678,071
3.2.1. Forward foreign currency purchases/sales		16,578,370	21,936,662	38,515,032	28,779,508	34,024,594	62,804,102
3.2.1.1. Forward foreign currency purchases		15,646,895	4,196,377	19,843,272	26,847,707	5,091,089	31,938,796
3.2.1.2. Forward foreign currency sales		931,475	17,740,285	18,671,760	1,931,801	28,933,505	30,865,306
3.2.2. Currency and interest rate swaps		192,670,361	432,323,589	624,993,950	242,826,052	453,667,079	696,439,131
3.2.2.1. Currency swaps-purchases		2,227,654	142,844,464	145,072,118	13,609,695	182,934,821	196,544,516
3.2.2.2. Currency swaps-sales		76,211,829	90,258,095	166,469,924	131,095,221	82,683,056	213,778,277
3.2.2.3. Interest rate swaps-purchases		57,115,439	99,610,515	156,725,954	49,060,568	94,024,601	143,085,169
3.2.2.4. Interest rate swaps-sales		57,115,439	99,610,515	156,725,954	49,060,568	94,024,601	143,085,169
3.2.3. Currency, interest rate and security options		156,116,537	162,502,487	318,619,024	61,285,293	67,718,964	129,004,257
3.2.3.1. Currency call options		154,409,561	2,629,924	157,039,485	56,297,080	5,668,401	61,965,481
3.2.3.2. Currency put options		1,706,976	151,805,134	153,512,110	4,988,213	55,625,430	60,613,643
3.2.3.3. Interest rate call options		-	4,283,156	4,283,156	-	3,423,170	3,423,170
3.2.3.4. Interest rate put options		-	3,784,273	3,784,273	-	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		2,598,842	2,370,012	4,968,854	880,740	762,272	1,643,012
3.2.4.1. Currency futures-purchases		1,572,007	993,876	2,565,883	799,899	79,016	878,915
3.2.4.2. Currency futures-sales		1,026,835	1,376,136	2,402,971	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		-	89,037,443	89,037,443	-	86,733,569	86,733,569
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		1,921,204,983	2,915,852,895	4,837,057,878	1,661,111,370	2,780,585,193	4,441,696,563
IV. ITEMS HELD IN CUSTODY		141,571,009	205,256,268	346,827,277	136,877,167	172,347,852	309,225,019
4.1. Customers' securities held		55,642,016	-	55,642,016	55,927,001	-	55,927,001
4.2. Investment securities held in custody		22,737,674	116,869,968	139,607,642	24,555,572	86,675,159	111,230,731
4.3. Checks received for collection		55,563,084	13,179,678	68,742,762	50,199,454	13,325,678	63,525,132
4.4. Commercial notes received for collection		6,533,985	2,061,585	8,595,570	5,289,437	2,120,501	7,409,938
4.5. Other assets received for collection		454,644	66,406,073	66,860,717	381,599	64,229,182	64,610,781
4.6. Assets received through public offering		-	465,353	465,353	-	452,123	452,123
4.7. Other items under custody		639,606	6,273,611	6,913,217	524,104	5,545,209	6,069,313
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,779,633,974	2,710,596,627	4,490,230,601	1,524,234,203	2,608,237,341	4,132,471,544
5.1. Securities		20,800,982	13,071,332	33,872,314	15,269,899	11,220,410	26,490,309
5.2. Guarantee notes		22,787,667	34,206,581	56,994,248	22,879,101	33,307,826	56,186,927
5.3. Commodities		713,031	-	713,031	799,406	-	799,406
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		453,453,719	379,827,362	833,281,081	365,026,455	387,609,865	752,636,320
5.6. Other pledged items		1,281,878,575	2,283,491,352	3,565,369,927	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)		2,766,891,092	3,828,364,289	6,595,255,381	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 31 March 2023

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2023 - 31 March 2023	PRIOR PERIOD 1 January 2022 - 31 March 2022
I. INTEREST INCOME	5.4.1	33,581,089	20,838,436
1.1 Interest income on loans		24,266,848	14,671,526
1.2 Interest income on reserve deposits		6,997	241,384
1.3 Interest income on banks		241,817	13,682
1.4 Interest income on money market transactions		609,561	1,007,055
1.5 Interest income on securities portfolio		8,140,834	4,787,072
1.5.1 Financial assets measured at FVTPL		70,101	37,887
1.5.2 Financial assets measured at FVOCI		3,555,318	2,680,815
1.5.3 Financial assets measured at amortised cost		4,515,415	2,068,370
1.6 Financial lease income		-	-
1.7 Other interest income		315,032	117,717
II. INTEREST EXPENSE	5.4.2	17,212,277	7,633,977
2.1 Interest on deposits		14,620,433	6,181,063
2.2 Interest on funds borrowed		1,125,295	481,034
2.3 Interest on money market transactions		219,239	24,321
2.4 Interest on securities issued		465,209	621,712
2.5 Lease interest expense		55,895	36,794
2.6 Other interest expenses		726,206	289,053
III. NET INTEREST INCOME (I - II)		16,368,812	13,204,459
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	5.4.12	6,087,745	2,950,349
4.1 Fees and commissions received		8,033,527	4,040,142
4.1.1 Non-cash loans		566,492	310,265
4.1.2 Others		7,467,035	3,729,877
4.2 Fees and commissions paid		1,945,782	1,089,793
4.2.1 Non-cash loans		1,273	1,010
4.2.2 Others		1,944,509	1,088,783
V. DIVIDEND INCOME	5.4.3	-	1,634
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	4,166,790	2,066,482
6.1 Trading account income/losses		1,553,928	826,787
6.2 Income/losses from derivative financial instruments		(1,020,303)	(13,508,881)
6.3 Foreign exchange gains/losses		3,633,165	14,748,576
VII. OTHER OPERATING INCOME	5.4.5	8,530,370	3,808,038
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		35,153,717	22,030,962
IX. EXPECTED CREDIT LOSSES (-)	5.4.6	9,714,404	6,681,218
X. OTHER PROVISIONS (-)	5.4.6	18,910	1,107,456
XI. PERSONNEL EXPENSES (-)		3,626,622	1,638,269
XII. OTHER OPERATING EXPENSES (-)	5.4.7	6,821,811	2,718,182
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		14,971,970	9,885,837
XIV. INCOME RESULTED FROM MERGERS		-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		2,639,403	1,110,387
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	5.4.8	17,611,373	10,996,224
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	5.4.9	1,876,298	2,786,551
18.1 Current tax charge		3,612,029	7,417,547
18.2 Deferred tax charge (+)		815,180	338,483
18.3 Deferred tax credit (-)		(2,550,911)	(4,969,479)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	5.4.10	15,735,075	8,209,673
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	15,735,075	8,209,673
Earnings per Share		0.03746	0.01955

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 31 March 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2023 - 31 March 2023	PRIOR PERIOD 1 January 2022 - 31 March 2022
I. CURRENT PERIOD PROFIT/LOSS	15,735,075	8,209,673
II. OTHER COMPREHENSIVE INCOME	5,390,911	9,803,392
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	4,400,142	1,108,056
2.1.1 Revaluation Surplus on Tangible Assets	997,685	1,348,100
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	277,829	(73,908)
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	3,124,628	(166,136)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	990,769	8,695,336
2.2.1 Translation Differences	954,058	1,262,051
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	523,441	9,839,854
2.2.3 Gains/losses from Cash Flow Hedges	(4,216)	466,792
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	(464,138)	(643,594)
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	(3,977)	(11,050)
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(14,399)	(2,218,717)
III. TOTAL COMPREHENSIVE INCOME (I+II)	21,125,986	18,013,065

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 31 March 2023

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		THOUSANDS OF TURKISH LIRA (TL)															
		Other Comprehensive Income/Expense Items												Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
		not to be Recycled to Profit or Loss						Recycled to Profit or Loss									
Footnotes		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						
PRIOR PERIOD (01/01/2022-31/03/2022)																	
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)	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	-	-	-	-	1,182,833	-	(74,777)	1,262,051	7,583,297	(150,012)	13,283	(13,283)	8,209,673	18,013,065		
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	-	-	-	-	-	-	-	-	-	-	24,136	-	-	24,136		
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	2,902,685	(413,401)	341,700	12,059,357	8,073,972	(3,633,165)	63,122,473	1,063,401	8,209,673	96,711,129		
CURRENT PERIOD (01/01/2023-31/03/2023)																	
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)	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	-	-	-	-	4,137,511	-	262,631	954,058	391,954	(355,243)	-	-	15,735,075	21,125,986		
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	-	-	-	-	-	-	-	-	-	-	5,779	-	-	5,779		
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Balances at end of the period (III+IV+...+X+XI)	4,200,000	11,880	-	772,554	9,087,491	(1,277,761)	879,657	16,746,659	9,941,444	(5,078,921)	63,195,544	59,603,636	15,735,075	173,817,258		

Türkiye Garanti Bankası Anonim Şirketi

Statement of Cash Flows

For the period ended at 31 March 2023

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2023 31 March 2023	1 January 2022 31 March 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	18,617,092	19,435,793
1.1.1 Interests received		26,673,984	20,342,999
1.1.2 Interests paid		(13,996,521)	(6,731,051)
1.1.3 Dividend received		-	1,634
1.1.4 Fees and commissions received		8,033,527	4,040,142
1.1.5 Other income		8,530,370	3,808,038
1.1.6 Collections from previously written-off receivables		301,129	200,926
1.1.7 Cash payments to personnel and service suppliers		(9,308,856)	(3,762,747)
1.1.8 Taxes paid		(40,937)	(2,106,812)
1.1.9 Others		(1,575,604)	3,642,664
1.2 Changes in operating assets and liabilities	5.6	58,728,444	(2,558,990)
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		(271,640)	4,660,581
1.2.2 Net (increase) decrease in due from banks		(3,098,715)	592,799
1.2.3 Net (increase) decrease in loans		(74,039,238)	(68,803,300)
1.2.4 Net (increase) decrease in other assets		(1,648,821)	(2,534,306)
1.2.5 Net increase (decrease) in bank deposits		1,305,214	1,061,291
1.2.6 Net increase (decrease) in other deposits		115,214,572	60,500,540
1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		12,844,235	(2,820,018)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		8,422,837	4,783,423
I. Net cash flow from banking operations	5.6	77,345,536	16,876,803
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(32,633,647)	(22,556,742)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(828)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(332,127)	(264,336)
2.4 Sales of tangible assets		86,219	103,328
2.5 Cash paid for purchase of financial assets measured at FVOCI		(4,706,359)	(10,538,364)
2.6 Cash obtained from sale of financial assets measured at FVOCI		6,736,332	4,495,909
2.7 Cash paid for purchase of financial assets measured at amortised cost		(36,010,510)	(17,465,048)
2.8 Cash obtained from sale of financial assets measured at amortised cost		1,592,798	1,112,597
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities	5.6	(11,295,580)	(1,542,757)
3.1 Cash obtained from funds borrowed and securities issued		1,859,389	1,971,256
3.2 Cash used for repayment of funds borrowed and securities issued		(13,003,576)	(3,420,002)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		(151,393)	(94,011)
3.6 Others		-	-
IV. Effect of translation differences on cash and cash equivalents	5.6	2,440,699	3,285,437
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	35,857,008	(3,937,259)
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	178,649,736	114,059,112

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 31 March 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 31 March 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 517,642,455 (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 7,834,726 (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 31 March 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 contracts.

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.

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.

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 macroeconomic value estimates taken into account in the expected loss provision calculation are presented below.

Date	GDP
31.12.2023	3.0%
31.12.2024	1.5%
31.12.2025	3.8%
31.12.2026	4.2%
31.12.2027	3.9%
31.12.2028	3.7%

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,

- 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.

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:

	31.03.2023	31.12.2022
Net Effective Discount Rate	3.00%	3.00%
Discount Rate	17.79%	17.79%
Expected Rate of Salary Increase	15.86%	15.86%
Inflation Rate	14.36%	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.

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:

	31.03.2023		31.12.2022	
	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.

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 withholding 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 31 December 2022, 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 Communiqué, 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 31 March 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 31 March 2023, the Bank does not have any government incentives or grants (31 December 2022: None).

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:

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	5,249,107	6,327,804	2,242,999	2,548,902	16,368,812
Net Fees And Commissions Income	4,382,091	1,860,402	(3,762)	(150,986)	6,087,745
Dividend Income	-	-	-	-	-
Net Trading Income/Losses (Net)	363,901	960,250	2,791,763	50,876	4,166,790
Other Operating Income (*)	136,427	82,131	21,702	1,038,754	1,279,014
Expected Credit Losses (-) (*)	(2,590,753)	(213,075)	108,687	232,093	(2,463,048)
Other Provisions (-)	-	-	-	(18,910)	(18,910)
Personnel and Other Operating Expenses (-)	(5,955,427)	(1,925,420)	(209,242)	(2,358,344)	(10,448,433)
Income/Loss From Investments Under Equity Accounting	-	-	-	2,639,403	2,639,403
Net Operating Profit	1,585,346	7,092,092	4,952,147	3,981,788	17,611,373
Provision for Taxes	-	-	-	(1,876,298)	(1,876,298)
Net Profit	1,585,347	7,092,092	4,952,148	2,105,488	15,735,075
Segment Assets	249,414,465	450,111,944	480,660,351	95,600,667	1,275,787,427
Investments in Associates and Subsidiaries	-	-	-	32,147,091	32,147,091
Total Assets	249,414,465	450,111,944	480,660,351	127,747,758	1,307,934,518
Segment Liabilities	631,722,869	313,569,960	133,600,670	55,223,761	1,134,117,260
Shareholders' Equity	-	-	-	173,817,258	173,817,258
Total Liabilities and Shareholders'	631,722,869	313,569,960	133,600,670	229,041,019	1,307,934,518

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	3,122,707	4,033,461	5,032,674	1,015,617	13,204,459
Net Fees And Commissions Income	2,108,465	822,307	(28,159)	47,736	2,950,349
Dividend Income	-	-	-	1,634	1,634
Net Trading Income/Losses (Net)	126,969	1,934,238	(1,042,484)	1,047,759	2,066,482
Other Operating Income (*)	90,089	45,245	7,987	323,791	467,112
Expected Credit Losses (-) (*)	(325,951)	(2,855,407)	(267,712)	108,778	(3,340,292)
Other Provisions (-)	-	-	-	(1,107,456)	(1,107,456)
Personnel and Other Operating Expenses (-)	(2,317,746)	(952,845)	(194,379)	(891,481)	(4,356,451)
Income/Loss From Investments Under Equity Accounting	-	-	-	1,110,387	1,110,387
Net Operating Profit	2,804,533	3,026,999	3,507,927	1,656,765	10,996,224
Provision for Taxes	-	-	-	(2,786,551)	(2,786,551)
Net Profit	2,804,533	3,026,999	3,507,927	(1,129,786)	8,209,673
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 6.2.

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.

	<i>31 March 2023</i>	<i>31 March 2022</i>
Distributable net profit	15,735,075	8,209,673
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.03746	0.01955

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.

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

	<i>Current Period</i>	<i>Prior Period</i>
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	63,195,544	63,189,765
Other Comprehensive Income according to TAS	37,526,913	31,900,849
Profit	66,562,337	59,603,636
Current Period's Profit	15,735,075	58,509,158
Prior Periods' Profit	50,827,262	1,094,478
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	10,013	10,013
Common Equity Tier I Capital Before Deductions	172,279,241	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 (-)	7,469,320	7,155,258
Leasehold Improvements on Operational Leases (-)	104,112	109,029
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	699,423	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 the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
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	8,272,855	8,242,125
Total Common Equity Tier I Capital	164,006,386	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)	164,006,386	151,446,572
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	12,470,680	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)	11,007,066	9,211,267
Total Deductions from Tier II Capital	23,477,746	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	23,477,746	21,369,347
Total Equity (Total Tier I and Tier II Capital)	187,484,132	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	314	53

	<i>Current Period</i>	<i>Prior Period</i>
Other items to be Defined by the BRSA	358	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)	187,483,460	172,815,837
Total Risk Weighted Assets	1,039,557,097	838,938,765
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.78	18.05
Tier I Capital Ratio (%)	15.78	18.05
Capital Adequacy Ratio (%)	18.03	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 (%)	9.78	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	11,531,170	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)	31,167,296	29,380,930
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	11,007,066	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 31 March 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 17.79% as of 31 March 2023.

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

4.1.2 Items included in capital calculation

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>		
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: 900148AE7 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)	11,468 (31 December 2022: 11,155)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Nominal value of instrument (TL million)	14,335 (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.

4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
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	30,298,569	(230,963)	30,067,606	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	8,689,387	-	8,689,387	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	21,609,182	(230,963)	21,378,219	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,195,544	-	63,195,544	
Profit or Loss	75,338,711	(8,776,374)	66,562,337	
Prior Periods' Profit/Loss	59,603,636	(8,776,374)	50,827,262	
Current Period Net Profit/Loss	15,735,075	-	15,735,075	
Deductions from Common Equity Tier I Capital (-)	-	-	803,535	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	173,817,258	-	164,006,386	
Subordinated Debts	-	-	-	
Deductions from Tier I Capital (-)	-	-	-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital	-	-	164,006,386	
Subordinated Debts	-	-	12,470,680	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)	-	-	11,007,066	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	-	-	23,477,746	
Deductions from Total Capital (-)	-	-	672	Deductions from Capital as per the Regulation
Total	-	-	187,483,460	

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.

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
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	

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 31 March 2023, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 33,491,278 (31 December 2022: TL 35,886,244), net ‘off-balance sheet’ foreign currency long position amounts to TL 36,635,002 (31 December 2022: TL 43,841,050), while net foreign currency close position amounts to TL 3,143,724 (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	20.7720	19.1130
<u>Exchange rates for the days before balance sheet date;</u>		
Day 1	20.8540	19.1070
Day 2	20.6680	19.0790
Day 3	20.6340	19.0470
Day 4	20.5130	19.0290
Day 5	20.4280	19.0050

	EUR	USD
Last 30-days arithmetical average rates	20.2682	18.9432

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	32,194,903	58,474,021	28,883,718	119,552,642
Banks	5,406,326	11,717,093	2,935,236	20,058,655
Financial Assets Measured at Fair Value through Profit/Loss	136,140	912,129	-	1,048,269
Money Market Placements	-	38,042,395	-	38,042,395
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,191,344	13,798,781	-	14,990,125
Loans (*)	96,001,181	94,052,951	3,012,638	193,066,770
Investments in Associates, Subsidiaries and Joint-Ventures	21,955,373	-	-	21,955,373
Financial Assets Measured at Amortised Cost	924,663	45,654,583	-	46,579,246
Derivative Financial Assets Held for Hedging Purpose	125,935	945,971	-	1,071,906
Tangible Assets	-	378	-	378
Intangible Assets	-	-	-	-
Other Assets (**)	(7,347,641)	(2,689,672)	(57,600)	(10,094,913)
Total Assets	150,588,224	260,908,630	34,773,992	446,270,846
Liabilities				
Bank Deposits	752,332	88,030	2,678	843,040
Foreign Currency Deposits	106,358,104	171,404,123	13,481,454	291,243,681
Money Market Funds	-	29,716,895	-	29,716,895
Other Fundings (***)	12,812,359	51,291,871	-	64,104,230
Securities Issued (****)	950,332	17,411,777	197,681	18,559,790
Miscellaneous Payables	2,542,530	2,574,262	229,485	5,346,277
Derivative Financial Liabilities Held for Hedging Purpose	-	-	-	-
Other Liabilities (*****)	4,712,851	12,545,936	52,689,425	69,948,212
Total Liabilities	128,128,508	285,032,894	66,600,723	479,762,125
Net 'On Balance Sheet' Position	22,459,716	(24,124,264)	(31,826,731)	(33,491,279)
Net 'Off-Balance Sheet' Position	(11,004,599)	16,579,940	31,059,661	36,635,002
Derivative Financial Assets	47,829,602	126,586,435	33,666,647	208,082,684
Derivative Financial Liabilities	58,834,201	110,006,495	2,606,986	171,447,682
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 175,849 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 30,644,198 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 51,738,871.

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)

<i>Current Period</i>	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	1,911,300	-	-	-	-	182,227,462	184,138,762
Banks	3,657,355	-	-	-	-	16,854,748	20,512,103
Financial Assets Measured at Fair Value through Profit/Loss	1,329,901	78,842	315,210	346,783	118,226	574,130	2,763,092
Money Market Placements	55,390,229	9,543,035	-	-	-	116,131	65,049,395
Financial Assets Measured at Fair Value through Other Comprehensive Income	20,603,849	1,732,464	1,885,486	12,321,198	2,675,393	38,931,738	78,150,128
Loans	274,894,878	114,713,051	188,245,924	88,495,172	38,829,592	32,540,973	737,719,590
Financial Assets Measured at Amortised Cost	16,781,529	1,285,254	9,352,005	89,551,637	5,583,923	23,310,426	145,864,774
Other Assets (**)	-	-	-	-	-	73,736,674	73,736,674
Total Assets	374,569,041	127,352,646	199,798,625	190,714,790	47,207,134	368,292,282	1,307,934,518
Liabilities							
Bank Deposits	541,896	500,000	-	-	-	1,478,322	2,520,218
Other Deposits	280,881,838	159,967,657	53,734,593	1,345,528	-	410,785,955	906,715,571
Money Market Funds	29,196,616	2,910	573,390	-	-	11,106	29,784,022
Miscellaneous Payables	-	-	-	-	-	45,193,590	45,193,590
Securities Issued (***)	1,196,646	1,433,475	945,679	15,704,522	-	450,286	19,730,608
Other Fundings	26,192,478	11,047,905	1,306,626	188,768	26,216,511	34,268	64,986,556
Other Liabilities	40,050	102,243	245,860	890,798	158,509	237,566,493	239,003,953
Total Liabilities	338,049,524	173,054,190	56,806,148	18,129,616	26,375,020	695,520,020	1,307,934,518
On Balance Sheet Long Position	36,519,517	-	142,992,477	172,585,174	20,832,114	-	372,929,282
On Balance Sheet Short Position	-	(45,701,544)	-	-	-	(327,227,738)	(372,929,282)
Off-Balance Sheet Long Position	35,988,472	65,889,972	30,765,502	26,095,337	26,782,859	-	185,522,142
Off-Balance Sheet Short Position	(20,929,458)	(58,400,793)	(27,316,270)	(51,564,145)	(28,238,903)	-	(186,449,569)
Total Position	51,578,531	(38,212,365)	146,441,709	147,116,366	19,376,070	(327,227,738)	(927,427)

(*) 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.

<i>Prior Period</i>	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.

4.4.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(1.03)	(2.02)	-	-
Banks	0.75	1.50	-	15.25
Financial Assets Measured at Fair Value through Profit/Loss	5.04	7.48	-	13.28
Money Market Placements	-	4.40	-	9.47
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.73	6.36	-	24.74
Loans	6.64	8.77	-	21.07
Financial Assets Measured at Amortised Cost	4.39	6.02	-	15.28
Liabilities				
Bank Deposits	2.75	-	-	25.74
Other Deposits	0.13	0.23	-	14.48
Money Market Funds	-	3.71	-	4.71
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	7.14	-	12.29
Other Fundings	4.13	7.14	-	17.16

<i>Prior Period</i>	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

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

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value^(*)	Market Value
1	Investment in Shares- Grade A	33,058,458	33,058,458	1,106,488
	Quoted Securities	772,155	772,155	1,106,488
2	Investment in Shares- Grade B	361,090	361,090	640,450
	Quoted Securities	335,650	335,650	640,450
3	Investment in Shares- Grade C	340,749	340,749	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	63,848	63,848	-
	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.

<i>Prior Period</i>		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.

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
			Total	Amount in Tier I Capital ^(*)	Total	Amount in Tier I Capital ^(*)
Portfolio						
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	1,014,613	1,014,613	-	-
3	Other Shares	-	20,407,394	20,407,394	-	-
Total		-	21,422,007	21,422,007	-	-

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

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
			Total	Amount in Tier I Capital ^(*)	Total	Amount in Tier I Capital ^(*)
Portfolio						
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

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	1,107,805	1,107,805	88,624
3	Other Shares	32,717,402	31,804,543	2,544,363
Total		33,825,207	32,912,348	2,632,987

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
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 first 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 6.01% cash, 42.25% deposits in central banks and 51.74% 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 85.06% deposits, 8.87% funds borrowed and money market borrowings, 1.85% securities issued and 4.23% 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.

<i>Current Period</i>	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			325,733,447	158,718,677
1 Total high-quality liquid assets (HQLA)	325,733,447	158,718,677	325,733,447	158,718,677
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	580,371,094	270,307,742	52,765,240	27,030,774
3 Stable deposits	105,437,389	-	5,271,869	-
4 Less stable deposits	474,933,705	270,307,742	47,493,371	27,030,774
5 Unsecured wholesale funding, of which:	224,532,097	99,891,625	113,408,123	47,181,290
6 Operational deposits	-	-	-	-
7 Non-operational deposits	182,507,810	92,443,067	84,264,041	40,106,128
8 Unsecured funding	42,024,287	7,448,558	29,144,082	7,075,162
9 Secured wholesale funding				
10 Other cash outflows of which:	495,002,962	111,429,743	53,146,588	40,384,941
11 Outflows related to derivative exposures and other collateral requirements	10,597,685	27,400,323	10,597,685	27,400,323
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	484,405,277	84,029,420	42,548,903	12,984,618
14 Other revocable off-balance sheet commitments and contractual obligations	5,236	5,236	261	261
15 Other irrevocable or conditionally revocable off-balance sheet obligations	38,716,700	36,890,153	1,935,835	1,844,508
16 Total Cash Outflows			221,256,047	116,441,774
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	89,267,540	26,717,536	61,462,277	21,552,358
19 Other cash inflows	2,820,915	87,866,758	2,820,915	87,866,758
20 Total Cash Inflows	92,088,455	114,584,294	64,283,192	109,419,116
21 Total HQLA			325,733,447	158,718,677
22 Total Net Cash Outflows			156,972,855	31,415,710
23 Liquidity Coverage Ratio (%)			207.63	515.97

(*) 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 first quarter of 2023:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	228.87	07.03.2023	180.27	01.01.2023	207.63
FC	645.24	24.03.2023	359.99	20.03.2023	515.97

<i>Prior Period</i>	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:	531,204,422	283,038,251	49,224,479	28,303,825
3 Stable deposits	77,919,262	-	3,895,963	-
4 Less stable deposits	453,285,160	283,038,251	45,328,516	28,303,825
5 Unsecured wholesale funding, of which:	227,718,928	118,107,419	112,310,545	55,955,849
6 Operational deposits	-	-	-	-
7 Non-operational deposits	186,617,298	110,212,574	84,259,619	48,221,135
8 Unsecured funding	41,101,630	7,894,845	28,050,926	7,734,714
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:

<i>Prior Period</i>	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

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	108,495,080	75,643,417	-	-	-	-	265	184,138,762
Banks	16,854,558	3,657,545	-	-	-	-	-	20,512,103
Financial Assets Measured at Fair Value through Profit/Loss	494,464	27,472	69,017	501,662	1,153,026	517,451	-	2,763,092
Money Market Placements	-	55,428,081	9,621,314	-	-	-	-	65,049,395
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,247,587	-	1,846,570	14,518,201	38,206,924	22,330,846	-	78,150,128
Loans	853,755	140,306,578	128,797,227	245,052,372	147,444,060	43,159,168	32,106,430	737,719,590
Financial Assets Measured at Amortised Cost	-	466,420	5,382,844	7,965,243	113,890,223	18,160,044	-	145,864,774
Other Assets (*)	16,592,212	5,410,183	2,849,431	1,362,007	3,379,285	2,599,626	41,543,930	73,736,674
Total Assets	144,537,656	280,939,696	148,566,403	269,399,485	304,073,518	86,767,135	73,650,625	1,307,934,518
Liabilities								
Bank Deposits	1,474,881	542,090	503,247	-	-	-	-	2,520,218
Other Deposits	401,203,386	286,602,874	162,398,579	55,129,513	1,375,106	6,113	-	906,715,571
Other Fundings	3,015	850,371	13,837,187	11,242,013	9,751,856	29,302,114	-	64,986,556
Money Market Funds	-	29,199,603	2,917	581,502	-	-	-	29,784,022
Securities Issued (**)	-	197,681	-	957,730	17,556,052	1,019,145	-	19,730,608
Miscellaneous Payables	45,193,585	5	-	-	-	-	-	45,193,590
Other Liabilities (***)	13,397,368	2,345,926	7,671,795	916,228	4,188,158	4,928,647	205,555,831	239,003,953
Total Liabilities	461,272,235	319,738,550	184,413,725	68,826,986	32,871,172	35,256,019	205,555,831	1,307,934,518
Liquidity Gap	(316,734,579)	(38,798,854)	(35,847,322)	200,572,499	271,202,346	51,511,116	(131,905,206)	-
Net Off-Balance Sheet Position	-	880,433	2,812,802	1,331,651	(1,183,930)	(9,648)	-	3,831,308
Derivative Financial Assets	-	207,480,837	123,782,724	27,275,078	16,175,575	2,840,310	-	377,554,524
Derivative Financial Liabilities	-	206,600,404	120,969,922	25,943,427	17,359,505	2,849,958	-	373,723,216
Non-Cash Loans	-	43,626,684	8,036,262	6,784,511	1,395,367	-	571,731,245	631,574,069
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.

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 8.71% (31 December 2022: 9.20%). While the capital increased by 11.45% mainly as a result of increase in net profits, total risk amount increased by 17.81%. Therefore, the current period leverage ratio decreased by 49 basis points compared to prior period.

On-balance sheet assets		<i>Current Period (*)</i>	<i>Prior Period (*)</i>
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1,177,221,703	1,064,125,609
2	(Assets deducted in determining Tier I capital)	(980,779)	(1,028,742)
3	Total on-balance sheet risks (sum of lines 1 and 2)	1,176,240,924	1,063,096,867
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	9,165,444	8,887,916
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	39,764,743	38,759,185
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	48,930,187	47,647,101
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	14,141,688	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)	14,141,688	7,008,977
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	604,375,596	447,355,081
11	(Adjustments for conversion to credit equivalent amounts)	(2,278,911)	(2,124,372)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	602,096,685	445,230,709
Capital and total risks			
13	Tier I capital	160,221,851	143,762,775
14	Total risks (sum of lines 3, 6, 9 and 12)	1,841,409,484	1,562,983,654
Leverage ratio			
15	Leverage ratio	8.70	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.

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) (*)	847,744,651	715,364,760	67,819,572
2	Of which standardised approach (SA)	847,744,651	715,364,760	67,819,572
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	32,820,607	21,536,626	2,625,649
5	Of which standardised approach for counterparty credit risk (SA-CCR)	32,820,607	21,536,626	2,625,649
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	42,753,806	39,757,953	3,420,304
17	Of which standardised approach (SA)	42,753,806	39,757,953	3,420,304
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)	1,039,557,097	838,938,765	83,164,568

(*) 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

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

4.10.4 Counterparty credit risk

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

4.10.5 Securitisations

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

4.10.6 Market risk

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

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”.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	3,557,383	18,261,596	3,310,208	16,828,245
Central Bank of Turkey	61,028,437	96,459,058	5,895,148	108,120,522
Others	300	4,831,988	-	3,739,285
Total	64,586,120	119,552,642	9,205,356	128,688,052

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	61,028,437	20,815,640	5,895,148	35,586,176
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	75,643,418	-	72,534,346
Total	61,028,437	96,459,058	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 July 1, 2021 and numbered 31528, the facility for maintain Turkish lira reserve requirements in foreign currency was terminated as of 1 October 2021.

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 3% and 8% for TL deposits and other liabilities according to their maturities as of 31 March 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 31 March 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.

5.1.1.2 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	154,287	479,729	130,661	338,517
Foreign banks	299,161	19,578,926	480,729	22,156,523
Foreign head offices and branches	-	-	-	-
Total	453,448	20,058,655	611,390	22,495,040

The placements at foreign banks include blocked accounts amounting TL 9,484,367 (31 December 2022: TL 9,152,303) of which TL 320,386 (31 December 2022: TL 1,236) kept at the central banks of Malta, TL 650,387 (31 December 2022: TL 606,643) kept at Turkish Republic of Northern Cyprus and TL 8,513,594 (31 December 2022: TL 8,544,424) kept at various banks as collateral.

5.1.1.3 Receivables from reserve repo transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	27,007,000	-	34,719,478	-
Central Bank of Turkey	-	-	-	-
Banks	26,964,989	-	34,719,478	-
Others	42,011	-	-	-
Foreign Transactions	-	38,042,395	-	35,013,551
Central banks	-	-	-	-
Banks	-	38,042,395	-	35,013,551
Others	-	-	-	-
Total	27,007,000	38,042,395	34,719,478	35,013,551

5.1.1.4 Expected credit losses for cash and cash equivalents

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at Beginning of Period	897,282	4,039	-	901,321
Additions during the Period (+)	745,450	-	-	745,450
Disposals (-)	(675,379)	(4,046)	-	(679,425)
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	24,050	8	-	24,058
Balances at End of Period	991,404	-	-	991,404

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Government Securities	1,600,900	469,518	1,098,714	616,986
Equity Securities	98,308	63,936	87,470	67,322
Other Financial Assets (*)	15,615	514,815	22,584	572,356
Total	1,714,823	1,048,269	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 31 March 2023, loans with a fair value of TL 21,980 (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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Assets	34,363,646	761,462	27,785,811	1,557,763
Assets subject to Repurchase Agreements	-	11,562,541	-	8,165,263
Total	34,363,646	12,324,003	27,785,811	9,723,026

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

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	40,167,151	42,439,429
Quoted at Stock Exchange	40,167,151	42,439,429
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	14,264	13,840
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	9,773	9,349
Value Increase/Impairment Losses (-)	37,968,713	34,845,940
Total	78,150,128	77,299,209

Expected losses of TL 262,542 (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	862,993	50,028	357,376	84,705
Swap Transactions	2,749,205	3,948,976	3,069,493	4,176,790
Futures	-	-	-	-
Options	2,570,674	273,555	751,728	510,661
Others	-	-	-	-
Total	6,182,872	4,272,559	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	-	221,695	-	311,360
Cash Flow Hedges	256,453	848,755	179,457	953,649
Net Foreign Investment Hedges	-	-	-	-
Total	256,453	1,070,450	179,457	1,265,009

As of 31 March 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	40,815,843	1,168,696	4,011	47,958,820	1,282,034	-
-TL	3,124,000	98,246	4,011	120,000	17,025	-
-FC	37,691,843	1,070,450	-	47,838,820	1,265,009	-
Currency Swaps	9,486,727	12,274	-	11,068,932	11,708	21,111
-TL	4,742,659	12,274	-	5,550,445	11,708	21,111
-FC	4,744,068	-	-	5,518,487	-	-
Cross Currency Swaps	186,561	145,933	-	179,448	138,635	-
-TL	22,571	145,933	-	22,571	138,635	-
-FC	163,990	-	-	156,877	-	-
Currency Forwards	-	-	-	55,328	12,089	-
-TL	-	-	-	21,862	12,089	-
-FC	-	-	-	33,466	-	-
Total	50,489,131	1,326,903	4,011	59,262,528	1,444,466	21,111

5.1.4.3 Fair value hedge accounting

<i>Current Period</i>		Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
Hedging Item	Hedged Item			Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(226,620)	221,695	-	4,783

<i>Prior Period</i>		Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
Hedging Item	Hedged Item			Asset	Liability	
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

5.1.4.4 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		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
			Asset	Liability			
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	947,001	(4,011)	132,401	134,614	17,753
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	145,933	-	1,191	1,396	-
Currency Swaps	Expected investment /Operational expenses	Cash flow risk resulted from foreign currency exchange rates	12,274	-	20,059	-	-
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	-	-	20,840	-	-

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 (418,503) and the amount recognized in Equity is TL (375,806).

Prior Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		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
			Asset	Liability			
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).

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	-	2,876,364	-	2,067,095
Corporates	-	2,876,364	-	2,067,095
Individuals	-	-	-	-
Indirect Lendings to Shareholders	57,290	-	49,533	9,937
Loans to Employees	845,538	86	725,207	77
Total	902,828	2,876,450	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	605,753,905	66,364,780	26,533,909	21,211,345
Working Capital Loans	54,935,672	7,445,739	1,249,179	10,546,721
Export Loans	68,502,502	2,696,753	75,655	87,501
Import Loans	-	-	-	-
Loans to Financial Sector	22,900,658	97,282	-	-
Consumer Loans	125,681,635	15,011,622	1,231,559	2,213
Credit Cards	122,013,924	20,428,054	609,760	-
Others	211,719,514	20,685,330	23,367,756	10,574,910
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	605,753,905	66,364,780	26,533,909	21,211,345

(*) 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.

<i>Current Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	252,574,475	134,403,317	218,223,974	552,139	470,798,449	134,955,456
Loans under Follow-up (Stage 2)	25,961,023	56,266,467	31,860,421	22,123	57,821,444	56,288,590
Total Stage 1 and 2 Loans	278,535,498	190,669,784	250,084,395	574,262	528,619,893	191,244,046
Expected Credit losses-Stage 1-2 (-)	4,976,083	17,207,964	2,804,676	242	7,780,759	17,208,206
Total Non-performing Loans (Stage 3)	11,330,041	1,636,633	4,878,735	10,242	16,208,776	1,646,875
Expected Credit losses-Stage 3 (-)	8,403,735	1,191,356	2,976,913	6,825	11,380,648	1,198,181

<i>Prior Period</i>	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

	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	3,551,132	-	3,681,287	-
Significant Increase in Credit Risk (Stage 2)	-	21,437,833	-	20,163,273

As of 31 March 2023, loans amounting to TL 6,454,064 are benefited as collateral under funding transactions (31 December 2022: TL 6,480,885).

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	2,996,657	78,743	-
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	27,615,715	3,050,681	-	30,666,396
Loans Collateralized by Pledged Assets	11,518,032	595,824	-	12,113,856
Loans Collateralized by Cheques and Notes	215,369	5,992	-	221,361
Loans Collateralized by Other Collaterals	30,581,567	9,930,767	-	40,512,334
Unsecured Loans	3,899,486	2,583,387	21,037,814	27,520,687
Total	76,826,826	16,245,394	21,037,814	114,110,034

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	1,534,852	72,199	-
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

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	201,507	1,044,476	524,899	1,770,882
61-90 days	77,771	329,383	179,510	586,664
Others	76,547,548	14,871,535	20,333,405	111,752,488
Total	76,826,826	16,245,394	21,037,814	114,110,034

<i>Prior Period</i>	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”.

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	27,100,883	97,736,890	124,837,773
Housing Loans	34,733	26,444,967	26,479,700
Automobile Loans	1,601,705	6,586,134	8,187,839
General Purpose Loans	25,464,445	64,705,789	90,170,234
Other	-	-	-
Consumer Loans – FC-indexed	-	124,005	124,005
Housing Loans	-	124,005	124,005
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	72	76,612	76,684
Housing Loans	-	52,371	52,371
Automobile Loans	-	16,995	16,995
General Purpose Loans	72	7,246	7,318
Other	-	-	-
Retail Credit Cards – TL	107,361,229	390,392	107,751,621
With Installment	57,463,450	390,392	57,853,842
Without Installment	49,897,779	-	49,897,779
Retail Credit Cards – FC	490,341	-	490,341
With Installment	-	-	-
Without Installment	490,341	-	490,341
Personnel Loans – TL	155,659	200,012	355,671
Housing Loan	-	182	182
Automobile Loans	-	386	386
General Purpose Loans	155,659	199,444	355,103
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	187	-	187
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	187	-	187
Other	-	-	-
Personnel Credit Cards – TL	480,916	1,700	482,616
With Installment	225,710	1,700	227,410
Without Installment	255,206	-	255,206
Personnel Credit Cards – FC	7,050	-	7,050
With Installment	-	-	-
Without Installment	7,050	-	7,050
Deposit Accounts– TL (Real persons)	16,532,694	-	16,532,694
Deposit Accounts– TL (Personnel)	15	-	15
Deposit Accounts– FC (Real persons)	-	-	-
Total	152,129,046	98,529,611	250,658,657

<i>Prior Period</i>	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

5.1.5.5 *Installment based commercial loans and corporate credit cards*

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	13,807,188	21,815,657	35,622,845
Real Estate Loans	48,704	884,423	933,127
Automobile Loans	3,535,606	13,185,003	16,720,609
General Purpose Loans	10,222,878	7,746,231	17,969,109
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	-	48,782	48,782
Real Estate Loans	-	33,357	33,357
Automobile Loans	-	-	-
General Purpose Loans	-	15,425	15,425
Other	-	-	-
Installment-based Commercial Loans – FC	3,170	1,271,912	1,275,082
Real Estate Loans	-	-	-
Automobile Loans	3,170	1,224,561	1,227,731
General Purpose Loans	-	47,351	47,351
Other	-	-	-
Corporate Credit Cards – TL	33,367,267	820,886	34,188,153
With Installment	17,340,056	820,886	18,160,942
Without Installment	16,027,211	-	16,027,211
Corporate Credit Cards – FC	131,957	-	131,957
With Installment	-	-	-
Without Installment	131,957	-	131,957
Deposit Accounts– TL (Corporates)	3,303,602	-	3,303,602
Deposit Accounts– FC (Corporates)	-	-	-
Total	50,613,184	23,957,237	74,570,421

<i>Prior Period</i>	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

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 (*)

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	713,957,074	646,440,928
Foreign Loans	5,906,865	5,347,346
Total	719,863,939	651,788,274

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	16,429,636	10,247,589
Indirect Lending	-	-
Total	16,429,636	10,247,589

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans - Limited Collectibility	1,015,545	694,649
Doubtful Loans	1,333,734	1,176,335
Uncollectible Loans	10,229,550	10,851,268
Total	12,578,829	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
<i>Current Period</i>			
(Gross Amounts before Provisions)	598,932	398,835	5,722,023
Restructured Loans and Receivables	598,932	398,835	5,722,023
<i>Prior Period</i>			
(Gross Amounts before Provisions)	236,523	415,242	7,164,867
Restructured Loans and Receivables	236,523	415,242	7,164,867

Movements in non-performing loans groups

<i>Current Period</i>	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
Balances at End of Prior Period	1,459,088	1,835,487	14,317,937
Additions (+)	1,931,558	8,663	99,112
Transfer from Other NPL Categories (+)	-	1,351,715	782,598
Transfer to Other NPL Categories (-)	1,351,715	782,598	-
Collections during the Period (-)	194,920	161,329	757,866
Write down / Write-offs (-) ^(*) ^(**)	-	-	725,593
Debt Sale (-) ^(***)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other ^(****)	-	-	-
Foreign Currency Differences	9,441	3,333	30,740
Balances at End of Period	1,853,452	2,255,271	13,746,928
Provisions (-)	1,015,545	1,333,734	10,229,550
Net Balance on Balance Sheet	837,907	921,537	3,517,378

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	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 11,586,629 as of 31 March 2023 (31 December 2022: TL 10,837,948). As of 31 March 2023, the Bank's NPL ratio is measured as 3.93% (31 December 2022: 4.18%) instead of 2.42% (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 reclassified to non-defaulted status (31 December 2022: TL 254,928).

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	470,116	241,394	8,586,172
Provisions (-)	314,998	121,530	6,347,754
Net Balance at Balance Sheet	155,118	119,864	2,238,418
<i>Prior Period</i>			
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)	837,907	921,537	3,517,378
Loans to Individuals and Corporates (Gross)	1,853,452	2,255,271	13,746,928
Provision (-)	1,015,545	1,333,734	10,229,550
Loans to Individuals and Corporates (Net)	837,907	921,537	3,517,378
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)	-	-	-

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

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	56,205	68,495	219,882
Interest accruals and valuation differences	118,526	175,352	748,588
Provision (-)	62,321	106,857	528,706
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	7,555	268	-	7,823
Loans Collateralized by Mortgages	7,753,447	138,568	-	7,892,015
Loans Collateralized by Pledged Assets	927,738	21,215	-	948,953
Loans Collateralized by Cheques and Notes	105,891	1,263	-	107,154
Loans Collateralized by Other Collaterals	2,683,593	3,074,041	-	5,757,634
Unsecured Loans	1,223,929	451,707	1,466,436	3,142,072
Total	12,702,153	3,687,062	1,466,436	17,855,651

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 (+)	1,653,354	4,549,745	605,406	6,808,505
Disposals (-)	(2,739,808)	(2,282,466)	(686,940)	(5,709,214)
Debt Sales (-)	-	-	-	-
Write-offs (-)	-	-	(725,593)	(725,593)
Transfer to Stage 1	1,387,927	(1,385,327)	(2,600)	-
Transfer to Stage 2	(446,977)	448,506	(1,529)	-
Transfer to Stage 3	(5,330)	(627,665)	632,995	-
Foreign Currency Differences	20,679	571,767	34,838	627,284
Balances at End of Period	3,551,132	21,437,833	12,578,829	37,567,794

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	84,981,869	13,701,990	52,040,944	20,978,687
Investments subject to Repurchase Agreements	53,718	30,526,859	42,589	16,293,681
Total	85,035,587	44,228,849	52,083,533	37,272,368

5.1.7.2 Government securities measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	133,576,827	97,364,114
Treasury Bills	163,148	174,069
Other Government Securities	7,534,861	7,726,350
Total	141,274,836	105,264,533

5.1.7.3 Financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	124,529,997	88,789,451
Quoted at Stock Exchange	121,371,113	85,701,873
Unquoted at Stock Exchange	3,158,884	3,087,578
Valuation Increase/(Decrease)	21,334,777	19,438,404
Total	145,864,774	108,227,855

5.1.7.4 Movement of financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	108,227,855	42,025,324
Foreign Currency Differences On Monetary Assets	1,322,834	13,047,049
Purchases during the Period	36,010,510	47,010,076
Disposals through Sales/Redemptions	(1,592,798)	(5,539,962)
Valuation Effect	1,896,373	11,685,368
Balances at End of Period	145,864,774	108,227,855

5.1.7.5 Expected credit loss for financial assets measured at amortised cost

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	472,532	-	-	472,532
Additions during the Period (+)	164,800	-	-	164,800
Disposal (-)	(17,679)	-	-	(17,679)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	5,732	-	-	5,732
Balances at End of Period	625,385	-	-	625,385

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
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

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

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	769,757	542,860
Accumulated Depreciation (-)	(2,175)	(10,213)
Net Book Value	767,582	532,647
End of Current Period		
Additions	80,063	545,367
Disposals (Cost)	(32,947)	(325,341)
Disposals (Accumulated Depreciation)	-	8,038
Impairment Losses	-	6,871
Depreciation Expense for Current Period (-)	-	-
Cost	816,873	769,757
Accumulated Depreciation (-)	(2,175)	(2,175)
Net Book Value	814,698	767,582

5.1.8.2 Investments in subsidiaries and associates to be disposed

	<i>Current Period</i>	<i>Prior Period(*)</i>
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.

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 (1)	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.	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	2.18	2.18

	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	805,905	685,073	130,598	82,758	-	314,832	137,294	-
2	3,706,023	346,228	11,486	31,962	3,472	115,122	66,201	-
3	85,804,572	4,516,938	157,872	1,493,313	193,627	1,732,121	890,757	-
4	48,592,331	6,073,643	630,443	348,746	-	1,754,959	1,754,959	-
5	875,483	117,467	414,875	42,415	1,333	(1,800)	75,307	-
6	3,575,062,693	84,895,025	1,148,976	135,246,966	31,372,141	72,029,068	57,483,159	-
7	1,876,776	1,291,670	27,058	156,954	-	311,631	199,221	-
8	181,747	142,869	10,448	15,346	-	100,751	58,825	-
9	75,238	70,952	2,900	3,763	9,149	18,745	1,958	-
10	4,558,837	4,533,383	9,694	427,529	-	1,151,536	25,822	-

(1) Financial information is as of 31 December 2022.

(2) Financial information is as of 31 December 2021.

(*) 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	1,598	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)	(13,378)	(18,462)
Balance at End of Period	112,537	110,939
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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	86,980	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	112,537	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.

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	2,847,114	9,116,604	357,848	517,159	13,750
Share Premium	-	269,495	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,309,244	764,754	952,933	526,544	1,006,982
Other Comprehensive Income according to TAS	8,836,906	444,119	-	15,530	-
Current and Prior Periods' Profits	1,199,440	989,233	3,094,858	721,111	1,842,155
Minority interest	-	-	-	-	50,656
Common Equity Tier I Capital Before Deductions	14,192,704	11,584,205	4,405,639	1,780,344	2,913,543
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	130,870	2,627,399	36,591	15,871	6,436
Leasehold Improvements on Operational Leases (-)	-	134	-	88	1,425
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	129,983	1,164,979	-	49,163	10,809
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	260,853	3,792,512	36,591	65,122	18,670
Total Common Equity Tier I Capital	13,931,851	7,791,693	4,369,048	1,715,222	2,894,873
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	13,931,851	7,791,693	4,369,048	1,715,222	2,894,873
TIER II CAPITAL	-	415,526	-	-	-
TOTAL CAPITAL	13,931,851	8,207,219	4,369,048	1,715,222	2,894,873

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

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

Financial data presented in the table below is as of 31 March 2023.

	Total Assets	Shareholder s' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	229,982	147,418	359	3,859	-	26,231	7,208	-
2	7,987	1,690	659	-	-	25	82	-
3	7,670	4,904	-	145	-	1,603	(407)	-
4	19,034,095	4,447,549	35,466	601,214	-	690,703	704,174	-
5	11,323,564	860,011	21,269	575,738	-	167,937	66,821	-
6	9,297,659	2,861,822	73,921	357,570	-	631,275	219,974	-
7	456,923	379,499	3,857	18,494	-	60,056	30,606	-
8	5,800,608	1,764,472	63,620	151,900	79,897	371,329	194,670	-
9	109,713,277	14,077,995	712,713	1,084,206	14,612	486,866	124,736	-
10	8,174,502	8,173,189	-	-	-	(439)	(337)	-
11	104,611	98,073	65,629	2,180	-	18,297	-	-

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

5.1.10.3 Movement of investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	28,984,541	19,922,934
Movements during the Period	3,050,013	9,061,607
Acquisitions (*)	-	105,001
Bonus Shares Received	-	-
Earnings from Current Year Profit	2,639,403	5,317,917
Sales/Liquidations	-	(102,514)
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	(543,448)	(1,343,006)
Currency Differences on Foreign Subsidiaries	954,058	4,995,295
Impairment Reversals/(Losses)	-	88,914
Balance at End of Period	32,034,554	28,984,541
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.10.4 Sectoral distribution of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Banks	14,044,220	12,949,862
Insurance Companies	1,500,051	1,736,718
Factoring Companies	703,821	566,300
Leasing Companies	4,436,533	3,769,188
Finance Companies	-	-
Other Subsidiaries	11,349,929	9,962,473

5.1.10.5 Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchange	703,821	566,300
Quoted at Foreign Stock Exchange	-	-

5.1.10.6 Valuation methods of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	32,034,554	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”.

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

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	1,815,310	814,148
Additions	-	7,471
Disposals	-	(119,212)
Transfers	-	(44,567)
Fair Value Change	563,070	1,157,470
Net Book Value at End of Period	2,378,380	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 31 March 2023, the Bank has a deferred tax asset of TL 11,851,597 (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 31 March 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 14,311,922 (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 2,460,324 (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.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	4,415,363	1,102,797	4,290,078	1,071,475
Stages 1&2 Credit Losses	30,822,053	7,447,640	29,036,636	7,029,514
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	(1,546,675)	(193,556)	(2,097,142)	(373,790)
Revaluation Differences on Real Estates	5,466,177	2,165,932	(7,447,048)	(1,154,607)
Differences Between Book Value and Tax Value of Fixed Assets (***)	3,941,292	985,323	(213,119)	(53,280)
Other	1,319,618	343,462	955,102	250,302
Deferred Tax Asset	44,417,828	11,851,598	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.

5.1.16 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Derivative Financial Assets (Derivative Guarantees)	311,610	2,752,645	351,203	2,620,719
Receivables From Clearing Transactions	13,416,979	85,842	14,572,861	164,132
Prepaid Expenses(*)	18,734,649	945	18,745,832	918
Cash Guarantees Given	18,549	1,468,429	16,001	1,974,702
Receivables From Forward Sale of Assets	25,137	-	65,137	-
Other	3,473,532	858,068	2,912,976	725,211
Total	35,980,456	5,165,929	36,664,010	5,485,682

(*)The related item mainly includes salary promotion payments.

5.2 Liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	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	69,740,602	-	9,112,616	226,215,502	25,590,328	4,114,865	30,288,984	788	365,063,685
Foreign Currency Deposits	225,626,078	-	16,069,071	42,593,999	3,580,877	861,656	2,469,091	42,908	291,243,680
Residents in Turkey	214,087,830	-	15,833,503	39,693,282	3,321,185	635,988	1,296,800	42,874	274,911,462
Residents in Abroad	11,538,248	-	235,568	2,900,717	259,692	225,668	1,172,291	34	16,332,218
Public Sector Deposits	6,380,605	-	14,175	38,661	768	10	-	-	6,434,219
Commercial Deposits	48,205,014	-	39,914,873	80,453,282	5,281,995	2,851,446	3,904,453	-	180,611,063
Other	1,145,222	-	627,889	6,542,557	2,133,995	774,812	403,397	-	11,627,872
Precious Metal Deposits	50,105,865	-	-	662,993	266,181	42,192	657,821	-	51,735,052
Bank Deposits(*)	1,474,881	-	539,213	503,247	-	-	2,877	-	2,520,218
Central Bank of Turkey	3,819	-	-	-	-	-	-	-	3,819
Domestic Banks	10,152	-	203,752	503,247	-	-	-	-	717,151
Foreign Banks	925,321	-	335,461	-	-	-	2,877	-	1,263,659
Special Financial Institutions	535,589	-	-	-	-	-	-	-	535,589
Other	-	-	-	-	-	-	-	-	-
Total(**)	402,678,267	-	66,277,837	357,010,241	36,854,144	8,644,981	37,726,623	43,696	909,235,789

<i>Prior Period</i>	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 31 March 2023, the Bank has a total of TL 220,431,710 (31 December 2021: TL 168,381,687) foreign exchange-protected deposit instrument of which TL 188,573,638 (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 31,858,073 (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 1,733,646 (31 December 2022: TL : 1,867,023) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are presented in other assets under assets and included in deposits under liabilities.

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)	126,504,356	86,360,259	236,401,492	182,675,274
Foreign Currency Saving Deposits	74,706,490	49,892,618	103,142,863	144,600,086
Other Saving Deposits	28,863,856	18,354,267	20,980,541	24,026,437
Foreign Branches' Deposits Under Foreign Insurance Coverage	16,452,725	1,472,283	1,825,549	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)	25,144,385	18,559,928	158,974,520	129,012,201
Foreign Currency Commercial Deposits	7,265,656	4,033,840	99,440,137	115,156,771
Other Commercial Deposits	147,671	76,244	1,640,270	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	37,636	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	124,043	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	7,039,303	6,912,508
Deposits and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control	5,081,011	3,190,476
Official Institutions Deposits and Other Accounts	6,436,149	3,271,941
Credit and Financial Institutions Deposits	5,448,080	1,872,076

5.2.2 Funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	882,326	561,103	1,007,811	729,846
Foreign Banks, Institutions and Funds	-	32,898,929	-	33,268,398
Total	882,326	33,460,032	1,007,811	33,998,244

5.2.2.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	860,848	581,061	967,641	701,251
Medium and Long-Term	21,478	32,878,971	40,170	33,296,993
Total	882,326	33,460,032	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”.

5.2.3 Money market funds

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	67,092	29,716,895	48,653	14,873,679
Financial Institutions and Organizations	-	29,135,393	-	10,278,030
Other Institutions and Organizations	23,391	581,502	19,337	3,121,198
Individuals	43,701	-	29,316	1,474,451
Foreign Transactions	35	-	357	1,398,150
Financial Institutions and Organizations	-	-	-	1,398,150
Other Institutions and Organizations	-	-	235	-
Individuals	35	-	122	-
Total	67,127	29,716,895	49,010	16,271,829

5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	-	990,320	470,905	3,323,865
Cost	-	990,320	470,905	3,311,949
Carrying Value (*)	-	151,673	477,769	3,384,813

(*) 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.

<i>Prior Period</i>	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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Funds Borrowed	-	30,644,198	-	31,788,046
Total	-	30,644,198	-	31,788,046

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,730,312,500 (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 31 March 2023, the accumulated fair value change of the related financial liabilities amounted to TL 2,956,565 (31 December 2022: TL 1,919,509) and the corresponding gains/losses recognised in the statement of profit/loss mounted to TL 1,037,056 (31 December 2022: TL (1,849,545)). The carrying value of the related financial liability amounted to TL 30,644,198 (31 December 2022: TL 31,788,046).

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	34,740	18,041	451,919	13,520
Swap Transactions	3,483,077	5,892,042	4,184,107	5,321,404
Futures	-	-	-	-
Options	981,938	1,860,770	340,322	557,974
Others	-	-	-	-
Total	4,499,755	7,770,853	4,976,348	5,892,898

5.2.6.2 Derivative financial liabilities held for hedging purpose

Derivative Financial Liabilities held for Hedging Purpose	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	4,011	-	21,111	-
Net Foreign Investment Hedges	-	-	-	-
Total	4,011	-	21,111	-

5.2.7 Lease liabilities (Net)

5.2.7.1 Operational lease liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	550,863	386,054	462,931	319,006
1-4 Years	1,113,817	780,582	924,959	637,389
More than 4 Years	386,441	270,824	341,978	235,657
Total	2,051,121	1,437,460	1,729,868	1,192,052

As of 31 March 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 20.2%, 1.2% and 3.8% (31 December 2022: 20.4%, 1.9% and 3.8%) respectively.

5.2.8 Provisions

5.2.8.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	1,944,077	912,449
Provision for the Period	121,149	287,995
Actuarial Gain/Loss	-	857,877
Payments During the Period	(96,362)	(114,244)
Balances at End of Period	1,968,864	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).

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

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	3,381,962	3,350,382
Provision for Promotion Expenses of Credit Cards	581,592	499,389
Provision for Lawsuits	387,573	532,172
Provision for Non-Cash Loans	6,053,962	5,725,041
Other Provisions (*)	8,278,917	8,410,551
Total	18,684,006	18,517,535

(*)Includes total general reserve of total TL 8,000,000 previous years.

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 10 January 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 12,154,168 at 31 December 2022 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2022 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 10 January 2023 dated 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 5,864,689 remains as of 31 December 2022 as details are given in the table below.

	<i>31 December 2022</i>	<i>31 December 2021</i>
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(5,662,430)	(3,605,978)
Net present value of medical benefits and health premiums transferable to SSF	2,107,010	849,322
General administrative expenses	(173,942)	(97,979)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(3,729,362)	(2,854,635)
Fair Value of Plan Assets (2)	15,883,530	9,393,052
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	12,154,168	6,538,417
Non-Transferable Benefits:		
Other pension benefits	(3,428,501)	(1,680,862)
Other medical benefits	(2,860,977)	(1,496,672)
Total Non-Transferable Benefits (4)	(6,289,478)	(3,177,534)
Asset Surplus over Total Benefits ((3)-(4)=(5))	5,864,690	3,360,883

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

	<i>31 December 2022</i>	<i>31 December 2021</i>
Balance at Beginning of Period	-	-
Actual contributions paid during the period	(445,647)	(160,523)
Total expense recognized in the statement of profit or loss	116,594	92,569
Amount recognized in the shareholders' equity	329,053	67,954
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:

	<i>31 December 2022</i>	<i>31 December 2021</i>
	%	%
Discount Rate (*)	17.79	19.10
Inflation Rate (*)	14.36	15.10
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	18.56	19.30
Future Pension Increase Rate (*)	14.36	15.10

(*) 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%	(6.30)	(8.70)	(7.40)
Discount rate -0.5%	7.00	10.00	8.40
Medical inflation rate +0.5%	-	10.00	4.60
Medical inflation rate -0.5%	-	(8.70)	(3.90)

Retirement Indemnities	Sensitivity of Past Service Liability	Sensitivity of Normal Cost
Assumption change	%	%
Discount rate +0.5%	(5.40)	(7.10)
Discount rate -0.5%	5.90	7.90
Inflation rate +0.5%	5.60	(3.70)
Inflation rate -0.5%	(5.20)	3.80

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 March 2023, the corporate tax liability amounts to TL 9,987,963 (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 31 March 2023, TL 3,747,539 of total current period tax expense amounting to TL 3,612,029 (31 December 2022: TL 19,519,845) has been classified in the statement of profit or loss and TL 135,510 (31 December 2022: TL 3,011,863) has been classified in equity.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	9,987,963	6,379,903
Taxation on Securities Income	232,501	136,594
Taxation on Real Estates Income	9,282	7,199
Banking Insurance Transaction Tax	607,259	581,598
Foreign Exchange Transaction Tax	72,344	52,022
Value Added Tax Payable	56,889	113,753
Others	304,673	198,905
Total	11,270,911	7,469,974

5.2.9.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	404	294
Social Security Premiums-Employer	496	361
Bank Pension Fund Premium-Employees	861	732
Bank Pension Fund Premium-Employer	1,300	1,160
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	6,423	4,558
Unemployment Insurance-Employer	12,980	9,217
Others	130	94
Total	22,594	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".

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	37,517,320	329,843	37,106,273	293,532
Payables from clearing transactions	13,121,659	52,434	10,954,242	146,936
Other	4,123,988	11,545,451	3,075,153	8,103,400
Total	54,762,967	11,927,728	51,135,668	8,543,868

5.2.13 Shareholders’ equity

5.2.13.1 *Paid-in capital*

	<i>Current Period</i>	<i>Prior Period</i>
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.

5.2.13.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	16,802,586	(315,533)	15,874,171	(349,576)
Valuation difference	16,802,586	(315,533)	15,874,171	(349,576)
Exchange rate difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	11,227,717	(544,743)	10,645,405	(604,637)
Valuation difference	10,876,547	(544,743)	10,316,503	(604,637)
Exchange rate difference	351,170	-	328,902	-
Total	28,030,303	(860,276)	26,519,576	(954,213)

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	644,262	107,282	462,826	38,465
Real Estates	9,087,491	168,181	4,949,980	160,887
Defined Benefit Plans' Actuarial Gains/Losses	(1,277,761)	-	(1,277,762)	-
Other	(40,068)	-	(45,151)	-
Total	8,413,924	275,463	4,089,893	199,352

5.2.13.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
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.	145	145
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Dati Yatırım Holding A.Ş.	7	7
Total	10,013	10,013

5.2.13.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	961,534	961,534
II. Legal Reserve	654,953	654,953
Special Reserves	-	-
Total	1,616,487	1,616,487

5.2.13.12 Extraordinary and other profit reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	61,579,057	61,573,278

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 37,449,756 (31 December 2022: TL 16,548,883), commitments for cheque payments of TL 9,022,264 (31 December 2022: TL 5,515,488) and commitments for credit card limits of TL 225,965,743 (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	84,160,652	79,612,373
Letters of Guarantee in TL	129,713,888	103,006,476
Letters of Credit	34,052,297	30,014,439
Bills of Exchange and Acceptances	3,956,838	3,918,563
Endorsements	10,739,378	5,653,771
Other Guarantees	117,833	164,083
Total	262,740,886	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 (+)	596,293	1,343,412	32,240	1,971,945
Disposals (-)	(920,030)	(757,956)	(64,567)	(1,742,553)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	455,454	(455,393)	(61)	-
Transfer to Stage 2	(71,877)	160,941	(89,064)	-
Transfer to Stage 3	(54)	(1,645)	1,699	-
Foreign Currency Differences	5,283	49,908	44,338	99,529
Provisions at End of Period	1,108,194	3,249,836	1,695,932	6,053,962

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 2,493,656 (31 December 2022: TL 2,506,154) is made for unliquidated non-cash loans of TL 1,695,931 (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”.

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	49,833,992	39,122,899
With Original Maturity of 1 Year or Less	7,038,161	6,399,588
With Original Maturity of More Than 1 Year	42,795,831	32,723,311
Other Non-Cash Loans	212,906,894	183,246,806
Total	262,740,886	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”.

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	11,353,577	968,790	5,767,473	331,509
Medium and long-term loans	8,878,521	2,764,831	6,615,162	1,762,056
Loans under follow-up	277,448	23,681	169,531	25,795
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	20,509,546	3,757,302	12,552,166	2,119,360

(*) 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	-	12,261	-	-
Domestic Banks	6,546	-	1,324	112
Foreign Banks	1,760	221,250	1,202	11,044
Foreign Head Offices and Branches	-	-	-	-
Total	8,306	233,511	2,526	11,156

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	49,121	20,980	30,217	7,670
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,339,171	216,147	2,522,211	158,604
Financial Assets Measured at Amortised Cost	3,822,752	692,663	1,787,207	281,163
Total	7,211,044	929,790	4,339,635	447,437

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 31 March 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 31 March 2023 will increase or decrease by approximately TL 134 million (full amount).

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	507,880	99,271

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	40,587	369,025	43,249	192,978
Central Bank of Turkey	-	-	-	-
Domestic Banks	40,587	13,160	43,249	14,936
Foreign Banks	-	355,865	-	178,042
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	715,683	-	244,807
Total	40,587	1,084,708	43,249	437,785

(*) 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	246,635	133,852

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	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira									
	Bank Deposits	473	34,727	-	-	-	-	-	35,200
	Saving Deposits	-	175,690	8,016,149	558,778	70,575	717,636	-	9,538,828
	Public Sector Deposits	-	379	1,932	28	-	-	-	2,339
	Commercial Deposits	-	1,414,956	2,578,499	176,958	174,499	165,695	-	4,510,607
	Other	-	20,386	242,906	93,046	31,400	22,002	-	409,740
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Total TL	473	1,646,138	10,839,486	828,810	276,474	905,333	-	14,496,714
Foreign Currency									
	Foreign Currency Deposits	-	2,777	70,844	19,583	12,592	11,479	41	117,316
	Bank Deposits	-	2,426	-	-	-	-	-	2,426
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	1,426	62	36	2,453	-	3,977
	Total FC	-	5,203	72,270	19,645	12,628	13,932	41	123,719
	Grand Total	473	1,651,341	10,911,756	848,455	289,102	919,265	41	14,620,433

<i>Prior Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	404	9,999	-	-	-	-	-	10,403
Saving Deposits	-	178,482	2,718,426	306,232	72,411	145,272	-	3,420,823
Public Sector Deposits	-	783	1,897	28	105	-	-	2,813
Commercial Deposits	-	895,577	511,139	387,011	425,634	107,886	-	2,327,247
Other	-	51,692	91,870	10,484	88,230	123,555	-	365,831
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	404	1,136,533	3,323,332	703,755	586,380	376,713	-	6,127,117
Foreign Currency								
Foreign Currency Deposits	2	3,566	30,914	589	4,676	14,056	54	53,857
Bank Deposits	-	4	-	-	-	-	-	4
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	1	84	-	85
Total FC	2	3,570	30,914	589	4,677	14,140	54	53,946
Grand Total	406	1,140,103	3,354,246	704,344	591,057	390,853	54	6,181,063

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”.

5.4.4 Trading income/losses

	<i>Current Period</i>	<i>Prior Period</i>
Income	46,650,863	98,981,996
Trading Account Income	1,660,827	1,029,460
Gains from Derivative Financial Instruments	7,974,107	20,288,480
Foreign Exchange Gains	37,015,929	77,664,056
Losses (-)	42,484,073	96,915,514
Trading Account Losses	106,899	202,673
Losses from Derivative Financial Instruments	8,994,410	33,797,361
Foreign Exchange Losses	33,382,764	62,915,480
Total	4,166,790	2,066,482

TL 1,574,830 (31 March 2022: TL 14,352,597) of foreign exchange gains and TL 1,959,288 (31 March 2022: TL 4,527,762) 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.

	<i>Current Period</i>	<i>Prior Period</i>
Reversal of Prior Years’ Provisions	7,631,264	3,371,717
Stage 1 Provisions	3,852,368	1,721,435
Stage 2 Provisions	2,609,555	965,974
Stage 3 Provisions	789,433	653,517
Others	379,908	30,791
Revenues from Sale of Assets	8,809	94,234
Others	890,297	342,087
Total	8,530,370	3,808,038

5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Expected Credit Losses	9,714,404	6,681,218
12-Month ECL (Stage 1)	3,110,020	2,795,132
Lifetime ECL Significant Increase in Credit Risk (Stage 2)	5,565,821	2,363,610
Lifetime ECL Impaired Credits (Stage 3)	1,038,563	1,522,476
Other Provisions	18,910	1,107,456
Impairment Losses on Securities	-	-
<i>Financial Assets Measured at Fair Value through Profit/Loss</i>	-	-
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	373
<i>Associates</i>	-	373
<i>Subsidiaries</i>	-	-
<i>Joint-ventures</i>	-	-
Others (*)	18,910	1,107,083
Total	9,733,314	7,788,674

(*)Includes general reserve for possible risks. There is no general reserve in the current year (Prior period: TL 500,000).

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	121,149	60,283
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	935
Depreciation Expenses of Tangible Assets	199,531	107,807
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	62,533	40,763
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	110,936	70,637
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	5,126,351	1,851,554
<i>Operational Lease related Expenses (*)</i>	73,816	51,322
<i>Repair and Maintenance Expenses</i>	42,436	21,339
<i>Advertisement Expenses</i>	110,022	41,922
<i>Other Expenses (**)</i>	4,900,077	1,736,971
Loss on Sale of Assets	34	1,829
Others (***)	1,201,277	584,374
Total	6,821,811	2,718,182

(*) 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 (31 March 2022: TL 233,340) 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 31 March 2023, the Bank recorded a tax expense of TL 3,612,029 (31 March 2022: tax income of TL 7,417,547) and a deferred tax income of TL 1,735,731 (31 March 2022: deferred tax income of TL 4,630,996).

Deferred tax benefit/charge on timing differences:

Deferred tax benefit/(charge) on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in tax deductible timing differences (+)	(1,636,617)	(2,951,302)
Decrease in tax deductible timing differences (-)	636,521	186,561
Increase in taxable timing differences (-)	178,659	151,922
Decrease in taxable timing differences (+)	(914,294)	(2,018,177)
Total	(1,735,731)	(4,630,996)

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	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(1,000,096)	(2,764,741)
(Increase)/Decrease in Taxable Timing Differences (net)	(735,635)	(1,866,255)
(Increase)/Decrease in Tax Losses (net)	-	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(1,735,731)	(4,630,996)

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”.

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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	24,526,131	3,843,369	387,611	2,467,095	14,198	16,647
Balance at end of period	31,481,521	4,048,163	492,342	2,876,364	15,216	9,668
Interest and Commission Income	658,242	6,152	4,277	-	951	-

Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	14,327,512	3,366,181	774,676	1,563,727	10,060	193,011
Balance at end of period	24,526,131	3,843,369	387,611	2,467,095	14,198	16,647
Interest and Commission Income	114,666	8,739	162	-	382	-

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
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	4,961,030	3,073,602	71,462	33,165	7,676,484	6,304,682
Interest Expense	164,458	80,178	36	18	316,895	291,486

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss):						
Balance at beginning of period	4,178,614	3,888,943	46,634,311	35,864,072	-	-
Balance at end of period	16,396,398	4,178,614	35,888,320	46,634,311	-	-
Total Profit/(Loss)	46,037	(16,357)	(49,065)	365,156	8,511	-
Transactions for Hedging:						
Balance at beginning of period	-	-	-	220,100	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	(288)	(3,373)	-	-

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 16,448,878 (31 December 2022: TL 10,254,824) compose 2.23% (31 December 2022: 1.53%) of the Bank's total cash loans and 1.26% (31 December 2022: 0.89%) of the Bank's total assets. The total loans and similar receivables amounting TL 31,989,079 (31 December 2022: TL 24,927,940) compose 2.45% (31 December 2022: 2.16%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 5,675,673 (31 December 2022: TL 6,327,111) compose 2.64 % (31 December 2022: 2.85%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 12,708,974 31 December 2022: TL 9,411,449) compose 1.40 % (31 December 2022: 1.19%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 37,056,080 (31 December 2022: TL 38,241,093) compose 107.90% (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 509,357 (31 December 2022: TL 393,091).

A total rent income of TL 12,109 (31 March 2022: TL 5,709) was recognized for the real estates rented to the related parties.

Operating expenses for TL 151,903 (31 March 2022: 38,759 TL) were incurred for the IT services rendered by the related parties. Banking services fees of TL 9,439 (31 March 2022: TL 7,350) were recognized from the related parties.

Insurance brokerage fee of TL 269,282 (31 March 2022: 132,682 TL), shares brokerage fee of TL 217,437 (31 March 2022: TL 71,872), and fixed-rate securities brokerage fee of TL 12,668 (31 March 2022: TL 2,402) were received from the subsidiaries.

Operating expenses of TL 20,218 (31 March 2022: TL 26,912) 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 52,097 as of 31 March 2023 (31 March 2022: TL 30,003).

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

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)

6. Other Disclosures on Activities of the Bank

6.1 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)

6.2 Dividends

Disclosed in Note 5.9.

6.3 Other disclosures

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 31 March 2023. Based on the unconsolidated financials, the Bank's **net income** in the first 3 months of the year recorded as TL 15 billion 735 million 075 thousand. **Asset size** reached to TL 1 trillion 307 billion 934 million 518 thousand and the Bank's contribution to the economy through cash and non-cash **loans** increased to TL 982 billion 604 million 825 thousand. Actively managing the funding base, customer deposits continued to be the main funding source with 69% share in the total funding base. Customer deposit base reached to TL 906 billion 715 million 980 thousand with 15% growth in the first 3 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 17.8%*. The Bank delivered an **ROAE** (Return on Average Equity) of 38.4%** and an **ROAA** (Return on Average Assets) of 5.1%**.

*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 “2023 started with the earthquake disaster in February, that deeply saddened us all. As Garanti BBVA, we tried to give support as quickly as possible through both our donations and various other means to meet the urgent needs in the earthquake zone, and we will continue to do so in the coming period.

Looking at the global arena, this year has been a challenging start for the banking sector. With the bankruptcy of 3 banks in the United States of America and 1 in Switzerland, the year paved the way to question of the steps taken to prevent inflation in developed and developing economies as well as the existing risk management styles of banks.

In such a challenging period and economic environment, the Turkish banking sector, thanks to its robust balance sheet structure, dynamic assets-liabilities management and prudent positioning, continues to prove its resilience and strength, similar to the tests it has already passed successfully in the past years.

In these times of uncertainty and rapid change, as Garanti BBVA, we have continued to further strengthen our balance sheet with the successful results we have generated. Accordingly, in the first quarter of 2023, our Bank's return on equity was recorded as 38%, with the most important item supporting this being the core banking revenues. Underlying our core banking revenue generation capacity, differentiating and distinguishing our Bank in the sector, are both our capital-focused growth strategy and our long-run investments in customer experience, technology, and proficient human resources.

In addition to our financial strength, as Garanti BBVA, in the light of our motto “We take care of the earth, we take care of our future”, we have also announced our interim decarbonisation targets in line with the Paris Agreement Capital Transition Assessment (PACTA) methodology. Joining Net-Zero Banking Alliance in 2021 as the first signatory from Turkey, we track our customers' progress in their decarbonisation processes and offer them financial support for their investments in new technologies and production methods along the way.

In the upcoming period, as always, we will continue to stand by our customers, support our citizens affected by the earthquake disaster in our country, and support economic recovery.”

Garanti BBVA CEO Recep Baştuğ says; “As a country, we have completed a quarter in which we experienced the most difficult period. We faced a great disaster. As an institution, our first priority is to support the local community and employees financially and morally with the government along with our stakeholders. Our biggest homework right now is to be with our people and continue all kinds of support, without forgetting that the damage still prevails.

If we evaluate our banking activities, the year 2023 has started in a dynamic way in the global arena; the recession, high inflation, and the crisis in banks around the world once again showed the importance of a sound banking sector. The banking sector in Turkey has the power to support the needs of the country with its healthy balance sheet structure. In addition to this, for the sector, progressing to lower inflationary environment as soon as possible and the establishment of a more predictable and stable macro investment environment is essential. Considering that capital profitability is below inflation, I would like to underline once again the importance of sustainable profitability for the sector to maintain its strong capital and support to the economic growth.

Intense regulation continues to determine the direction and extent of credit growth. In the first quarter of the year, our commercial loan growth experienced a significant slowdown, while consumer loans and credit cards continued their business as usual growth trend. Our asset quality is quite high, and I do not expect a development that will negatively affect this in the upcoming period. However, as always, we continued our prudent provisioning policy in this period as well. We set aside the highest provision nominally in the sector.”

Recep Baştuğ continues as follows: “Although customer acquisition is our strategic priority, we are in a period where deepening in existing customers becomes much more important. Undoubtedly, our key accelerators in this regard are digitalization, data and artificial intelligence. With the open banking service that we started as a pioneer in the sector at the end of 2022, we provide our customers with the opportunity to act independent from channel, time and place. We have carried digitalization to the highest level by including commercial customers, and we expect to contribute more to our customers with this feature that distinguish us from the sector in the coming period.

One of our main strategy, sustainability, has moved beyond financing for our Bank. We have had important main priorities such as informing customers, taking actions related to the future and becoming signatories of major commitments. We became the first bank from Turkey to announce its interim decarbonisation targets in line with the PACTA (Paris Agreement Capital Transition Assessment) methodology. We have been included in the Dow Jones Sustainability Index for the 8th year in a row and have the 5th highest score in the world. We will continue the Sustainable Future in Export seminars, which we started in 2022.

As Garanti BBVA, we will continue to stand by our customers and create value for our stakeholders with our strong balance sheet and competent human resources. I would like to thank my colleagues for their great effort and contribution to the results that our Bank reached in the first quarter of the year, and all our stakeholders who supported and trusted us.”

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 31.Mar.2023	Prior Period 31.Dec.2022	Change Δ %
Total Assets	1,307,934,518	1,152,171,637	13.5%
Loans	737,719,590	669,400,786	10.2%
- Performing Loans	719,863,939	651,788,274	10.4%
- Non-Performing Loans	17,855,651	17,612,512	1.4%
Customer Deposits	906,715,980	789,449,329	14.9%
Shareholders' Equity	173,817,258	152,685,493	13.8%

Selected P&L Items	Current Period 31.Mar.2023	Prior Period 31.Mar.2022	Change Δ %
Net Interest Income	16,368,812	13,204,459	24.0%
Operating Expenses	10,448,433	4,356,451	139.8%
- HR Cost	3,626,622	1,638,269	121.4%
- Other Operating Expenses	6,821,811	2,718,182	151.0%
Net Fees&Commissions	6,087,745	2,950,349	106.3%
Net Income	15,735,075	8,209,673	91.7%

Selected Financial Ratios	Current Period 31.Mar.2023	Prior Period 31.Dec.2022	Change Δ bps
Performing Loans/Assets	55.0%	56.6%	(153)
Customer Deposits/Assets	69.3%	68.5%	81
Return on Average Equity	38.4%	51.1%	(1272)
Return on Average Assets	5.1%	6.0%	(95)
Non-Performing Loans Ratio	2.4%	2.6%	(21)
Capital Adequacy Ratio*	17.8%	18.9%	(111)

* Calculated without the forbearance introduced by BRSA

Market Shares	Current Period 31.Mar.2023	Prior Period 31.Dec.2022	Change Δ bps
Performing Loans	9.8%	9.9%	(12)
TL Performing Loans	9.9%	10.4%	(52)
FC Performing Loans	9.4%	8.7%	70
Customer Deposits	10.1%	9.9%	20
TL Customer Deposits	10.5%	9.9%	68
FC Customer Deposits	9.5%	10.0%	(52)

Garanti with Numbers	Current Period 31.Mar.2023	Prior Period 31.Dec.2022	Change Δ %
Branch Network	834	838	(0.5%)
Number of Employees	18,552	18,544	0.0%
ATM	5,403	5,450	(0.9%)
POS*	766,788	777,497	(1.4%)
Number of Customers	23,469,658	23,035,557	1.9%
Number of Digital Customers**	13,681,855	13,386,156	2.2%
Number of Credit Card Customers	9,458,041	9,220,070	2.6%

*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 01.01.2023-31.03.2023

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2023-31.03.2023

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 31 March 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.